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Highlight News / August 10/2022

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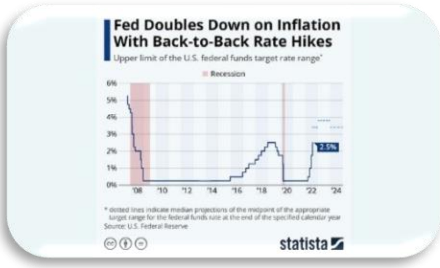

Japan loan boosts Sihanoukville port expansion

Cambodia News I 9 August, 2022

In a major boost for the expansion of a new container terminal at the Sihanoukville Port, Cambodia received a 41,388,000,000 yen ($306 million) loan from Japan. At a function presided over by Prime Minister Hun Sen at the Peace Palace on Saturday, Prak Sokhonn, Minister of Foreign Affairs and International Cooperation, and his Japanese counterpart Hayashi Yoshimasa exchanged notes and related documents on the extension of the loan. In line with the commitment made by the prime ministers of both countries earlier this year, the new loan will help Cambodia expand and modernise its Sihanoukville Autonomous Port into a principal deep-sea port in the Kingdom and region. Hem Vanndy, secretary of state at the Ministry of Economy and Finance, and Kamei Haruko, Chief Representative of the Japan International Cooperation Agency (JICA) Cambodia office, signed the actual loan agreement. Before the signing ceremony, Yoshimasa paid a courtesy call on Mr Hun Sen and they lauded the good relationship between the countries. The Prime Minister thanked the government and people of Japan for their assistance in the development of Cambodia. Yoshimasa said he would continue to work together with his Cambodian counterpart Sokhonn to further boost Cambodia-Japan relations and cooperation, mainly in the fields of economy, investment, national defence, and other areas. Last March, Japanese Prime Minister Kishida Fumio visited Cambodia and the two prime ministers issued a joint statement outlining the direction of future cooperation. The leaders agreed to work together to make Sihanoukville a major port, located in the southwestern province of Preah Sihanouk, for Cambodia and the Mekong region. The listed seaport, the sole international and commercial deep-sea port in Cambodia, made a gross revenue of $93.2 million in 2021, up 17.6 percent year-on-year, according to the Ministry of Public Works and Transport. The port handled 6.9 million tonnes of containerized cargos last year, up six percent year-on-year, the ministry added. Earlier this year, the Ministry of Public Works and Transport announced that it was developing and modernising new container ports through a study with JICA. Currently, the port can handle ships with a depth of more than 9 m and the new expansion plans help it provide services to larger ships. According to earlier reports, the container terminal port project is scheduled to start in late 2025, while the project's phases 2 and 3 will commence in 2028 and 2029, respectively. The first phase of the container terminal is 350 metres long and 14.5 metres in depth while the second phase is 350 metres long and 16.5 metres in depth. Both the projects are scheduled to be completed in 2028 while phase 3, which is 400 metres long and 17.5 metres in depth, is scheduled to be completed in 2029. The new container terminals are being built to cater to the growing throughputs of containers and goods at the port. Currently, the port has been handling containers and goods beyond its capacity. It now handles 750,000 TEUs of containers, while the port's capacity is 700,000 TEUs of containers. Once three container terminal projects are operational, the Sihanoukville Autonomous Port can handle the deadweight tonne containers. Sihanoukville Autonomous Port recorded a net profit of $5.9 million for the fourth quarter in 2021 due to an increase in container throughput and foreign exchange gains. PAS has also posted a 4.21 percent increase in revenue at more than $21 million in the fourth quarter, as against a revenue of $864,729 for the same quarter in 2020.

Source : https://www.khmertimeskh.com/501128516/japan-loan-boosts-sihanoukville-port-expansion/

Banks, MFIs raise interest rates following Fed move

Cambodia News I 9 August, 2022

Many banks and microfinance institutions (MFIs) in Cambodia have increased interest rates for deposits in dollar and riel currency by approximately 0.5 percent and 1 percent per annum respectively but not decreased rates for loans in the last three months, according to senior officials in the industry. The Federal Open Market Committee (FOMC) of the US central bank Federal Reserve raised the target range for federal funds — benchmark interest rate at which commercial banks borrow and lend their excess reserves to other financial institutions — to a range from 2.25 percent to 2.5 percent. Sok Voeun, chairman of Cambodia Microfinance Institution (CMA), told Khmer Times that about 40 percent of total investment capital in five microfinance deposit-taking institutions (MDI) are loans from overseas and local lenders, while the rest are from public deposits or savings. General MFIs get loans from only overseas and local lenders to use as capital. "There must be a relationship and effect regarding the interest rate. Actually, we also have sources of capital from the US and Europe. When their central banks raise interest rates for commercial banks, while our lenders also get loans from those banks or management funds, they have to pay more interest to those institutions," Voeun said. "Our overseas lenders have to charge us higher interest rates so that they can maintain margin at a proper level. That's why we as the borrowers need to raise a bit more to be consistent," Voeun said, adding that both banks and MFIs in the Kingdom will also increase interest rates for loans in the future if the interest rate for loans from overseas financial sources continues to rise. Voeun, who is also the CEO of LOLC (Cambodia) Plc, one of the five MDIs in Cambodia, went on to add that banks and MFIs have increased interest rates for deposit products in riel higher than the rate for dollar as those financial institutions have been facing a shortage of riel banknotes. "Raising interest rates is not good as it would affect the economy. Not only institutions but also financial service consumers because they have to pay higher spending on interest. We do not raise interest for loans but if the situation is like this, we will raise it," he said, adding that banks generally have a small percentage of foreign loans in their capital. Neav Sokun, Chief Operating Officer at Small and Medium Enterprise Bank of Cambodia Plc (SME Bank), told Khmer Times that he also has noticed the new uptrend of interest rates among banks and MFIs in the Kingdom since March or April this year. "The US central bank has increased its key lending rates two times. SME Bank — operated with the technical and financial guidance of the Ministry of Economic and Finance — has not raised the interest rate yet," he said. Cambodia currently has 58 commercial banks, nine specialised banks, and 86 microfinance institutions, with a total of 2,614 headquarters and branches as well as 3,998 automated teller machines (ATMs) throughout the country, according to the latest report of the National Bank of Cambodia (NBC) released late July.

Source : https://www.khmertimeskh.com/501128445/banks-mfis-raise-interest-rates-following-fed-move/

Inflation in Laos jumps to 25.6 percent in July

Laos News I 9 August, 2022

The year-on-year inflation rate jumped to 25.6 percent in July, up from the 23.6 percent recorded in June, according to the latest report from the Lao Statistics Bureau.This is the highest figure ever recorded since 2000, causing further hardship for low-income earners as they struggle to cope with the spiralling cost of living. The price of food, medical care, transport and consumer goods has all surged significantly in recent months.The soaring price of fuel and other imported goods, compounded with the depreciation of the kip, are among the main factors driving inflation, according to the Lao Statistics Bureau.The kip continues to depreciate despite the government's attempts to regulate currency exchange rates.The weak kip is the root cause of the problem as most businesses base the price of their products on foreign currencies, notably the Thai baht and US dollar.Apart from the high cost of imported goods, higher fuel prices have driven up production costs, making almost everything more expensive.Laos has one of the highest inflation rates in Southeast Asia, largely because the country imports more than it exports. The growing demand for the foreign currencies needed to import goods and repay debts is causing the kip to weaken further. In addition, some crop yields tend to fall in the wet season, causing a shortage of supply and affecting market prices.However, the government has pledged to provide sufficient petrol to meet the public's needs and prevent further damage to the economy.In July, the cost of food and non-alcoholic beverages increased by 5.2 percent month-on-month and 21.6 percent year-on-year, according to the Lao Statistics Bureau.The price rise in this category was driven by the higher price of rice, which surged by 20.7 percent year-on-year. The cost of pork rose by 24.9 percent year-on-year, the cost of poultry rose by 22.5 percent, and eggs, cheese and milk went up by 35.9 percent.Meanwhile, costs in the communications and transport category rose by 1.1 percent month-on-month and 53.2 percent year-on-year. Specifically, the price of fuel and vehicle and transport equipment went up by 106.5 percent, 54.3 percent and 63.7 percent year-on-year respectively.The cost of medical care and medicines increased by 8.7 percent month-on-month and 37 percent year-on-year. The cost of medicines jumped by 40.8 percent, driving up prices in this category.Prices in the hotel and restaurant category rose by 19 percent, driven by the higher cost of cooked food.In the meantime, prices in the goods and service category rose by 25.6 percent year-on-year while the cost of household goods increased by 22.4 percent year-on-year.In addition, the cost of clothing and footwear surged by 16.9 percent year-on-year, with the price of women's clothing increasing by 17.8 percent and children's clothes by 16 percent.

Source : https://www.vientianetimes.org.la/freeContent/FreeConten152_Inflation_y22.php

Petrol, diesel prices up around 3 pct in Myanmar

Myanmar News I 10 August, 2022

YANGON, Aug. 9 (Xinhua) -- Myanmar's petrol and diesel prices have risen some 3 percent from the prices a week earlier, before the central bank of Myanmar changed its reference exchange rates, official data showed Tuesday. On Aug. 5, the central bank changed its reference exchange rates from 1,850 kyats to 2,100 kyats per U.S. dollar, 1,884.3 kyats to 2,148 kyats per euro and 273.81 kyats to 311.13 kyats per Chinese yuan. In the capital city of Nay Pyi Taw, diesel price was up 2.5 percent to 2,230 kyats (about 1.06 U.S. dollars) per liter on Tuesday from a week earlier, RON 92 price increased 4.1 percent to 1,900 kyats per liter, and RON 95 price surged 3.69 percent to 1,965 kyats per liter, respectively. In the commercial city of Yangon, diesel price increased 2.58 percent to 2,185 kyats per liter week on week, RON 92 price was up 4.2 percent to 1,860 kyats per liter, and RON 95 price rose 3.78 percent to 1,920 kyats per liter respectively, official data showed. "The changes in the local fuel prices depend on the fuel prices of the countries from which we are importing fuel as nearly 90 percent of the fuels in Myanmar are imported," an official from the Petroleum Products Regulatory Department told Xinhua, adding that Myanmar was importing most fuel from Singapore. "As Myanmar is a country locally producing some extent of petroleum products, the import of petroleum and petroleum products has to be reduced and systematic production of petroleum in some regions has to be made for the benefit of the country," said Senior General Min Aung Hlaing, chairman of the State Administration Council. According to official figures, petrol and diesel prices in the Southeast Asian country have increased more than 100 percent from a year earlier.

Source : https://english.news.cn/20220810/3611c70ec1e5438e9e7abc19ce0be15f/c.html

WB Forecasts Vietnam's Economic Growth at 7.5% in 2022

Vietnam News I 9 August, 2022

Vietnam's GDP growth is forecast to expand 7.5% in 2022 and 6.7% in 2023, with resilient manufacturing and a robust rebound in services serving as the driving forces for economic recovery, a World Bank (WB) economic update for Vietnam released on August 8 says.The country's economy expanded 5.2% in Q4 of 2021, and respectively 5.1% and 7.7% in Q1 and Q2 of 2022. Inflation is projected to average 3.8% over the year.Carolyn Turk, WB Country Director for Vietnam, said that the bi-annual report "lays out a set of policy recommendations that could help mitigate the impact of these risks and make the economy more resilient going forward." Transforming higher education key to boosting productivity.Titled "Taking Stock: Educate to Grow", the report underlines transforming the higher education system as the key to boosting the country's productivity and achieving its development goals, in the context where the country re-emerges from the pandemic and into a challenging global environment.Its co-author Dorsati Madani said that while Vietnam's economic recovery had been relatively stable, not all sectors witnessed the same situation.The impact on workers and households during the crisis was serious and lasting, with about 45% claiming lower incomes in December 2021 than the previous year.The impact of the pandemic is still present with businesses reporting broad-based labour shortages as of March 2022, which were felt more acutely in services and manufacturing, and in the Ho Chi Minh City area.This, in addition to growth slowdown or stagflation in main export markets, further commodity price shocks, continued disruption of global supply chains, or the emergence of new COVID-19 variants, are hindering Vietnam's full recovery.Statistics revealed that Vietnam's population has an average 10.2 years of schooling, second only to Singapore among the Association of Southeast Asian Nations (ASEAN) countries.Vietnam's human capital index is 0.69 out of a maximum of 1, the highest among lower middle-income economies.However, low skills relevance of the university graduates put the country in the bottom third of the 140 countries listed in the 2018 Competitiveness Index on skills relevance of university graduates.A World Bank skills and enterprise survey published in 2019 also said that 73% of sampled Vietnamese firms report difficulties in recruiting employees with leadership and managerial skills, 54% with socio-emotional skills, and 68% with job-specific technical skills.Focusing on tertiary and higher education, the WB's report recommends reforming the education system to improve quality and access, and thus provide the necessary skills to the population.Reforms to Vietnam's higher education system could help support development objectives, the report says.The increasing financial costs of pursuing higher education and the perception of diminishing economic returns from pursuing higher education have weakened demand.While efforts to enhance the business environment are crucial to enabling job creation, policymakers should also take steps to reduce skill-mismatches and improve the quality of Vietnam's labour force.Turk said: "To sustain economic growth at the desired rate, Vietnam needs to increase productivity by 2-3% every year."International experiences have shown that higher worker productivity can be achieved by investing in the education system, as an important part of a basket of investments and reforms. A competitive workforce will generate much-needed efficiency for Vietnam in the long term."

Source : https://vietnamtimes.org.vn/wb-forecasts-vietnams-economic-growth-at-75-in-2022-45747.html

Vietnam needs skilled workforce to become upper-middle-income economy by 2035: WB

Vietnam News I 9 August, 2022

Vietnam will need a skilled workforce to transform itself into an upper-middle-income economy by 2035, the World Bank has suggested in its recently-released report named "Taking Stock: Educate to Grow".In its bi-annual report, the lender said: "Vietnam needs a workforce with 21st century skills to grow. As the economy moves from being driven by low skill and low wage jobs in manufacturing and services towards a more innovation driven growth model built on higher value-added industries and services, Vietnam's workforce will need to attain higher level and more relevant skills."The Vietnamese Government's Socio-economic Development Strategy for 2021-2030 says as much, aiming to use scientific, technological, innovative, and digitally transformative knowledge and build quality human resources as key drivers of higher productivity and future economic growth. To achieve these goals, Vietnam needs to reform its education system to improve quality and access, and thus provide the necessary skills to the population, it affirmed.This edition also underlines transforming the higher education system as the key to boosting the country's productivity and achieving its development goals, in the context where the country re-emerges from the pandemic and into a challenging global environment.The report's co-author Dorsati Madani said that while Vietnam's economic recovery had been relatively stable, not all sectors witnessed the same situation.The impact on workers and households during the crisis was serious and lasting, with about 45% claiming lower incomes in December 2021 than the previous year.The impact of the pandemic is still present with businesses reporting broad-based labour shortages as of March 2022, which were felt more acutely in services and manufacturing, and in the Ho Chi Minh City area.This, in addition to growth slowdown or stagflation in main export markets, further commodity price shocks, continued disruption of global supply chains, or the emergence of new COVID-19 variants, are hindering Vietnam's full recovery.

Source : https://vietnamnet.vn/en/vietnam-business-news-august-9-2047767.html