

Highlight News / January 24, 2023



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Advisory Institute for Trade and Investment by TCC (AiTi)



Cambodia's fuel import cost shot up over 52% in 2022



Cambodia News | 23 January, 2023

Cambodia's expenditure on the import of fuels such as oil and gas products shot up by 52.6 percent in 2022 compared to the previous year, showed the latest data released by the General Department of Customs and Excise (GDCE). The import cost went up due to a rise in prices of oil and natural gas across the world following the Russia-Ukraine war and the inflationary pressures resulted on account of the economic recovery measures taken by various countries for ending Covid-19 shutdowns and travel restrictions. While Cambodia spent \$2.4 billion in 2021 for the import of fuels, the country had to dish out \$3.6 billion in 2022 for this. The share of fuel import cost to total import cost went up from 8.4 percent to 12.2 percent over the same period. For the month of December 2022, the cost of fuel imports by Cambodia registered a rise of 10.6 percent, compared to December 2021, the GDCE data showed. The rising cost of fuel imports once again brought back the focus on the need for the Kingdom to adopt energy-saving measures, including initiatives to step up energy generation from renewable sources such as solar and wind, besides policy initiatives to increase the use of electric vehicles. According to Natharoun Ngo, Country Director of EnergyLab Cambodia, the rising trend of prices for fuel, witnessed across the world in 2021 and 2022, is unlikely to change in 2023. He also called for strengthening the initiatives to tap more energy from renewable sources such as solar which has been found cheaper than fossil fuels. "The volatility of fuel costs we are all experiencing is part of a fossil energy price surge

that reached significant levels in 2021 and 2022. This trend will not reverse in 2023, be it for coal, fuel oil, or fossil gas," he told Khmer Times. "While fossil fuels may have been very competitive in the past, today, variable renewable energy such as solar and wind became even more attractive and competitive for Cambodia. Fossil fuel is doomed to become uneconomic compared to renewable energy," he said. Natharoun insisted that renewable energy could build a more energy-independent economy for Cambodia, reducing fossil fuel price volatility and imports, decreasing energy costs, increasing energy security, and enhancing economic competitiveness. According to him, the increase of fuel import costs resulting from the global energy turmoil is a pain for energy producers that use fuel oil as an input to produce electricity, and for all fuel-end consumers, the most vulnerable being the lowest income group. Currently, Cambodia relies solely on oil and gas imports as its seabed's oil and gas reserves have not been tapped yet. Minister of Mines and Energy Suy Sem said recently that the demand for oil products in Cambodia is projected to rise to 4.8 million tons in 2030, up from 2.8 million tons in 2020. However, reducing the over-reliance on fossil fuels is the only way for Cambodia to honour its pledge to be carbon neutral by 2050. The UN weather agency, the World Meteorological Organisation (WMO), too urged countries across the world recently to double the production of renewable energy in eight years to meet the carbon neutral targets of 2050. The urgent appeal for governments everywhere was to switch to cleaner forms of energy, such as solar, wind and hydro-electric power ending the over-reliance on fossil fuels such as oil and coal for power generation.

Source: <https://www.khmertimeskh.com/501223912/cambodias-fuel-import-cost-shot-up-over-52-in-2022/>

Domestic gasoline price rises 8.64% in the last month



Cambodia News | 23 January, 2023

The retail price of regular gasoline or gasoline 92 (EA92) in the domestic market shot up by 8.64 percent to 4,400 riels or \$1.07 per litre on Saturday last week compared to 4,050 riels on the same day in December 2022, according to a statement released by the Ministry of Commerce (MoC). The new price was presented to the market after being discounted from 4,667 riels per litre. The new price—4,400 riel per litre—was announced after calculations based on the prices in the international markets for the petroleum suppliers and consumers to buy and sell the product from January 21-31, 2023. Earlier, the price had fallen from 4,200 riel per litre to 4,050 riel per litre during the period from December 1 – 21, 2022, said the MoC statement. The statement pointed out that the price of gasoline 92 in the international market had increased to \$104.52 per barrel on January 2023 from \$90.24 per barrel on January 11, 2023, which resulted in the average price for this period being approximately \$96.40 per barrel and about \$0.6 per litre before the new price was presented on Saturday last week. “It has risen back... We have tracked the market,” Prime Minister Hun Sen said during a groundbreaking ceremony in Kratie province, adding that Cambodia’s economy has been affected by the rising oil price in the domestic market due to the international market as it rose to \$85.44 per barrel in the morning of January 2 after it had fallen to nearly \$77 per barrel. The IEA Oil Market Report (OMR) for January

2023—one of the world’s most authoritative and timely sources of data, forecasts and analysis on the global oil market—shows that the global oil demand is set to rise by 1.9 million barrels per day in 2023 to a record 101.7 million barrel per day with nearly half the gain from China following the lifting of its Covid-19 restriction. However, the report released by the International Energy Agency (IEA) also indicated that the world oil supply growth in 2023 is set to slow to 1 million barrels per day following last year’s Organization of the Petroleum Exporting Countries Plus (OPEC+) led the growth of 4.7 million barrel per day, but the quantity would drop by 870 thousand barrel per day due to expected decline in Russia. The report also pointed out that two wild cards—Russia and China—dominate the 2023 oil market outlook. This year could see oil demand rise to its highest-ever level, tightening the balances as Russian supply slows under the full impact of sanctions. China will drive nearly half this global demand growth even as the shape and speed of its reopening remain uncertain. Cambodia’s inflation has risen to 7.85 percent in June 2022 compared on a year-on-year basis to 7.17 percent the previous month, which was the highest in the last decade, due to mainly the increase in the prices of oil and food, according to the National Bank of Cambodia (NBC)—the country’s central bank and monetary authority. NBC’s Macroeconomic and Banking Sector Development in 2022 and Outlook for 2023 shows that the prolongation of the Russia-Ukraine war remains the reason behind the highly uncertain inflation in 2023. However, in the scenario of the slowdown in the global economy and declining food prices, inflation in Cambodia is projected to decelerate to 2.5 percent. In Channy, President & Group Managing Director of

Aclede Bank Plc—Cambodia’s stock exchange-listed commercial bank, told Khmer Times that the government, as well as the Ministry of Economy and Finance (MEF) and NBC have managed the inflation effectively, which keeps the inflation at not-very-high level—5.3 percent on average in 2022. “Fuel is a factor of production and so when fuel prices increase, the prices of other services and products will also increase. For example, when the fuel price goes up, the transportation costs will rise,” said Channy of Acleda Bank Plc which has dominated the Cambodia Securities Exchange (CSX) in both overall share price index and full market capitalisation. Sok Voeun, Chairman of Cambodia Microfinance Association (CMA), also told Khmer Times that somehow inflation contributes to increasing the cost. However, with an interest rate cap, the microfinance industry still lends at a similar price within the cap, while rising cost has been absorbed by microfinance institutions by improving their productivity and efficiency.

Source:<https://www.khmertimeskh.com/501223911/domestic-gasoline-price-rises-8-64-in-the-last-month/>

Foodpanda Donates LAK 54 Million to Lao Friends Hospital in Luang Prabang



Laos News | 23 January, 2023

Ms. Thanyalat Chaleunsouk, Managing Director for Delivery Hero, and her team, donated LAK 54 million to the Lao Friends Hospital for Children in Luang Prabang last week. The donation was received by Mr. Thomas Brune, director of the Lao Friends Hospital for Children. Mr. Thomas told the media that

“We are happy and grateful to foodpanda and their customers nationwide for helping the children who are being treated in the Lao Friends Hospital. The money will be used to purchase medical equipment and supplies for the children and their families who will be treated in this hospital.” The “One Order One Smile” campaign is considered to be the first project implemented to raise funds by having customers order food through the foodpanda app. The campaign began in 2022, raising funds to help children who are being treated at the Lao Friends Hospital in Luang Prabang. The project started on 1 November and ended on 31 December 2022. Ms. Thanyalat Chaleunsouk said: “I am very honored and happy to present this donation on behalf of foodpanda customers nationwide that helped us raise this fund to help the children who are being treated here. We believe that this support will help to provide the necessary medicine and medical equipment for the treatment of children at this hospital,” foodpanda has been operating in Laos for three years, continuously supporting local communities, with the “One Order One Smile” campaign the latest example of the company’s commitment to CSR.

Source:<https://laotiantimes.com/2023/01/23/foodpanda-donates-lak-54-million-to-lao-friends-hospital-in-luang-prabang/>

New entry to domestic market plummets chickpea price



Myanmar News | 23 January, 2023

The prices moved in the range between K180,000 and K205,000 per 56.25 visses on 1 December and fell to K170,000 and K183,000 per 56.25 visses depending on varieties on 21 December. The figures showed a sharp drop of K10,000-K22,000 per 56.25 visses within three weeks. New chickpeas from the Mandalay region started flowing into the Mandalay market. Newly harvested chickpeas will abundantly enter the market in end-January 2023, according to the Myanmar Pulses, Beans and Sesame Merchants Association. The country primarily cultivates paddy, corn, cotton, sugarcane, and various pulses and beans. Its second-largest production is pulses and beans, accounting for 33 per cent of agricultural produce and covering 20 per cent of sown acreage. Among them, black beans, pigeon peas and green grams constitute 72 per cent of bean acreage. Other beans including peanuts, chickpeas, soybeans, black-eyed beans, butter beans and rice beans are also grown in the country. Myanmar's agriculture sector is the backbone of the country's economy and it greatly contributes to the Gross Domestic Product. Myanmar ships chickpeas to foreign markets beyond self-sufficiency. More than 18,000 kilogrammes of chickpea worth US\$12.678 million have been exported to foreign countries since April 2022, according to the Ministry of Commerce's statistics. — NN/EMM

Source: <https://www.gnlm.com.mm/new-entry-to-domestic-market-plummets-chickpea-price/#article-title>

Two scenarios for Vietnamese economy in 2023



Vietnam News | 23 January, 2023

VOV.VN - The Central Institute for Economic Management (CIEM) has developed two scenarios for the Vietnamese economy in 2023 after an 8% growth rate was recorded in 2022. According to CIEM, Vietnam's economic outlook in 2023 may be influenced by more factors than previous years. Among the factors are the country's ability to control the spread of coronavirus variants and new diseases, the degree of monetary tightening in key economies to handle inflationary pressures, the rising geographical competition and the protracted Russia-Ukraine conflict. Other factors include the progress in implementing the national socio-economic recovery and development programme, the introduction of more financial and monetary policies to support economic recovery, the diversification of export markets associated with the utilization of free trade agreements, and the depreciation of regional currencies against the US dollar. Weighing those factors, CIEM researchers put forward two scenarios for the Vietnamese economy in 2023. In the first scenario, the national economy is likely to grow by 6.47%, with export turnover to

expand by 7.21%, and inflation to be kept at 4.08%, while trade surplus is anticipated to bring in US\$5.64 billion. In the second scenario, the national economy is likely to grow by 6.83%, with export turnover to accelerate by 8.43%, and inflation to be controlled at 3.69%, while the trade surplus is anticipated to generate US\$8.15 billion. CIEM also analyzed the current situation of cross-border paperless trade in Vietnam. In the face of slowing economic growth in the long term, Vietnam is also looking for new growth drivers, including the development of the digital economy. The government of Vietnam has implemented powerful solutions to support the development of the digital economy as well as digitalization in public service delivery. Efforts to promote paperless trade have also been accelerated, including making full use of the United Nations Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific (CPTA). Meanwhile, ASEAN member states have also promoted the development of the ASEAN Single Window (ASW), and they are considering broader cooperation in the CPTA. In addition, CIEM also proposed issues for consideration in order to increase the level of technical and legal readiness for cross-border paperless trade in the coming time.

Source: <https://english.vov.vn/en/economy/two-scenarios-for-vietnamese-economy-in-2023-post997878.vov>

Vietnam retail real estate market expects growth in 2023



Vietnam News | 23 January, 2023

The retail space market has the opportunity to grow strongly in 2023 with the forecast of the recovery of the retail industry, especially with new investment of foreign brands in Vietnam. In 2022, the retail market in general and townhouses in particular recovered with a better occupancy rate, but the recovery has not reached the level of the pre-COVID-19 period. Many retail brands are looking at Viet Nam because the economy is strong, and they see the potential. Brands are diverse and range from luxury to mid-market brands, said Nick Bradstreet, head of Asia Pacific Retail, Savills. For example, Lotte is completing a new project, and it is expected to welcome international brands. "The challenge Viet Nam is facing is that there are not enough shopping centres being built to meet the demand from international retailers," he said. Viet Nam's economy is growing quickly, which creates an attractive retail outlook. By 2025, Viet Nam will be the third largest economy in Southeast Asia, following Indonesia and Thailand. The country is vibrant and increasingly wealthy, and there is a dynamic population of young people. Retailers want well-designed and managed properties with a dynamic tenant mix. They also want landlords to advertise and promote the spaces to draw in traffic, Bradstreet said. Central Group from

Thailand is looking to invest more money in Viet Nam, and this is likely to attract international retailers because they trust the products. It might be harder for local developers and landlords because they are unknown on the international scene. Relationships are essential to attracting international retailers. Besides, large cities such as Ha Noi, Da Nang and HCM City, "tourist hubs, like Hoi An, present opportunities, especially for pop-up stores during the high season. All the ingredients are there for Hoi An, it just needs a well-planned and well-designed shopping centre," Bradstreet said. According to Bradstreet, everybody likes a well-managed shopping centre. Shopping centres deliver experiences. A prime example is Siam Paragon in Bangkok. It's got all the big brands, people go and spend time with their friends, and parking and public transport are convenient. Shopping centres like this are popular in mainland China, Hong Kong, Thailand, and Viet Nam is no exception. New suburban shopping centres and Lotte's new project will be successful because people will be happy to go. The difficulty is that there are not enough shopping centres. Usually, there are shopping malls where all the luxury brands can be together or where fast fashion brands like Zara and H&M be grouped, but in Ha Noi, this is still very difficult to achieve. "In the past, wealthy customers in Viet Nam travelled to Paris, Dubai, or Singapore and

bought goods overseas. Before COVID, Vietnamese shoppers were spending overseas," he said. However, with the lockdowns and restrictions over the last few years, they spent in Viet Nam and sales increased dramatically. Even today, luxury sales are extremely strong even though people are beginning to travel," he said. "The luxury market is interesting because there is a VIP business model. If someone shops at Louis Vuitton or Christian Dior, they will get to know them and will give them VIP treatment with dinners or gifts. So even if shoppers go overseas to buy a bag, they will still get a store from their local store when something new comes in. The relationship between customers and retailers has become stronger." E-commerce is now a vital sales avenue, and retailers have physical and online stores. However, physical stores deliver the experiential side of retail and can demonstrate the strength of a brand, its products, and its people. This plays an important role in how people feel about a brand and loyalty comes from that. Savills has seen people return to stores post-COVID, and physical spaces are important, Bradstreet said. Luxury brands don't rely too much on e-commerce because luxury retail is about service. When customers go to stores like Prada or Louis Vuitton, they walk out feeling good and often share this experience with their friends. However, when it comes to brands like Zara or H&M, getting delivery at home is okay because

there isn't the same level of aspiration or exclusivity. In 2022, the retail market in general and townhouses in particular already recovered with a better occupancy rate, but the recovery has not reached the level of the pre-COVID-19 period, according to Savills. The rental price of retail space also recorded an increase against the COVID-19 period. Of course, the recovery is still not as the performance before the pandemic due to the impacts of the economic situation at present and the landlords' psychology of comparison in the price at present against that in the pre-pandemic, said Hoang Dieu Trang, Senior Leasing Manager for Savills Vietnam in Hanoi Branch.

Source: <https://vietnamnet.vn/en/vietnam-retail-real-estate-market-expects-growth-in-2023-2103611.html>
