

Highlight News / January 25/2023



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Bilateral FTAs, RCEP expected to drive new industrial investment inflows



Cambodia News | 24 January, 2023

Cambodia is expected to attract new investment in industrial sector under the bilateral free trade agreements (FTAs), the Regional Comprehensive Economic Partnership Agreement (RCEP), together with new investment law. Heng Sokkung, Secretary of State and Spokesperson for the Ministry of Industry, Science, Technology and Innovation, said on Monday that the implementation of the trade pacts has given Cambodia an access to larger market. Despite the global crisis, the war in Ukraine, the energy and financial crisis, Cambodia has the attractiveness and potential for investment because the Kingdom controls efficiently the public health crisis better than other countries in the region, he said. “For 2023, we are highly optimistic, Cambodia will continue to attract more investment because Cambodia is peaceful along with better control of Covid-19 crisis leading to the full resumption of socio-economic activities,” he underlined. The Cambodia-China FTA and RCEP came into force in early 2022 and the Cambodia-Korea FTA was put into effect in December last year. The ministry registered 186 new factories in 2022, bringing the total number of active factories in the country to 1,982 with a total investment value of \$16.690 billion, up from \$13.811 billion in 2021. In October 2021, Cambodia launched the new investment law, which

provides specific incentives and protection to investors in order to attract more investment to the country. Chea Vannak – AKP

Source : <https://www.khmertimeskh.com/501224876/bilateral-ftas-rcep-expected-to-drive-new-industrial-investment-inflows/>

Average annual FDI inflow growth of 8.1% in Cambodia from 2017 to 2021



Cambodia News | 24 January, 2023

Cambodia recorded an average annual foreign direct investment (FDI) inflow growth of 8.1 per cent from 2017 to 2021, according to the Asia-Pacific Trade and Investment Trends 2022-2023 Country Report for Cambodia by the UN Economic and Social Commission for Asia and the Pacific (ESCAP). The FDI inflows growth was higher than the Asia-Pacific’s 3.8 per cent average annual FDI inflows growth during the period. However, in 2021, the country experienced a decline in FDI inflows by 3.9 per cent, it said. “In terms of FDI outflows, Cambodia had an average annual FDI outflows growth of 3.4 percent in the last five years, which was also higher than the Asia-Pacific’s 3.2 per cent average annual FDI outflows growth. In 2021, Cambodia experienced a decline in FDI outflows by 27.1 percent,” the report noted. It also mentioned that Cambodia’s trade costs were lowest with the East Asia-3 economies of China, Japan and South Korea. “In 2020, trade costs with the East Asia-3 economies, on average, amounted to 96.4 per cent of the value

of goods, as compared to when the countries trade these goods within their borders. Trade costs were higher with the Europe-3 economies (Germany, France and the United Kingdom) and Large Asia-Pacific Developing-4 economies (China, India, Indonesia and the Russian Federation), amounting to 104.2 percent and 145.4 percent, respectively," it said. In 2021, the largest merchandise trade partner was China, representing 8.6 per cent of its exports and 33.8 per cent of its imports. About 42.6 per cent of Cambodia's exports and 1.2 per cent of Cambodia's imports by value were traded with the United States, its second largest trade partner, a Cambodian media report said. Other significant trade partners were Singapore, Thailand, Vietnam, Japan, Taiwan, Germany, Canada, and Switzerland, it added. Fibre2Fashion News Desk

Source : <https://www.khmertimeskh.com/501224868/average-annual-fdi-inflow-growth-of-8-1-in-cambodia-from-2017-to-2021/>

Laos Hopes to Attract 1.4 Million

Tourists in 2023



Laos News | 24 January, 2023

Laos has set a goal of attracting 1.4 million international tourists in 2023, well below the number that arrived in 2019 before the pandemic. Laos' Ministry of Information, Culture, and Tourism held a national-level meeting this week, with Minister Suanesavanh Vignaket urging officials in the tourism sector to work harder to strengthen tourism operations, improve local infrastructure, and create

new tourism products. The ministry believes that it could net up to USD 340 million from the tourism sector if tourists stay an average of seven days per visitor. Deputy Minister Vansy Kuamua noted that the Ministry will strive to improve the Lao National Ecotourism Strategy 2023-2030, as well as upgrade tourism sites and improve the quality of hotels and guesthouses to meet ASEAN standards. The Lao Thiao Lao domestic tourism campaign continues in 2023, with the government hoping to continue attracting domestic tourists as well as visitors from abroad. Meanwhile, the country has begun preparing for the arrival of Chinese tourists after Laos was listed among 20 nations greenlit by the Chinese government for outbound group tours. At a public-private dialogue meeting held last week, private sector stakeholders and government representatives discussed the country's readiness for a potential influx of Chinese tourists. Many raised concerns about a chronic labor shortage being experienced in Laos since the Covid-19 pandemic, which saw unskilled labor flock to Thailand and other neighboring countries for more work and higher pay. The Ministry has said it will work with businesses to compile information on the number of workers in the tourism sector to try to understand labor demand. Meanwhile, the Tourism Promotion Department is to improve signage around the country to include Chinese language, as well as improve access roads and toilet facilities at tourism sites. Lao Airlines is set to launch new routes between Laos and China, including flights to

Guangzhou, Shanghai, Chengdu, Changzhou, and Hangzhou, however, the Laos-China Railway has remained tight-lipped about when it may offer connecting services between Laos and China.

Source : <https://laotiantimes.com/2023/01/24/laos-hopes-to-attract-1-4-million-tourists-in-2023/>

Rice price skyrockets in domestic market



Myanmar News | 24 January, 2023

The prices of new rice spiked in the domestic market, according to the Wadan Rice Wholesale Centre. On 20 January 2023, new Pawsan rice prices moved in the range between K61,000 and K80,000 per bag depending on the producing areas (Shwebo, Myaungmya, Dedaye, Pyapon and, Pathein). Three days after, the prices moved up to K63,000-84,000 per bag. Figures indicated an increase of K2,000-4,000 per bag within three days. Similarly, the prices of low-grade rice stayed between K43,500-67,000 per bag depending on different varieties (Kyapyan, Emahta, Meedone, Ngasein) on 20 January. The prices touched a high of K45,500-70,000 per bag on 23 January, showing a steep rise of K1,000-4,000 per bag depending on different varieties. High demand for paddy in the market pushed up the rice prices. Starting from 3 August 2022, Myanmar Rice Federation, Myanmar Rice Producers and Planters Association, Myanmar Rice Millers Association, and traders and brokers engaged in Wadan Rice Wholesale Centre and Bayinthaung Rice Wholesale Centre have been

working together to offer fair prices for Shwebo Pawsan from K75,000-77,000 per bag and other rice varieties to the consumers at the Wadan Wholesale Centre. The offer prices are K52,000-55,000 per bag of Pawsan from the Ayeyawady area, K55,000-60,000 per bag of Kyapyan, and K35,000-37,000 per bag of short-mature rice varieties (90 days) at the Wadan Rice Wholesale Centre. Each household can buy only one bag. Those traders and retailers are not entitled to buy them.—NN/EMM

Source : <https://www.gnlm.com.mm/rice-price-skyrockets-in-domestic-market/>

VAT reduction helps economic recovery



Vietnam News | 24 January, 2023

Reducing the VAT (value added tax) by 2 percent has been the most practical solution to stimulate consumption and production. The General Department of Taxation (GDT) has gained 'excellent and comprehensive' achievements with the state budget collection of VND1.692 trillion, or 20 percent higher than estimates, and VND78 trillion higher than the figure in 2022 as reported to the National Assembly. The budget collections are higher than estimates because this has happened regularly in recent years. The noteworthy thing is that the proportion of revenue from domestic sources has been increasing, reaching 85 percent, which shows the strength of the economy. However, the mobilization rate to the state budget is high, at 18 percent of GDP (gross domestic product), higher than the targeted 15.2 percent of GDP. The figure is

high at a time when enterprises, the public and the economy have been facing difficulties over the last three years. Vietnam has applied a reasonable fiscal policy to help people and enterprises ease difficulties because of the pandemic, with VND233.5 trillion total value of taxes, land rent, fees and charges reduced in a campaign which is the largest one in the history of the financial sector. However, the amount includes VND135 trillion of tax payment delay. In other words, enterprises and people will still have to pay the taxes. Enterprises and people can only enjoy a tax cut and reduction of VND98.5 trillion. The most considerable support is the 2 percent VAT reduction policy, under which VND51.4 trillion has been cut or reduced to stimulate production and consumption. Analysts say that this was the fastest, most direct and effective support package among the state-initiated packages so far. Policymakers once were worried that the VAT reduction from 10 percent to 8 percent would lead to a decrease in tax collections to the state budget in the short term. However, this did not occur. Figures show positive influences of the VAT reduction to the economy. All enterprises, the public and the state benefited from the policy. The 2 percent VAT cut was seen as a direct support to enterprises and people in difficult times, demonstrated in goods and service prices, which helped curb inflation, stimulate consumption and encourage enterprises to accelerate production and business. The VAT cut led to an input cost decrease, which helped enterprises recover and scale up business. The tax cut policy

was implemented without having to undergo a series of administrative procedures and satisfy strict conditions. The reduction was applied to the majority of goods. After nearly one year of implementation, there have been no complaints from enterprises or people. In short, cutting the VAT has had a very positive impact on consumption and production in the long term. The support helped businesses maintain production and expand business, help create more jobs, reduce the unemployment rate, and quickly recover the economy in the post-pandemic period. This stimulates people to spend more money, and when the consumption increases, the production will increase. This, finally, helps the state budget increase the revenue by 4.3 percent. However, the 2 percent VAT cut policy will be valid until the end of 2022 only. Analysts believe that the policy should be renewed for one more year. Enterprises have begun recovering the production, but they remain 'fragile'. They are just like the people who have just recovered from illness, and they need a light exercise regime, not hard work. That is why the National Private Economic Development Research Board (Board IV) has proposed extending the VAT cut policy and some other policies which showed their effects during the pandemic, including the delay in applying new land tax rates, and restructuring debts.

Source : <https://vietnamnet.vn/en/vat-reduction-helps-economic-recovery-2101467.html>

First flight carries Chinese tourists to Khanh Hoa in New Year

Source : <https://en.nhandan.vn/first-flight-carries-chinese-tourists-to-khanh-hoa-in-new-year-post122030.html>



Vietnam News | 24 January, 2023

Budget carrier Vietjet's Flight VJ5317, departing from China's Chengdu international airport, landed at Cam Ranh international airport, the south-central coastal province of Khanh Hoa, on January 23 morning, the second day of the Lunar New Year festival. It was the first flight carrying Chinese tourists to Khanh Hoa after three years of hiatus caused by the COVID-19 pandemic. Every passenger received flowers and a red packet of lucky money at the welcome ceremony. From January 23 – March 23, Vietjet is due to operate about 35 flights carrying Chinese visitors from the provinces of Anhui, Hunan and Sichuan to Nha Trang with 4-5 weekly flights transporting 180-220 passengers each. Before the pandemic outbreak, China was the biggest source of tourist arrivals in Khanh Hoa, with over 2.5 million in 2019. Last year, the province welcomed more than 2.5 million holidaymakers, earning over 13.8 trillion VND (600 million USD), marking a 5.75-fold increase year-on-year. It is now home to 1,169 lodging facilities with over 55,530 rooms. Nearly half of them meet 3-5 star standard. This year, the provincial tourism sector targeted serving about 4 million tourists, including about 2.5 million domestic and 1.5 million foreign visitors who are expected to spend 21 trillion VND while here.