

## Highlight News / August 04, 2022



- Inflation in Kingdom expected to drop to 3.2 pct
- Kingdom inks MoU to export agro-products to S Korea
- Sithandone SEZ launches new mega projects
- Myanmar ships \$249 mln worth of over 733,000 MT of rice in past 4 months
- More businesses exit market after fourth Covid wave
- Vietnam remains a safe destination for foreign investors



**Advisory Institute for Trade and Investment by TCC (AiTi)**



## Inflation in Kingdom expected to drop to 3.2 pct



*Cambodia News | 03 August, 2022*

In the second half of 2022, inflation rate is forecasted to decline to 3.2 percent after rising to 6.5 percent in the first half of this year. The first half report and second half work direction of this year released by the National Bank stated that during the first half of this year, average inflation rate in Cambodia reached 6.5 percent, higher compared to last year's H1, which saw inflation average at 3.4 percent. Inflation tended to rise in the first half due to rising fuel prices, disruptions in the global supply chain and a recovery in domestic demand," the report said. "Fuel prices for commodities and services continued to rise 18.2 percent in the first half, in line with global crude oil prices, with global oil supplies affected by geopolitical tensions coupled with a recovery in demand." Inflation was forecasted to drop to an average of 3.2 percent. The forecast was made by observing a slowdown in the growth of oil-related commodity prices to 9.3 percent, as global crude oil prices are projected to decline from July to the end of 2022. Food prices are expected to drop to 2.5 percent, which is supported by an improvement in the supply chain as China eases restrictions. Dr Hong Vannak, an economist at the Royal Academy of Cambodia, said that falling oil and energy prices had pushed down commodity prices. Falling inflation

and oil prices will help restore the livelihoods of people.

Source: <https://www.khmertimeskh.com/501124651/inflation-in-kingdom-expected-to-drop-to-3-2-pct/>

## Kingdom inks MoU to export agro-products to S Korea



*Cambodia News | 03 August, 2022*

Cambodia's Minister of Agriculture, Forestry and Fisheries (MAFF) on Monday signed a Memorandum of Understanding (MoU) with Korea Agro-Fisheries and Food Trade Corporation and Orient Group in a bid to pave the way for Cambodia's private sector to export agricultural products to South Korea, according to a senior official at MAFF. Veng Sokhon, Minister of MAFF, signed the MoU with Choon-Jin Kim, CEO of Food Trade Corporation and the representative of Orient Group during his visit along with Cambodian agriculture officials in South Korea that aims at building cooperation on the development of agro-business between the two countries, the official said. Hean Vanhan, secretary of state of MAFF, told Khmer Times that the minister has been visiting South Korea to build cooperation on agro-business development with private companies and on human resource development for agriculture sector with public institutions such as universities. "So far, he is still in that country and he has met government officials regarding the development of our human resources, and officials

of private institutions in order to attract them to do investment in the form of opening factories to process our agricultural products here,” Vanhan said. Sokhon told his counterparts that Cambodia has the potential for agro-industry business in processing and exporting agricultural products that would provide local firms and producers with opportunities for increasing productivity, processing raw materials and raising value addition. “Actually, exporting would also bring a lot of benefits to the country as a whole and to Cambodian farmers as the government expected. So, the deal today will play a vital role in providing facilitation for exporting agricultural products from Cambodia to South Korea and products back to Cambodia,” he said. Sokhon told Songhwan Ko, president of Korea National Open University that Cambodia has food surplus and exports its agricultural products such as paddy, rice, cassava, banana, mangoes, cashew and rubber after it has sufficient stocks to supply the domestic market, which helps the country maintain food security and be able to supply in international markets. The agriculture minister also signed another trilateral MoU with the university and Orient Group to develop human resources in agriculture in Cambodia to enhance capacity of production, increasing productivity, production value chain, value addition and competitiveness in exporting in terms of quantity, quality and safety. Chang, CEO of Orient Group, said after the MoU was signed, all parties will move forward with realistic will to achieve

the goal of the human resource development in Cambodia’s agriculture sector. “Education can make a poor person become rich, an incapable person become capable and skilled and a poor country become developed as its human resources have the capability,” he said. Cambodia exported \$111.35 million worth of merchandise to South Korea in the first half of this year, a 22 percent increase year-on-year, according to a report by the General Department of Customs and Excise. The trade volume has increased by 13.6 percent to \$421.33 million for the period. The Cambodian government is keen to boost exports under the bilateral free trade agreement with South Korea which is expected to be put into force this year. Cambodia and South Korea had signed the draft Free Trade Agreement (FTA) negotiation and Cambodia concluded the internal procedures by February this year. Penn Sovicheat, Under-Secretary of State and spokesman of the Ministry of Commerce, said the Kingdom currently awaits the Korean side to finalise the procedures and once the internal procedures are completed and notified, the FTA will come into force in 60 days. Under the FTA, South Korea agreed to remove tariffs on 95.6 percent of products imported from Cambodia while Cambodia will eliminate duties on 93.8 percent of imported goods.

Source: <https://www.khmertimeskh.com/501124224/kingdom-inks-mou-to-export-agro-products-to-s-korea/>

---

## Sithandone SEZ launches new mega projects



*Laos News | 03 August, 2022*

The Sithandone Special Economic Zone (SEZ) in southern Laos is starting construction of two major development projects after the completion of a land survey carried out by Zone officials and the government. One of the developments is a grandiose hotel close to the Mekong River and the Khonphapheng Falls, built in the shape of two khaen and believed to be the tallest building in Laos. The other is a warehouse, which is aimed at improving logistics in the area and fostering regional trade, according to the Zone's Facebook page "Four Thousand Islands". The construction cost of the two projects has not been revealed, but they are part of the first phase of development of the Sithandone SEZ, which began in 2018 and is scheduled for completion in 2025, with an estimated value of about US\$600 million. The 238.98 metre hotel is designed in the shape of two khaen (Laos' iconic traditional pipe instrument) and will be a 'valuable musical heritage' for the Lao people. An official from the Zone, Mr Xu Liang, said the survey for the hotel was expected to be complete in September and the ground-breaking ceremony for the start of construction will take place after the rainy season. The hotel, which will contain restaurants and host

tourism-related activities, is intended to welcome visitors from Southeast Asian countries and beyond. The top floor will have a viewing platform that overlooks the spectacular Mekong River and across to the Cambodian border. The warehouse is located 3km from the Laos-Cambodia border, with the first phase of development to cover an area of 120,000 square metres. The project will comprise a warehouse, customs office, company dormitories, a cold storage area and other facilities. The warehouse will be a key logistics hub for trade between Laos, China, Thailand and Cambodia. The Sithandone SEZ is located in Khong district, a large island in the Mekong River in Champassak province and a hub for visitors to the Khonphapheng Falls, the biggest waterfall in Southeast Asia. The falls are just over 100km from the provincial capital of Pakxe and close to the Laos-Cambodia border. Officials say the thundering cascade is a massive tourist draw and was considered an appropriate site for the SEZ as it would bring more business to the area. The master plan of the Sithandone SEZ features several high rises that will serve as hotels, restaurants, a shopping centre and other tourism-related businesses. In the first phase of the project (2018-2025), the developer will install the necessary infrastructure including roads, water supply and drainage. The second phase may include an airport because of the intended scale of the project. This

year, the developer plans to build facilities on an area of 66 hectares. The construction of a golf course and fishing lake is already complete.

Source: [https://www.vientianetimes.org.la/freeContent/FreeContent148\\_Sithandone.php](https://www.vientianetimes.org.la/freeContent/FreeContent148_Sithandone.php)

## Myanmar ships \$249 mln worth of over 733,000 MT of rice in past 4 months



*Myanmar News | 03 August, 2022*

Myanmar delivered 733,098 metric tons of rice and broken rice in the past four months this year (April-July), with an estimated income of US\$249 million, according to the Myanmar Rice Federation (MRF). In the past four months, approximately 43 exporter companies delivered over 664,074 MT of rice to foreign trade partners through sea trade, whereas over 69,023 MT were sent to neighbouring countries via border posts. The export volume in cross-border trade significantly plunged compared to the previous year's record owing to trade delays triggered by China's strict border rules. At present, more than 10,000 bags of rice and broken rice are daily conveyed to China through the Muse border post, as per Muse Rice Wholesale Centre. Myanmar shipped rice and broken rice to China, regional countries, countries in Africa and European Union member countries through maritime trade. Myanmar exported rice to around 20 foreign markets, mostly to China (92,622 MT) and the Philippines (91,374 MT). Additionally, Myanmar primarily conveyed 91,603

MT of broken rice to Belgium, over 91,033 MT to China and 37,500 MT to Spain. The prices of rice for export markets are rocketing on low supply, according to the Bayinthaung Rice Wholesale Depot. The prices of low-quality white rice varieties were approximately \$325-360 per MT depending on the different varieties and quality. The export price of Myanmar's rice was relatively lower than the rates of Thailand and Viet Nam, according to the MRF. Myanmar has shipped more than 1.4 million tonnes of rice and broken rice to foreign trade partners between 1 October and 31 March in the past mini-budget period (2021-2022), the Myanmar Rice Federation stated. Myanmar also generated an income of \$700 million from two million tonnes of rice exports to foreign countries in the past 2020-2021 financial year. — KK/GNLM

Source: <https://www.gnlm.com.mm/myanmar-ships-249-mln-worth-of-over-733000-mt-of-rice-in-past-4-months/>

## More businesses exit market after fourth Covid wave



*Vietnam News | 03 August, 2022*

HCMC – There had been 94,600 poor-performing businesses pulling out of the market in the year to July, up nearly 15,000 units against the same period last year when the Covid pandemic was battering the country, according to data from the Ministry of Planning and Investment. Of them, 56,000 enterprises temporarily suspended operations, up



39.2% year-on-year; 28,200 others were pending dissolution, up 0.6%, and nearly 10,400 already dissolved, down 9%. In the first seven months of last year, close to 80,000 businesses across the country left the market, rising over 25% against the same period in 2020. Rising input and transportation costs have left a negative impact on their operations, said the ministry. According to experts, they attributed the business closures partly to uncertainties at home and abroad, including the Russia-Ukraine military conflict, the Covid pandemic and supply chain disruptions. Between January and July this year, the country saw 89,400 new firms established and 44,300 others resuming operations, up 17.9% and 26.8% versus 2021, respectively. In July alone, there were nearly 13,200 newly-founded companies, dipping 0.7% year-on-year. According to the ministry, the number of newly-established firms fell in three successive months.

Source: <https://english.thesaigontimes.vn/more-businesses-exit-market-after-fourth-covid-wave/>

## Vietnam remains a safe destination for foreign investors



*Vietnam News | 03 August, 2022*

NDO - Foreign direct investment (FDI) in Vietnam has yet to make a complete recovery after the disruptions resulting from measures put in place to fight COVID-19 in 2021, but additional investments in existing projects and share purchases are rebounding

strongly. Data released by the Foreign Investment Agency (FIA) under the Ministry of Planning and Investment (MPI) showed that FDI pledges in the first half of 2022 reached 14 billion USD, down 6.5% in terms of new projects and 48.2% in terms of capital. However, the positive trend in the investment inflow into Vietnam is the strong rise in capital adjustments, contributions and share purchases by foreign investors. Specifically, 487 projects filed for capital increases totalling 6.82 billion USD, with these figures up 5.9% and 65.6% respectively. The average capital increase of a project was also relatively high and the trend could be seen in many electronics and high-tech manufacturing projects. According to the FIA, rises in capital adjustment reflected the effect of inflation due to political and trade tensions, but also showed continued confidence of foreign investors in Vietnam's economy and business environment. The total value of capital contributions by foreign investors rose 41.4% to 2.27 billion USD, while FDI disbursements were estimated at 10 billion USD, up 8.9% year on year, marking the largest increase in the past five years. Director of the General Statistics Office Nguyen Thi Huong said that although new capital pledges fell 8.1%, a positive trend can still be seen in detailed data, reflecting the overall recovery of manufacturing and foreign investment activities, as well as foreign investors' continued confidence in Vietnam's business environment as a safe and attractive investment destination. Commenting on the FDI prospects for the latter half of the year, the

MPI cited analyses by domestic and foreign research agencies that claim the investment outlook is less positive. In this context, the FDI inflow into Vietnam continues the recovery trend thanks to the country's successful containment of COVID-19 as well as its advantages in political and macroeconomic stability and foreign investors' confidence in Vietnam's policy of accompanying the business community. A recent survey by HSBC on over 1,500 companies from the world's six largest economies operating or having plans to operate in Southeast Asia shows that Vietnam is emerging as one of the world's manufacturing hubs. According to the bank, Vietnam has an enviable position that has been achieved due to the favourable policies deployed by the Government, especially around free trade agreements, while the trend of more global companies moving to Vietnam is not temporary but is actually much more long term and very strategic. The FIA noted two points in the current FDI situation. Firstly, capital pledges are recovering over the months but the increase has not met expectations, and secondly the Russia-Ukraine conflict is projected to lead to the relocation of investment in these two countries to Asia, which can benefit Vietnam. In order not to miss the opportunity, the MPI has suggested focusing on fine-tuning the mechanism in a way that facilitates foreign investors and introduces policies to attract quality FDI inflow that are appropriate to each sector. Vietnam should proactively implement investment promotion campaigns, work with the world's large companies

to discuss and share investment opportunities in Vietnam. At the same time, it is necessary to enhance transport links between provinces and cities as well as step up administrative reform and improve the business climate and workforce quality. For their part, domestic companies need to enhance their technological capabilities, labour and management quality so that they can secure orders from foreign-invested companies.

Source: <https://en.nhandan.vn/business/item/11739302-vietnam-remains-a-safe-destination-for-foreign-investors.html>

---