

Highlight News / February 10, 2022



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Advisory Institute for Trade and Investment by TCC (AiTi)

ADB, CP Bank in \$10 million loan pact for aiding MSMEs



Cambodia News | 09 February, 2023

To support micro, small and medium enterprises (MSMEs) in Cambodia and strengthen their recovery in the post-pandemic scenario, the Asian Development Bank (ADB) has extended a helping hand. The Asian lender has signed a loan agreement with Cambodia Post Bank (CP Bank), the fifth-largest bank of the Kingdom by branch network, to extend up to \$10 million for improving the local MSMEs' access to finance, according to the information posted on the ADB website on Tuesday. Of the total financial assistance, as much as \$5 million (50 percent) has been marked for the women-led MSMEs in the country. In Cambodia, MSMEs account for 99.8 percent of all business enterprises and entities, and provide employment to more than 72 percent of the local workforce, according to ADB. The vital role MSMEs play in the Cambodian economy is indicated by the fact that they account for more than 50 percent of the national gross domestic product (GDP) growth. "Improving MSMEs' access to working capital and longer-term financing has considerable benefits, not only for their growth but also for job creation and broader economic recovery," said Ashok Lavasa, Vice-President for Private Sector Operations and Public-Private Partnerships (PPP) at the ADB. "This financing will support the profitability of these businesses by

improving their competitiveness and giving them access to domestic and international production networks," Lavasa said. According to Cambodia's Industrial Development Policy 2015-25 and other studies, access to finance tops the issues facing MSMEs. Around 66 percent of enterprises say getting finance is tough and the main challenge is access to working capital. While the availability of financial services has grown in recent years, almost a third of people don't use formal financial services, says the policy. So limited is Cambodian MSMEs' reach to finance that only about 20 percent of unregistered enterprises take a loan or go for a line of credit from financial institutions. As a majority of these small and medium enterprises are owned and operated by women in Cambodia, their access to institutional loans and advances is further limited. "The challenges facing female entrepreneurs are particularly acute, with fewer than 5 percent having access to formal credit," said the ADB. The Asian lender, which has its headquarters in Manila in the Philippines, will also help the CP Bank to "incorporate gender equality and women's empowerment into its business activities through the development of a gender action plan and the appointment of a staff-level gender focal point," said the website post. Given their contribution to a country's economy and employment, the MSMEs are often regarded as the engine of growth in developing as well as developed countries. According to a back-of-the-envelope calculation, there are over 60,000 industrial small and medium enterprises

(SMEs) in Cambodia. “The CP Bank has prioritised the development of financing for the MSMEs to help them grow and evolve so they can create more jobs and expand their contribution to the broader economy. “The assistance from the ADB will help us to provide additional financial products and services to these underserved businesses while supporting their working capital and investment needs,” said Toch Chaochek, CP Bank Chief Executive Officer. The Phnom Penh-based CP Bank provides financial services to MSMEs and retail consumers with a focus on middle-lower-income and emerging middle-income segments. Through its vast network of branches, the bank serves more than 258,600 customers in urban and rural areas. Meanwhile, to help business entities in this segment, the state-owned Small and Medium Enterprise Bank of Cambodia (SME Bank) has disbursed more than \$200 million in loans to around 2,500 SMEs to help them grow their businesses. Till December 2022, SME Bank lent \$53.4 million to 231 enterprises, according to a report of the bank released during the bank’s annual meeting on February 3. As much as \$42 million have been disbursed to 292 tourism sector firms until now under the \$150 million Tourism Recovery Co-Financing Scheme since July, the report stated.

Source: <https://www.khmertimeskh.com/501235452/adb-cp-bank-in-10-million-loan-pact-for-aiding-msmes/>

Cambodia pins high hopes for tourism recovery after Chinese tourists comeback



Cambodia News | 09 February, 2023

Cambodia has pinned high hopes for its tourism recovery after Chinese tourists gradually returned to the Southeast Asian nation. Air China flight CA745, carrying some 125 Chinese tourists, arrived at the Phnom Penh International Airport from Beijing on Tuesday, receiving a warm welcome from Cambodia’s Tourism Minister Thong Khon and Chinese Ambassador to Cambodia Wang Wentian as well as other officials. Speaking to reporters at the welcoming ceremony, Khon said China is the most important outbound tourism market in the world, as some 155 million Chinese tourists traveled around the globe in the pre-COVID-19 pandemic era. The minister added that the comeback of Chinese tourists has given a boost not only to the tourism sector but also to the kingdom’s economy as a whole. “For Cambodia this year, we will try to attract between 800,000 and 1 million Chinese tourists,” he said, noting that in January, the kingdom received 25,000 Chinese tourists. Khon said Cambodia is expected to attract a total of 4 million international tourists in 2023, almost doubling from 2.27 million in 2022. China was the largest source of foreign tourists to Cambodia in the pre-pandemic era, a Ministry of Tourism’s report said, adding that the kingdom received 2.36 million Chinese tourists in 2019,

accounting for 35.7 percent of total tourist arrivals to the country and generating about 1.8 billion U.S. dollars in revenue. Chhay Sivlin, president of the Cambodia Association of Travel Agents, said the return of Chinese tourists gives “high hopes” for the kingdom’s tourism sector and economic growth in the post-pandemic era. “We hope the return of Chinese tourists will help us recover our tourism sector rapidly because we see that Chinese tourists are very happy to come back to Cambodia,” she told Xinhua. “Chinese tourists like shopping and buying souvenirs, so their comeback will also revive tourism-related businesses such as souvenir producers,” she added. Chinese tourists are free to travel in Cambodia without any COVID-19 restrictions, Sivlin said, adding that the Angkor Archeological Park in Siem Reap province and coastal areas in Preah Sihanouk province will remain attractive destinations for them. Poch Dola, a 35-year-old souvenir vendor near the National Museum in Phnom Penh, is confident that the return of Chinese tourists would boost his sales, which had been hit hard in the past few years due to the pandemic. “I’m very happy because their arrivals will help boost our economy, especially our local products made for tourists,” he told Xinhua. “Our sales used to suffer from the global COVID-19 crisis, but since the start of this year, the number of tourists has increased, so our sales have also increased significantly,” he said. “We hope their return will spark our tourism boom again like it was before the pandemic.” Vun Phanith, a lecturer at the

Institute for International Studies and Public Policy, an arm of the state-run Royal University of Phnom Penh, said Cambodia will remain a popular destination for Chinese holidaymakers, given the historical and close relationship between the two countries. “The comeback of Chinese travelers will be a great boon for our tourism and economy,” he told Xinhua. “Their return will also help promote cultural exchanges and people-to-people connectivity between the two countries towards the building of a community with a shared future.” Tourism is one of the four pillars supporting Cambodia’s economy. The country attracted up to 6.61 million international tourists in 2019, generating gross revenue of 4.92 billion U.S. dollars, according to the Ministry of Tourism.

Source: <https://www.khmertimeskh.com/501235626/cambodia-pins-high-hopes-for-tourism-recovery-after-chinese-tourists-comeback/>

Greener trade and investment key to future of Laos: ADB



Laos News | 09 February, 2023

Greener trade and investment is crucial to tackling climate change in Asia and the Pacific, including Laos, and will require regional governments to work together more closely, according to a new report by the Asian Development Bank (ADB). The Asian Economic Integration Report (AEIR) 2023 stated that

although trade and investment have fuelled remarkable economic growth in Asia in recent decades, they have also led to large increases in carbon dioxide emissions in the region, which is more vulnerable to the effects of climate change than any other. Reversing this trend will require measures such as promoting trade in environmental goods and services, nurturing green businesses, developing carbon pricing mechanisms, and strengthening regional cooperation through trade and investment agreements, according to the report. “As a land-locked country relying on trade and investment, while at the same time being among the most vulnerable to the consequences of climate change, greener trade and investment is key to the future of Laos,” said Sonomi Tanaka, the ADB Country Director for Laos. “Many market participants involved in trade and investment are interested in tapping green finance opportunities, and it is important that Laos’ regulatory bodies ensure a supportive regulatory environment for attracting green opportunities.” ADB Chief Economist Albert Park said, “Asia and the Pacific’s remarkable growth has lifted millions of people out of poverty, but this has come at an environmental cost.” He added, “The region now finds itself on the frontline of the climate crisis, which can derail development progress. Trade and investment remain as one of the most

important drivers for growth and poverty reduction, but governments in the region need to intensify their cooperation to make trade and investment greener.” Asia’s production-related carbon dioxide emissions almost tripled between 1995 and 2019, largely reflecting the region’s unparalleled pace of economic growth and industrialisation to satisfy demand - both within the region and in export markets. According to the ADB, Asia and the Pacific are now warming faster than any part of the world. Almost 40 percent of the world’s disasters occur in the region, and more than 70 percent of people affected by disasters live in Asia and the Pacific. Disasters disproportionately affect women and vulnerable populations. The report stated that governments in the region can make trade and investment more sustainable and greener by: promoting the trade of environmental goods, such as solar panels, and services; nurturing green businesses through regulations, incentives, standards, and certification systems; enhancing international regulatory cooperation to make climate commitments and actions transparent, firm, interoperable, and collaborative; and developing carbon pricing mechanisms at both national and cross-border levels, through linkages and regional alliances. According to the ADB’s report, integration in the region is progressing steadily and remained

stable in 2020 despite the Covid-19 pandemic. Trade growth, meanwhile, moderated in 2022 following a strong rebound in 2021.

Source: https://www.vientianetimes.org.la/freeContent/FreeContent2023_Greener28.php

Myanmar receives 233,487 int'l tourists in 2022



Myanmar News | 09 February, 2023

YANGON, Feb. 9 (Xinhua) -- Myanmar welcomed a total of 233,487 international tourists in 2022, according to the country's Ministry of Hotels and Tourism on Thursday. The number of international visitor arrivals in Myanmar last year was up by about 78.3 percent, compared to 130,947 tourists registered a year earlier, the ministry's data showed. China, Thailand and India were the biggest sources of tourist arrivals in Myanmar last year, the ministry's figures showed. Before the pandemic, the Southeast Asian country received more than 4.36 million tourists in 2019. The number of tourist arrivals in the country then sharply dropped to 900,000 in 2020 and 130,000 in 2021 amid the pandemic, official figures showed. Myanmar has been taking various measures, including holding its first travel fair last month since the outbreak of the pandemic, to promote the pandemic-hit tourism sector. As of Wednesday, Myanmar recorded a total of 633,850

COVID-19 infections, including 19,490 deaths and 614,321 recoveries, according to the health ministry.

Source: <https://english.news.cn/asiapacific/20230209/300e06fdb9ac4a688dccb9aadd7a039f/c.html>

Many Japanese firms plan expansion in Vietnam:

JETRO poll



Vietnam News | 09 February, 2023

Sixty percent of Japanese investors in Asia-Pacific polled in a 2022 survey by the Japan External Trade Organization (JETRO) said they plan to expand operations in Vietnam within the next two years. The rate is the highest in the ASEAN region and third in Asia-Pacific only after India (72.5%) and Bangladesh (71.6%). Another survey of JETRO also revealed Vietnam ranks only after US as a favourite destination for investment for Japanese companies. Explaining the figures for Vietnam at a recent meeting with the Ministry of Planning and Investment, Chief Representative of JETRO in Hanoi Nakajima Takeo said Japanese businesses' expectation of higher revenue is based on the Vietnamese market's current export expansion and growth potential. Most small- and medium-sized enterprises (SMEs) in the group want to expand their activities in the non-manufacturing industry. Also according to the poll,

conducted in August and September last year, the prospect of business profit in Vietnam in 2022 recovered strongly after the COVID-19 pandemic, especially regarding the sectors of production - consumption and direct services, thanks to significant increases posted in export volume and market purchasing power. In 2023, the local manufacturing and non-manufacturing industries are forecast to improve by more than 50%. At the meeting, Minister of Planning and Investment Nguyen Chi Dung underscored the Vietnamese Government's efforts for business climate improvement to attract more foreign investors, including those from Japan. He suggested JETRO assist Vietnamese SMEs in building capacity and forming linkages with their Japanese peers; transfer technologies to Vietnam; and encourage Japanese firms to promote innovation and R&D activities in the Southeast Asian nation.

Source: <https://vietnamnet.vn/en/many-japanese-firms-plan-expansion-in-vietnam-jetro-poll-2108251.html>

Vietnamese aviation market predicted to fully recover by year-end



Vietnam News | 09 February, 2023

The Vietnamese aviation market is forecast to fully recover by the end of this year, according to a global

outlook for the aviation industry released by the International Air Transport Association (IATA) recently. According to the association, Vietnam saw a full recovery and recorded strong growth in the domestic aviation market last year, while its international market is expected to reach the level recorded in 2019 by the end of 2023. This year, the aviation sector is forecast to transport about 80 million passengers and 1.44 million tonnes of cargo, representing a respective year-on-year rise of 45.4% and 15%. Compared to 2019, the increase will be 1% and 14.8%, respectively. However, experts held that there remain great challenges for the sector, including those in aviation infrastructure, fuel prices, human resources shortage, and Russia-Ukraine conflict. Data from the Civil Aviation Authority of Vietnam, domestic airports served 9.8 million passengers in January, up 13.8% from the previous month, including 2.3 million international arrivals, a rise of 10%. Of the total, 4.85 million passengers were transported by Vietnamese airlines. In the month, the airports also handled 112,000 tonnes of cargo, a month-on-month increase of 11.6%. Experts held that with positive recovery signs right from the beginning of the year, the IATA prediction is reasonable, noting that last year, the market bustled strongly, especially in summer and New Year holidays. They attributed the growth to efforts of the Government, the Ministry of Transport and the CAAV

in removing obstacles and difficulties for the sector, ensuring its stable and sustainable growth, security and safety and a fair business environment. In its report, the IATA predicted a recovery of 80% and 95% in the number of international passengers and domestic passengers, respectively compared to 2019 before COVID-19 broke out. The association also gave prediction on the recovery speed of different regions, with the Asia-Pacific region showing the slowest recovery. Revenue from passenger transport activities is projected to rise, and the industry will be profitable again.

Source: <https://english.vov.vn/en/economy/vietnamese-aviation-market-predicted-to-fully-recover-by-year-end-post1000559.vov>
