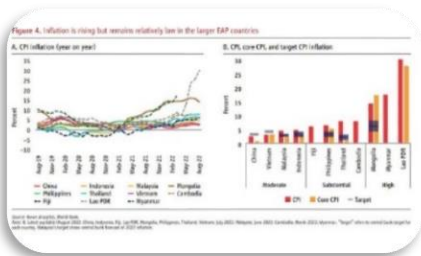


Highlight News / September 29, 2022



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Advisory Institute for Trade and Investment by TCC (AiTi)

World Bank revises up 2022 Cambodia GDP growth to 4.8%



Cambodia News | 28 September, 2022

The World Bank upgraded Cambodia's growth forecast to 4.8 percent this year, up from its April estimates of 4.5 percent. The Kingdom is projected to grow 5.2 percent next year, the bank said in its 'East Asia and the Pacific economic update October 2022.' Cambodia registered a three percent GDP growth last year, the bank said. However, the bank pointed out that Cambodia is vulnerable to slowing global demand. "Export-dependent economies like Cambodia, Malaysia, and Vietnam are particularly vulnerable to slowing global demand. In contrast, a relaxation of border closures and the related recovery in tourism activity is expected to boost growth in the Philippines, Malaysia, Thailand, and several tourism-dependent Pacific island countries, especially Fiji. Countries with large external financing needs, either in the form of short-term capital (Cambodia, Indonesia, and Malaysia), or because of high overall debt (Lao PDR and Mongolia), are more vulnerable to the tightening of global financing conditions than their peers," the report indicated. It said the Output in Cambodia this year is expected to surpass pre-pandemic levels of output in 2022. While the output in the Philippines and Thailand is expected to surpass pre-pandemic levels of output, output in many Pacific islands is not likely to return to

pre-pandemic levels even by 2023, it said. According to the report, the recovery was uneven across sectors. While sectors like information and communication technology, finance and agriculture have been resilient, output in the transportation, accommodation and catering sectors remains well below pre-pandemic levels in Malaysia, the Philippines, and Thailand, it said. The report said the growth in most of developing East Asia and the Pacific rebounded in 2022 from the effects of COVID-19, while China has lost momentum because of continued measures to contain the virus. Looking ahead, economic performance across the region could be compromised by slowing global demand, rising debt, and a reliance on short-term economic fixes to cushion against food and fuel price increases. Growth in developing East Asia and the Pacific outside of China is forecast to accelerate to 5.3 percent in 2022 from 2.6 percent in 2021, the economic update said. Talking about the report, World Bank East Asia and Pacific Vice President Manuela V. Ferro said, "Economic recovery is underway in most countries of East Asia and the Pacific. As they prepare for slowing global growth, countries should address domestic policy distortions that are an impediment to longer-term development." On economic growth, the report said China's economic activity slowed in the second quarter of 2022 after growing by 4.8 percent in the first quarter. The rest of the region grew by 5.9 percent in the second quarter of 2022. Both external and domestic demand have supported growth in the region

excluding China. Strong goods exports supported growth in the region's economies reflecting robust external demand. Services exports, which were sluggish, contributed to a lesser extent to growth in the first half of 2022. Private consumption has also been buoyant in the region excluding China as many countries lifted Covid-related restrictions, it said. The report said inflation has accelerated in Cambodia. It pointed out that price pressures are building rapidly in other countries, reflecting rising energy and food prices. During the crisis, as governments increased spending, public debt increased in most developing EAP countries by more than 10 percent of GDP compared to pre-pandemic levels. At the same time, private sector debt remains high, it said. An increase in non-financial corporate debt was the major contributor to the rise in private debt during the COVID-19 crisis in Thailand, Vietnam and Cambodia, the study pointed out. Pointing out that the foreign currency debt as a share of total debt is high in Cambodia at 100 percent, the bank said that among countries highly indebted in foreign currency, currency depreciation contributes to an increase of 1.6 percentage points in the debt-to-GDP ratio. "The depreciation in currencies increases the burden of debt, especially in those countries that have large debt in foreign currency. Cambodia, Lao PDR and Mongolia have a large share of external debt in foreign currency. These countries also have a significant share of variable rate external debt and external debt borrowed in non-concessional terms. China is the largest creditor for Cambodia and Lao

PDR," the report noted. World Bank East Asia and Pacific Chief Economist Aaditya Mattoo said, "Policymakers face a tough tradeoff between tackling inflation and supporting economic recovery. Controls and subsidies muddy price signals and hurt productivity. Better policies for food, fuel, and finance would spur growth and insure against inflation." Growth in much of East Asia and the Pacific has been driven by the recovery in domestic demand, enabled by a relaxation of Covid-related restrictions, and growth in exports, the report said.

Source: <https://www.khmertimeskh.com/501158113/world-bank-revises-up-2022-cambodia-gdp-growth-to-4-8/>

\$10.2M gov't bond listed on CSX sans regulator's approval



Cambodia News | 28 September, 2022

The Ministry of Economy and Finance (MEF) recently listed government bond equivalent worth about \$10.2 million on Cambodia Securities Exchange (CSX) without the requirement for getting approval from the Securities and Exchange Regulator of Cambodia (SERC) as per applicable laws and regulations, according to senior officials in the industry. MEF listed the 41,800 certificates of the government bond issued out of 1 million units through the first auction proceeded early this month and participated in by eight banking and financial institutions who all got success in the auction at 2.2

percent of single price, according to an announcement released by the stock exchange. The single price refers to a median or common yield that is referred to as the coupon rate or interest rate for the government's borrowing from the banking and financial institutions for the first time after the National Bank of Cambodia had announced that MEF had planned to borrow \$24.57 million from investors through the first auction. Sou Socheat, General Director of SERC, told Khmer Times yesterday that the law on government bond stipulates that MEF, not SERC, has a role to issue and list government bonds on the stock exchange, but SERC could intervene in the secondary market where the government bonds can be traded after they were issued or sold in the prime market. "The procedure allows the ministry to work directly with the stock exchange without any approval from the regulator, according to the regulations. So, regarding the listing details, please go to the stock exchange as the procedure is not under the regulator," said Socheat. The law states that the issuance of government securities is exclusive authority of the Minister of MEF under the supremacy of the Prime Minister. The government bonds were listed on CSX with each equivalent nominal value of about \$250 per unit at a discounted unit issue price of approximately \$243 per unit for the 2022-2023 maturity and two-time coupon payment frequency that will allow investors to receive repayment of their principals at the end of each maturity after the interests or coupons are paid once

every six months during the maturity period. The law on government bonds also stipulates that the spending on the payment of coupons or interest and principal or purchasing back of the notes shall be done through the single account of the national treasury operated by the Minister of MEF at the National Bank of Cambodia (NBC) and set in the expenditure list of the national budget. The revenue generated from the issuance of the government bonds shall be transferred into the current account for the revenue from the government bonds which is a sub-account of revenue of the single account of the national treasury, according that the law which also states that all trading transactions of the government bonds shall be done under the applicable taxation law with some cases of incentives. Investors who purchase the government bonds will be incentivised with half payment of withholding tax on interests they hold and or purchase-sale of the government bonds and exemption of tax on capital gain from purchase and trading of the government bonds for three years in addition to other benefits in the banking sector in Cambodia. The listing of 41,800 units of the government bonds was made a day after NBC on Wednesday proceeded with another auction process for MEF to borrow about \$50 million from investors for the second time of the government's plan of issuance for a 3-year period time of repayment at higher coupon rate, but six banking and financial institutions participated in the auction. The result of the first auction shows that eight

banking and financial institutions had participated in purchasing the government bonds before, for the second time, the government planned to issue the same number of units of bond certificates, but 38,800 out of them were auctioned for purchase and none of those banking and financial institutions got success in the auction. As none of the six participating banking and financial institutions got success in the auction. Both second and first auctions proceeded through a digital system called the National Bank of Cambodia Platform or NBCP through which investors can register to participate in the process. These auctions are set for banking and financial institutions, which means the government through MEF will not borrow money from individuals or other types of businesses. The MEF announced in mid-August that it will borrow \$300 million from the public and institutions by issuing its first three types of government bonds eight times from September to the end of this year. Those who hold a bond certificate are creditors of the government for a period of time and will be paid interest rates called coupon rates and the principal called par value based on auctions. The announcement was made in accordance with Article 8 of Chapter 2 regarding borrowing and guarantee by the government in the law on financial management for 2022. The article states that the government is authorised to issue government bonds totally equivalent worth \$300 million to finance public investment projects that are

expected to support economic and productivity growth.

Source: <https://www.khmertimeskh.com/501158115/10-2m-govt-bond-listed-on-csx-sans-regulators-approval/>

Tourism ministry eyes partnership with online travel services operator



Laos News | 28 September, 2022

The Ministry of Information, Culture and Tourism is considering partnering with Booknea Inc., an online Lao travel agency, to foster the growth of tourism by advertising services through the Booknea app. For several years, advertising and the provision of information in the tourism sector has not developed to the best advantage of both tour operators and tourists themselves because of a lack of cooperation between the state and private sectors, the Director General of the Tourism Management Department of the Ministry of Information, Culture and Tourism, Ms Darany Phommavongsa, said. She was speaking at a presentation given by Booknea to explain the advantages of its app, which enable tourists to access a range of services online. "It is clear that the direction and plans of the company are in line with goals to improve tourism." "Using this app, we will publish, advertise and circulate information about the travel industry in order to spur the development

of tourism and benefit from digital applications,” she said. Use of the Booknea travel app will enable the tourism industry to develop further. The government views this as a useful form of cooperation to promote business growth and socio-economic development in general, she added. “The app will enable us to merge our tourism development policy with modern methods of advertising and online use, and will be an efficient way to deliver information to tourists.”

Director General of the ministry’s Mass Media Department, Mr Somsavath Phongsa, talked about the importance of cooperation between Booknea and the Ministry of Information, Culture and Tourism. He said they shared the same goal to develop tourism in modern ways through the use of online systems. “Of course, when it comes from within Laos, people from other countries will definitely use the app and be able to learn about the tourism services on offer here,” Mr Somsavath said. Booknea is a Lao app that offers a choice of cheap hotel prices, buses, and trains, all of which can be obtained by downloading the app.

Source: <https://www.vientianetimes.org.la/free>

Content/FreeContent2022_Tourism189.php

Abundant supply of peanut drives oil price down to K11,000 per viss



Myanmar News | 28 September, 2022

The price of peanut oil dropped to K11,000 per viss on account of a bountiful supply of fresh peanuts in

Mandalay market in recent days, traders said. Those newly harvested peanuts from Nay Pyi Taw, Tatkon, Pyinmana, Magway, Yenangyoung, Chauk, Myaung and Myinmu areas are entering Mandalay market. Last month, the peanut oil fetched up to K16,000 per viss (a viss equals 1.6 kilogrammes). The current market price plunged to K11,000 per viss. Following the price slide in peanut oil, other edible oil prices also dipped. “Mandalay market has seen a large supply of fresh peanuts in recent days. The peanut price hit the highest of K6,500-7,500 in September. The abundant supply of fresh peanuts to the Mandalay market resulted in the price drop to K5,300-5,800 per viss. Moreover, a lockdown in Ruili triggered by the COVID-19 impacts suspended the trade. That being so, the price tends to decline. It is good for the consumers. Furthermore, peanuts from the central region of Myanmar and Shan State will be harvested soon. As a result of this, the oil price is unlikely to rise,” said U Soe Win Myint, an owner of the Soe Win Myint warehouse in Mandalay. Growers and traders need to maintain the price. Peanut is primarily cultivated in Mandalay, Sagaing, Magway and Bago regions. It is exported to foreign markets beyond self-sufficiency. — Min Htet Aung (Mandalay Sub-Printing House)/GNLM

Source: <https://www.gnln.com.mm/abundant-supply-of-peanut-drives-oil-price-down-to-k11000-per-viss/#article-title>

Processing - manufacturing, real estate top FDI attraction in nine months



Vietnam News | 28 September, 2022

As of September 20, registered FDI totalled 18.7 billion USD, down 15.3% year on year, according to the Foreign Investment Agency under the Ministry of Planning and Investment (MPI). The figure includes 7.12 billion USD poured into 1,355 new projects, respectively falling 43% and rising 11.8%. More than 8.3 billion USD was poured into 769 existing projects, up 29.9% and 13.4%, respectively. Meanwhile, foreign investors spent over 3.28 billion USD on purchasing shares in Vietnamese companies, up 1.9%. The processing and manufacturing sector continued to take the lead with over 12.1 billion USD in FDI, accounting for 64.6% of total registered capital. It was followed by real estate with over 3.5 billion USD, or nearly 19%. The MPI said though newly registered investment has yet to fully recover from the COVID-19 pandemic's impacts and recent global uncertainties, the capital added to existing projects and spent on share purchases have been on the rise. In the first nine months, Vietnam recorded investment from 97 countries and territories. Singapore was the largest source of FDI during the period with more than 4.75 billion USD (equivalent to 25.3% of the total but still down 24.3%

from a year earlier). The Republic of Korea ranked second (3.8 billion USD, equivalent to 20.3%, down 2.38%) and Japan third (1.9 billion USD, equivalent to 10.2%). Ho Chi Minh City was the biggest FDI destination with over 2.96 billion USD registered, making up 15.8% of the total and rising 26.2%. It was followed by southern Binh Duong province (2.7 billion USD, equivalent to 14.4%, up 58%) and northern Bac Ninh province (1.78 billion USD, equivalent to 9.5%, and increasing 2.1-fold). As of September 20, Vietnam was home to 35,725 valid FDI projects worth more than 431.5 billion USD.

Source: <https://en.nhandan.vn/processing-manufacturing-real-estate-top-fdi-attraction-in-nine-months-post118357.html>

Rice companies benefit from rising prices



Vietnam News | 28 September, 2022

HÀ NỘI - Rice companies are benefiting from rising rice prices, especially the group of companies with a large export weight of rice. The price of rice is increasing because India restricted rice exports. India exports rice to more than 150 countries and contributes about 36.7 per cent of the global rice trade, so any drop in export volume will put pressure on rice prices. The global rice supply still faces risks due to severe weather conditions in major exporting countries, as stated in the new report of VN Direct Securities (VND). Recent extreme weather in Asia's top rice exporting countries, which account for about

90 per cent of world rice production, is likely to reduce yields and output this year, VND said. China alone, the world's largest rice consumer, has suffered severe drought in seven provinces, causing the country's rice production to be reduced and is expected to increase rice imports to a record level of 6 million tonnes in crop year of 2022/2023. According to the US Department of Agriculture, global inventories have fallen to a 4-year low when inventory-to-consumption ratio stays at just 34.4 per cent, compared to the average of 36.6 per cent for the 2018-2022 period. VND said that rice prices may increase in the near future. Việt Nam is the world's third largest rice exporter, after India and Thailand, with 7.8 per cent of global trade; and is the largest exporter to China with 24.5 per cent market share. Indian rice prices are in a weaker competitive position due to higher tariffs, which in turn pushes buyers to shift to Thai and Vietnamese rice. In the first eight months of 2022, Việt Nam's rice export value and output reached US\$2.3 billion and 4.8 million tonnes, up 9.9 per cent and 20.7 per cent year-on-year, respectively. China is Việt Nam's second largest rice export market, after the Philippines, accounting for 12 per cent of total rice exports in the first eight months of 2022. The Prime Minister has directed the Ministry of Agriculture and Rural Development to develop a project on sustainable production of 1 million hectares of high-quality specialised rice, reducing greenhouse gas emissions in the Mekong Delta region. Accordingly,

in order to improve the quality of exported rice to meet international standards, the Market-oriented Smallholder Value Chains Project (MSVC) project was born, under the public-private partnership between Olam Agri company, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Ministry of Agriculture and Rural Development. Businesses are taking advantage of the industry's opportunities, especially the group of companies with a large export volume of rice such as Trung An Hi - Tech Farming JSC (TAR), Lộc Trời Group Joint Stock Company (LTG) and The PAN Group Joint Stock Company (PAN). LTG will directly benefit from rice exports thanks to being one of the rice distributors to both major markets - Europe and China. With the development orientation focusing on the food segment, the revenue proportion of the rice segment reached 39 per cent in 2021 and 57 per cent in the first 6 months of 2022. As for TAR, the company expects to benefit from China's production reduction and India's export restriction due to drought. Rice trading is TAR's main business, with exports accounting for nearly 15 per cent of total revenue. China is the main rice export market of this enterprise with a proportion of up to 27 per cent of export revenue. Therefore, China increasing rice imports from Việt Nam will be the driving force for TAR to increase export output. PAN will also benefit directly from Europe's reduced production and India's export restrictions due to drought. The agricultural segment has now become one of PAN's

key industries as it contributes 19 per cent to total revenue and 39 per cent to total gross profit. VNS

Source: <https://vietnamnews.vn/economy/1338730/rice-companies-benefit-from-rising-prices.html>
