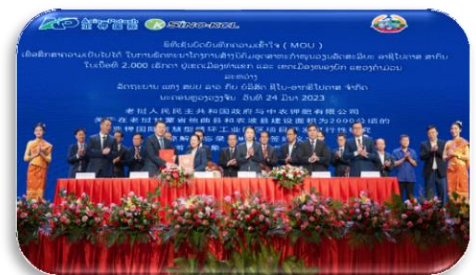


Highlight News / March 29/2023



- Cambodian exports value up 1% in February
- Riel-based deposits and lending help NBC's de-dollarisation efforts
- National Industrial Park in Laos launched in cooperation with Asia-Potash International
- Rice prices rebound in domestic markets
- Vietnam's CPI inches up in Q1
- Viet Nam's foreign investment plunges 39 per cent in Q1



Cambodian exports value up 1% in February



Cambodia News | 28 March, 2023

Amid an increase in non-garment shipments despite a declining growth of garment export, the value of Cambodian exports increased by one percent in February 2023 compared with a fall of 23.6 percent recorded in January. This positive growth is due to an uptick in non-garment export despite a declining growth of garment export, according to the Monthly Economic Update: February 2023 of the Ministry of Economy and Finance, dated March 15. The export of apparel declined by 4.5 percent in the second month of the year compared with a fall of 20.6 percent in January. Garment exports to the European Union came down by 14.7 percent, declined by 10.8 percent to the United Kingdom, fell by 3.5 percent to Japan and recorded a drop of 5.2 percent to ASEAN (Association of Southeast Nations) member states. However, spelling some respite, apparel shipment to the US increased by 2.7 percent and expanded by 16.4 percent to China. During the same period, the export of non-garment items increased by 8.6 percent in February compared to a decline of 24.7 percent in January. This is due to positive growth in the shipment of electrical parts, bicycles, veneer, plywood, rice, cassava, banana, mango and some other agricultural products. Excluding gold, the February export declined by 11.4 percent year-on-year, mainly due to a declining growth of garment export

(-24.5 percent), while export of non-garment increased by 16.8 percent, says the Ministry of Economy and Finance update. Cambodia's imports declined by 14.7 percent in February compared to a 23.6 fall in the previous month. The ministry update attributes it to a 47.8 percent drop in garment material and a 21.6 percent decline in construction material import during the period under consideration. However, says the ministry the import of consumer goods increased by 3.4 percent and the inward shipment of vehicles grew by 21.2 percent. Excluding gold, the import in February also declined by 14.6 percent year-on-year, mostly because of negative growth in the inward shipment of almost all commodities. As of February, current revenue amounted to 3,835 billion riels, recording an increase of 2.6 percent year-on-year and equivalent to 13.6 percent of the Budget Law, based on data from tax collection agencies (the General Department of Taxation and the General Department of Customs and Excise) and from the Financial Management Information System (FMIS) for non-tax as of March 14, 2023. Tax receipts by the GDT were at 2,184 billion riels, reflecting a year-on-year growth of 5.3 percent and equivalent to 15.1 percent of the Budget Law. The ministry's updates attribute this increase to the continued domestic economic activities momentum, reflected by the positive growth rate of direct taxes and indirect tax revenues. During the same period, the GDCE mopped up, 453 billion riels, which reflected a fall of 5.4 percent year-on-year, and equivalent to 13.1 percent of the

Budget Law. As the collection of tax revenue by the GDCE tends to have a low-performance pattern in the first few months of the year due to fewer working days, the tax revenue is expected to have an upward trend in the coming months, says the ministry. During February the non-tax revenue increased 53 percent over the same month of the previous year to touch 198 billion riels. The non-tax revenue during the month was equivalent to 7.7 percent of the Budget Law. The high increase in non-tax revenue, says the ministry update, is mainly due to the increase in tourism-related revenues as the Covid-19 pandemic and its impact eased.

Source : <https://www.khmertimeskh.com/501263373/cambodian-exports-value-up-1-in-february/>

Riel-based deposits and lending help NBC's de-dollarisation efforts



Cambodia News | 28 March, 2023

The banking system has played a crucial role in supporting Cambodia's recovery from the economic downturn in the wake of Covid-19 with National Bank of Cambodia (NBC) pursuing an accommodative and prudent monetary policy to meet the needs of the economy. NBC has also been making serious efforts over the past several years to bring down the level of dollarisation in the economy by promoting the use of local currency riel (KHR). According to the Financial Stability Review 2021 of the central bank, despite a series of steps, the level of dollarisation in the country still ruled over 80 percent. This high level of dollarisation limits the central bank's role in

influencing money supply and interest rates in the country, the report said. The steps taken by NBC to de-dollarise the economy included regulations that aimed to boost loans in KHR. The central bank is of the view that a more riel-based economy will allow NBC to effectively implement the monetary policy in response to economic shocks. While the commercial banks' local currency lending stayed above NBC's required threshold of 10 percent, most lending still continued to be in US dollars. A currency-wise breakdown of gross loans indicated that almost 88.6 percent of overall lending in 2021 was in USD, with the share of KHR loans standing at around 11.4 percent. This shift towards using riel as the lending currency has been duly supported by NBC in terms of riel liquidity provision through its Liquidity-Providing Collateralized Operations (LPCO) since 2016. Similarly, the bulk of the deposits with banks also remained in USD, accounting for 91.4 percent of total deposits in 2021. The share of riel deposits, however, rose from 6.1 percent in 2018 to around nine percent in 2021. NBC's policy requiring banks to lend at least 10 percent of their credit in KHR has encouraged banks to raise more local currency deposits. However, the size of local currency loans of KHR 18.3 trillion still remained higher than the local currency deposits of KHR 13.7 trillion the banks managed to collect in 2021, necessitating continued injection of riel liquidity by NBC through its LPCO arrangement, the report said. But compared to the unbanked population of the country that uses the local currency riel for almost all transactions, it was

those having the advantage of a banking system that continue to root for dollar transactions. This is more due to the recognition of the US dollar as a stable international currency. According to various market sources and business leaders, the dual currency economy, in fact, has helped Cambodia to attract a large volume of foreign investment. Vichet Lor, Phnom Penh President of Global Real Estate Association (GRA), told Khmer Times that the dual currency economy has contributed to the stability of the Cambodian riel in recent times when almost all other Asian currencies dropped in value compared to the US dollar. “We have seen that the Thai baht, the Malaysian ringgit and the Vietnamese dong are all going down against the dollar in the wake of the pandemic. The stability of the riel is believed to have been contributed by the dual currency economy,” he said. “Foreign investors always evaluate the currency risk before making a decision. Lack of restrictions in currency movement – no outbound or inbound restrictions – also helped,” Lor said. Ben Li, Founder and Chairman of Urban Village and Factory Phnom Penh, concurred with Lor saying recently that Cambodia having a dual currency economy with the US dollar as one of the currencies is a major attraction for foreign investors and the real estate market is a major beneficiary of this policy. According to NBC’s ‘Macroeconomic and Banking Sector Development in 2022 and Outlook for 2023,’ report, stabilising the exchange rate is an important factor to maintain price stability in the context of high dollarisation. The report also forecast that inflation in

Cambodia is projected to decelerate to 2.5 percent this year. “It is worth noting that. The stability of the exchange rate, especially between the riel and the US dollar, will maintain the purchasing power of the people whose income is in riel and contribute to lowering the prices of imported goods,” the report said. However, given the high dollarisation, the appreciation of the US dollar will also raise the prices of Cambodia’s exports, which is another potential challenge that Cambodia will have to face. The policy of the government and NBC continues to be in the direction of de-dollarisation, and encouraging commercial banks to lend in local currency and accept deposits also in local currency has helped in bringing more and more in the banked section of the population to the riel world. The process, though slow, continues to make steady progress. De-dollarisation also holds cultural and geo-political significance to many around the world, including in Cambodia, and the rate at which the process of removing the dollar from the economy reflects a trend of sidelining the dollar that is happening slowly in certain major economies such as China, and also western countries such as those of the EU.

Source : <https://www.khmertimeskh.com/501263299>

[/riel-based-deposits-and-lending-help-nbcs-de-dollarisation-efforts-2/](#)

National Industrial Park in Laos launched in cooperation with Asia- Potash International



Laos News / 28 March, 2023

The Lao government and SINO-KCL on Friday signed a Memorandum of Understanding (MOU) on a project titled “Asia-Potash International Intelligent Circular Industrial Park” in Thakhek and Nongbok districts of Khammuan province. The government and SINO-AGRI International Potash Co., Ltd. (SINO-KCL) signed the MOU in Vientiane, indicating that the government-enterprise cooperation project is about to get off the ground after more than one year’s preparation. Deputy Minister of Planning and Investment Mrs Khamchan Vongsenboun and SINO-KCL’s Executive Director and General Manager, Tong Yongheng, signed the MOU on behalf of both parties, respectively. The signing ceremony was also attended by representatives of the Embassy of the People’s Republic of China in the Lao People’s Democratic Republic and representatives of Lao authorities, including the Prime Minister’s Office, Ministry of Planning and Investment, Ministry of Energy and Mines, Ministry of Industry and Commerce, Ministry of Agriculture and Forestry, Ministry of Natural Resources and Environment, Ministry of Information, Culture and Tourism, Central Bank, Laos-China Cooperation Committee, and the Khammuan government, as well as industry representatives from the Xinhua News Agency Vientiane branch, Lao-Chinese Chamber of Commerce, Vientiane Chinese Association, ICBC Limited Vientiane Branch, Bank of China Limited Vientiane Branch, and famous Chinese and Lao enterprises. The project aims to promote industrialisation, urbanisation and investment in

Laos while modernising agriculture and advancing the service industry. Consisting of three sections: potash fertiliser industrial park, non-potash industrial park, and Asia-Potash Town, the project covers a total area of about 2,000 hectares, with an estimated investment of US\$4.31 billion. It will leverage the advantages of Lao government support, mineral resources, power energy, and labour and land cost to spur Laos to form an industrial pattern of import substitution and export, to bolster foreign exchange earnings. Relying on the enterprise’s potash ore resources, the potash fertiliser industrial park is poised to expedite the growth of the potash fertiliser industry and achieve a production capacity of 3 million tons by 2023, and 5 million tons by 2025, with plans to eventually reach 10 million tons. The industrial park embodies a vision to establish the enterprise as Asia’s leading producer and processor of potash fertiliser and to propel Laos toward the world’s fourth-largest potash fertiliser production base. The Non-Potash Industrial Park will attract investment based on resources such as coexisting minerals of potash mines, coal mines and bauxite to develop the use of industrial chains and supply chains for resources and produce high value-added and diverse product clusters. The Park is also equipped with self-owned power plants with wind or solar power generation to create electrical energy as its advantage. In addition, it will undertake the transfer of global industrial chains and supply chains to vigorously facilitate mineral resource development in Laos, thus contributing to the transformation of

Laos from a resource power to an industrial power. The Asia-Potash Town is built as a modern, multifunctional urban complex that includes facilities for healthcare, education, commerce, sports, and services. On the one hand, it allows farmers to enter the town and be trained as industrial workers, thus leveraging the advantage of labour costs. On the other hand, it serves as a window for Laos to showcase itself to the world, thus attracting global investors and entrepreneurs to Laos. At the signing ceremony, Tong Yongheng, Executive Director and General Manager of SINO-KCL, delivered a speech. He stated that the Asia-Potash International Intelligent Circular Industrial Park is a platform for developing industrialisation and urbanisation, as well as showcasing Laos' development advantages and providing a driving force for its economic and social development. It is also a platform for Laos to seize development opportunities, and undertake the transfer of global industrial chains and supply chains amidst a global economic downturn and geopolitical conflicts. Furthermore, it is a platform that gathers excellent enterprises and talents around the world to invest, start businesses, and seek common development. After the Asia-Potash Industrial Park project is put into operation, Laos is expected to see an annual fiscal revenue of approximately US\$320 million, an increase in foreign exchange reserves of about US\$1.7 billion, and a drive of local employment for 30,000 to 50,000 people. It will provide important support for the high-quality development of Laos' economy and society, and

play a significant role in consolidating the friendship between China and Laos and building a community with a shared future between the two countries.

Source : https://www.vientianetimes.org.la/freeContent/FreeContent61_National_y23.php

Rice prices rebound in domestic markets



Myanmar News / 29 March, 2023

The prices of rice that are mainly consumed locally spiked, according to the Wahdan Rice Wholesale Centre. On 17 March 2023, Pawsan rice prices moved in the range between K70,000 and K85,000 per bag depending on the producing areas (Shwebo, Myaungmya, Dedaye, Pyapon, Pathein). Meanwhile, the prices stood at K75,000 per bag for Kyapyan, K60,000 for Kunni, 50,000 for Ngasein, K58,000 for short matured rice (90 days), K53,500 for Aemahta, K62,000 for Pawkywe, K53,500 for rice grown under intercropping season. The prices of Pawsan rice moved up to K72,000-90,000 per bag on 28 March. The prices of various rice varieties were up by K500-4,500 per bag within two weeks. A decrease in old paddy stocks pushed up paddy and 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 Wahdan 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 Wahdan 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 Wahdan Rice Wholesale Centre. Each household can buy only one bag. Those traders and retailers are not entitled to buy them. — NN/EM

Source : <https://www.gnlm.com.mm/rice-prices-rebound-in-domestic-markets/#article-title>

Vietnam's CPI inches up in Q1



Vietnam News | 28 March, 2023

Vietnam's consumer price index (CPI) in the year's first quarter edged up around 4.3% year-on-year, showed official data. The Ministry of Finance attributed the CPI rise to a 7.2% increase in housing and construction material prices and a pickup of 4.5% in food prices. The increasing housing and construction material prices resulted from higher rent and input costs such as cement, steel and sand, which contributed 1.4% to the overall growth. Meanwhile, the strong food demand during the Lunar New Year holiday in January sent food prices up, thus pushing up the CPI by 1%. Education services edged up 11% as tuition fee support in some parts of the country had ended, resulting in an increase of 0.6% in the CPI. The ministry has worked out three inflation scenarios for the second quarter and the rest of the year, with an average CPI growth ranging from 3.9% to 4.8% this year.

Source : <https://vietnamnet.vn/en/vietnam-s-cpi-inches-up-in-q1-2125534.html>

Viet Nam's foreign investment plunges 39 per cent in Q1



Vietnam News | 28 March, 2023

HÀ NỘI — Việt Nam attracted nearly US\$5.45 billion worth of foreign investment in the first quarter of the year, down 39 per cent year-on-year, according to the Foreign Investment Agency (FIA). Of the three-month figure, over \$3 billion came from 522 newly-licensed projects, up 62 per cent in a number of projects but down 6 per cent in the level of capital compared to the same period last year. Some \$1.2 billion was added to 228 existing ones, representing a yearly hike of 3 per cent in a number of projects and a yearly decline of 70.3 per cent in the capital. However, foreign investors' capital contribution and share purchases rose 4 per cent year-on-year to \$798 million, the FIA said. Along with the contraction in fresh capital, the disbursed capital also slightly plunged 2.2 per cent from a year earlier to \$4.3 billion, it noted. The most significant proportion of the period's foreign investment, \$4 billion or 73 per cent, landed in processing and manufacturing, followed by real estate, with \$766 million or 14.1 per cent. In Q1, Singapore topped foreign investors, pouring \$1.69 billion into Việt Nam or equivalent to 31 per cent of the nation's total foreign investment. It was followed by mainland China (\$552 million) and Taiwan (\$477 million). According to the FIA, newly foreign-invested projects still came towards localities that had many advantages in attracting foreign investment such as good infrastructure,

stable human resources, efforts to reform administrative procedures and dynamism in investment promotion. They included Bắc Giang, Đồng Nai, Bắc Ninh, HCM City and Hải Phòng. For example, Đồng Nai Province lured \$500 million in foreign investment in the first three months, nearly tripling that in the same period last year, the provincial industrial parks management board has said. Of the figure, there were 11 new projects with a total registered capital of nearly \$50 million and 22 others with additional capital of more than \$451 million, mainly from Japan, South Korea and Taiwan (China). All of them utilise advanced technology and skilled labour in priority investment sectors. Among the 11 new foreign-invested projects, six were in supporting industry. Deputy head of the board Phạm Văn Cường said over recent months, foreign investment attraction in Đồng Nai has thrived with increasing quantity and quality of projects which involve the construction of new factories and manufacturing expansion. Foreign investors pin high hope on projects underway in the province, especially Long Thành airport and expressways. He said the province has also stepped up administrative reform and dealt with investor concerns. According to the approved plan, Đồng Nai has 40 industrial parks (IPs) with an area of about 19,000ha. The province is now home to 32 IPs already in operation, with an occupancy rate of over 85 per cent. The remaining IPs are yet to be built due to obstacles regarding investment procedures, rubber and forest

land processing, auction and bidding, and zone planning. Cường said the province hoped that the Government, ministries and agencies would tackle bottlenecks and create favourable conditions for it to establish new IPs, thus attracting more capital from big corporations and businesses world-wide. — VNS

Source : <https://vietnamnews.vn/economy/1502972/viet-nam-s-foreign-investment-plunges-39-per-cent-in-q1.html>
