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Cambodia to become higher-middle-income country by 2030



Cambodia News | 06 June, 2023

Prime Minister Hun Sen expressed confidence that Cambodia will become a high-middle-income country by 2030, despite the challenges posed by the global economy, the war between Ukraine and Russia, and the climate change crisis. In a graduation ceremony for students of the Royal University of Law and Economics yesterday, the premier said that Cambodia is on track to graduate from least developed country (LDC) status in 2027 and to become a higher-middle income country by 2030. He said despite the uncertainty of the global economy, geographical issues, the Covid-19 pandemic, and the climate change crisis, Cambodia can achieve its goal of becoming a higher-middle-income country. "Despite the challenges of climate change, epidemics and geopolitical uncertainty, I am confident that Cambodia will leave the status of a least developed country by 2027 and reach its goal of becoming a high-middle-income country by 2030," he said, adding, "As set out as the goal of sustainable development, the economic growth we have today gives us the opportunity to reach our goals." The government has set a goal of transforming Cambodia into a higher-middle-income country by 2030 and a high-income country by 2050. The World Bank officially revised the status of

Cambodia's economy in 2016, moving it up a rung from the low-income bracket into lower-middle income territory – a reclassification that economists expect will lead to a scale-back of foreign aid and preferential trade access over the coming years. As per the World Bank's criteria, low-income economies are defined as those with a GNI per capita of less than \$1,025, lower-middle-income countries are those between \$1,026 and \$4,035, and upper-middle-income economies are in the range of \$4,037 to \$12,745. High-income countries are defined as those with a GNI per capita above that level. Cambodia's economy is forecast to grow at 5.5 percent in 2023 and 6 percent in 2024, due to a stronger tourist rebound and faster growth in the services sector, according to a report by Asian Development Bank (ADB) in April. The premier said to sustain the economy in the long run, the government will further invest in the fields of healthcare, social protection, human resource development, small and medium enterprises, digital technology, and green development, among others.

Source: <https://www.khmertimeskh.com/501302664/cambodia-to-become-higher-middle-income-country-by-2030/>

EBA withdrawal not to impact Cambodia, says PM



Cambodia News | 06 June, 2023

Cambodia's manufacturing sector will not be affected by the complete withdrawal of the Everything But Arms (EBA) preferential tariff line

of the European Union (EU) expected in the near future, said Prime Minister Hun Sen, recently. During his meeting with more than 16,000 workers in Kampong Speu province on Sunday, the premier noted that Cambodia will lose the EBA benefits when it is elevated as a high-middle-income country in 2026 or 2027. "By then (with the elevation), our country will no longer have the Least Developed Countries (LDCs) status. So, we will have to pay tariffs for our exports. But the removal of EBA will not be a matter of concern and it is not going to affect our production lines," Mr Hun Sen said. The EBA is one of the preferential trade arrangements under the EU's Generalized System of Preferences (GSP). It grants full duty-free, quota-free access into the EU market for all products except arms and ammunition for countries classified by the UN as LDCs. It may also be noted that in 2020, the EU withdrew the preferential tariffs on 20 percent or one-fifth of \$1 billion worth of goods imported into the 27-member bloc from Cambodia claiming that the country failed to meet some of the conditions regarding political and human rights. Mr Hun Sen, meanwhile, reiterated the stand that Cambodia will not trade national sovereignty for aid or a GSP. "We still can export our products to the EU, but we will have to pay tariffs, so our profit will decline. Therefore, we have to be more resilient from now on,"

the premier told the workers. According to the Garment Footwear and Travel (GFT) Goods Brief jointly released last December by the European Chamber of Commerce (EuroCham) in Cambodia and the Textile, Apparel, Footwear & Travel Goods Association in Cambodia (TAFTAC), the EBA's partial withdrawal did decrease the import of Cambodian travel goods (TG) products by the EU. With five product tariff lines affected by the partial withdrawal, the EU went from being the destination of 12 percent of Cambodia's TG exports in 2019, to just six percent in 2021 (or seven percent when including the UK). However, the trade data released by Cambodia's General Department of Customs and Excise (GDCE) for 2022 showed that the country's GFT goods exports grew by around 15 percent in the year compared to the previous year, from \$10.99 billion to \$12.63 billion, indicating that the loss in exports to the EU was compensated by a gain in the exports to other countries. In 2022, the GFT sector also continued to be the largest export earner for the country accounting for 56.2 percent of the total exports, showed the GDCE report. But the GFT exports of Cambodia in the first four months of 2023 showed a decline of 24.63 percent, compared to the same period in 2022. Cambodia exported \$3.10 billion worth of GFT goods during the first four months of the year,

a sharp decline from the \$4.11 billion exported during the same period last year. The exports for April 2023 alone showed a decline of 30.42 percent compared to April 2022, the biggest so far for a month this year. In March 2023, GFT exports declined by 14.60 percent, in February by 24.54 percent and for January the slide was over 28 percent, compared to the respective months last year. According to industry experts, excess or unsold stocks with retailers in Europe and the US from the previous seasons have brought down the demand leading to reduced exports. Ken Loo, the Secretary General of the Textile, Apparel, Footwear & Travel Goods Association in Cambodia (TAFTAC), told Khmer Times recently that the decline would continue for the rest of the year. The reasons, according to him, include the continuing Russia-Ukraine conflict and the subsequent inflationary pressures. Ky Sereyvath, senior economist and Director General of the Institute of China Studies at the Royal Academy of Cambodia, said that the effects of the economic crisis resulting from the ongoing war between Russia and Ukraine have taken a heavy toll on global demand and this has affected the export of GFT goods from Cambodia too.

Source: <https://www.khmertimeskh.com/501302667/eba-withdrawal-not-to-impact-cambodia-says-pm/>

World Bank to support improvements to Lao electricity grid



Laos News | 06 June, 2023

The World Bank has approved a US\$51-million Power Distribution Improvement Project to increase the capacity and efficiency of Laos' electricity grid, and to strengthen financial management at the state electricity company. The state electricity company, Electricité du Laos (EDL), lacks the necessary resources for system maintenance and upgrades, leaving it unable to invest in the equipment and systems needed to address growing demand, deteriorating infrastructure, and the seasonal imbalance in Laos' electricity supply. "Financial losses sustained in the power sector over the years have contributed to economic instability and national debt," said World Bank Country Manager for the Lao PDR, Alex Kremer. "This project will help EDL face two immediate and connected challenges: meeting current demand for power and improving its financial situation." According to the World Bank, the project will support investments that will upgrade EDL's substations to increase power flow, thereby increasing revenue and reducing losses. The high rate of returns expected from this investment will improve EDL's financial situation and improve its quality of service. Investments will also be made in

monitoring and protection systems to improve the robustness of grid operations. To strengthen EDL's financial management, corporate information technology upgrades will integrate internal systems to provide more complete data, supporting the utility's management of operations and finances. These enhancements will speed up the preparation of financial statements and audits, improving the transparency of financial data and information for stakeholders.

Source: https://www.vientianetimes.org.la/freeContent/FreeContent107_World_y23.php

Myanmar ships over 110,000 tonnes of rice in May 2023-2024 FY



Myanmar News | 06 June, 2023

Myanmar exported more than 110,000 tonnes of rice and broken rice to foreign markets in May of the current financial year 2023-2024, including 46,786 tonnes of rice and 63,920 tonnes of broken rice, according to Myanmar Rice Federation. The majority of rice exports are conducted through seaborne trade. Myanmar sent 102,801 tonnes of rice and broken rice by sea, whereas the border saw exports of 7,905 tonnes. Myanmar shipped a total of 87,648 tonnes of rice and broken rice to external markets in April, including 47,888 tonnes of rice and 39,760 tonnes of broken rice.

The volume of rice exported in the past two months totalled 198,354 tonnes, with an estimated value of US\$84 million. Myanmar aims to achieve a rice export target of 2.5 million tonnes in the current FY and generate income of US\$1 billion from the rice exports, as per the MRF's report. Myanmar bags \$853.472 million from 2.26 million tonnes of rice exports in 2022-2023 FY. Myanmar primarily sent rice and broken rice to China (over 775,000 tonnes), followed by Belgium (323,000 tonnes), Bangladesh (239,000 tonnes) and the Philippines (202,000 tonnes). Myanmar has been making concerted efforts to grow 10 per cent yearly in the rice export sector. To raise foreign income, it has been prioritizing the export of high-grade rice and boosting export volume, MRF stated. Myanmar's export earning swelled to over \$809.135 million from 2,164,681 tonnes of rice export in the 2021-2022 FY. – NN/EM

Source: <https://www.gnlm.com.mm/myanmar-ships-over-110000-tonnes-of-rice-in-may-2023-2024-fy/#article-title>

Employment demand slumps – Navigos Group



Vietnam News | 06 June, 2023

HCMC – The labor demand has remained low across various sectors, including hospitality, manufacturing, services, and technology, according to Navigos Group, a provider of executive search services in Vietnam.

From January to April, the hiring demand decreased by 18% compared to the pre-Covid-19 period and 16% compared to the post-pandemic recovery period. The tourism, catering, and lodging industries experienced the sharpest decline in employment demand, dropping by 43%, although it was an improvement compared to the 55% slump in 2022. Key export-reliant industries in Vietnam, such as textile and footwear, also faced a 39% decrease in hiring due to the global economic downturn, rising inflation, and a decrease in new orders. The construction and real estate sectors was in the same situation, with a 34% plunge in hiring needs since early 2023. In early 2023, jobs in the materials, export, and logistics sectors dropped by 25%, 18%, and 22%, respectively, compared to the same period in 2019. The demands for legal and administrative staff, marketers, and salespeople dipped by 31%, 28%, and 23%, respectively. The number of information technology jobs from January to April edged down by 20% compared to the same period in 2019. On a positive note, there was an increase in labor demand in the banking sector and the consumer services industry, with a respective rise of 25% and 17%, compared to the same period in 2019.

Source: <https://english.thesaigontimes.vn/employment-demand-slumps-navigos-group/>

Vietnam becomes attractive colocation markets for foreign investors



Vietnam News | 06 June, 2023

Vietnam ranked seventh among the top 10 emerging colocation markets globally with a market size estimated to hit 1.5 billion USD by 2026, according to a recent report by KPMG published earlier this month. Colocation is the practice of renting space for servers and other computing hardware at a third-party provider's data centre facility. Meir Tlebalde, merger and acquisition director for KPMG in Vietnam told Dau Tu (Vietnam Investment Review) that large tech investment traditionally tended to take place in tier-1 markets like Singapore, Hong Kong, Sydney, and Tokyo, which account for 82% of Asia-Pacific's total data centre capacity. However, tier-1 markets are facing a shortage in mass land for development and expensive renewables costs, high construction and power costs, and increasing regulatory frameworks in sustainability and data privacy, Tlebalde said. With rapid digitalisation, emerging Southeast Asia with land resource and cost competitiveness has become an attractive data centre investment destination.

According to Tiebalde, key growth drivers for Vietnam's colocation market are attributed to the lowest development cost in Southeast Asia and capable internet system, reliable power resources at the region's lowest price, and the accelerated digital transformation. In terms of connectivity, Vietnam is ranked 39th globally in download fixed broadband, she added. Along with the government's commitment to sustainable development towards net-zero emissions by 2050, Vietnam boasts the potential to become an eco-friendly data centre market for investments in upcoming years. As of April 2023, Vietnam was home to 28 data centres covering a total area of 108,700sq.m. Hanoi and Ho Chi Minh City are the two major locations, with 11 and 13 centres, respectively. The market is concentrated with 11 operators, among which five major players hold 89% of the country's total computing space. Experts said that major challenges for development in Vietnam are the need for a clear and streamlined legal framework, as well as power stability. They highlighted the importance of a well-defined licensing process that provides clarity, adding that high financial costs and liquidity issues also pose obstacles for potential investors. Chris Wallace, APAC Data Centre & Critical Facilities Lead of Mace Vietnam – a leading global consulting and construction corporation, said Vietnam's strategic location and strong determination from its

Government make it an attractive destination for international investors./. VNA

Source: <https://vietnamnet.vn/en/vietnam-becomes-attractive-colocation-markets-for-foreign-investors-2151582.html>
