

Highlight News / June 14, 2023



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Advisory Institute for Trade and Investment by TCC (AITI)

Cambodia eyes free trade agreement with Japan



Cambodia News | 13 June, 2023

Minister of Commerce Pan Sorasak urged all relevant parties to work together on the possibility of establishing a free trade agreement between Cambodia and Japan following a remarkable surge in exports of Cambodian products to Japan this year. The minister was speaking at a seminar, attended by businessmen and entrepreneurs from both countries, on trade facilitation and digitalization of trade between Japan and Cambodia on Friday. The full implementation of the Regional Comprehensive Economic Partnership Agreement (RCEP) and the ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEP) should be further strengthened, he said. He encouraged the chamber of commerce of both countries to consider the possibility of signing a memorandum of understanding to boost economic, trade and investment cooperation. "We should consider the possibility of conducting research on a free trade agreement between Cambodia and Japan," Sorasak said. Japan is the fifth biggest market for Cambodian exports during the first five months of this year, with the Kingdom exporting products worth \$442 million to Japan. The main exports to Japan were garments, bags, footwear, furniture, cosmetics, paper and office supplies and leather goods. Cambodia imported machinery, automobiles, electronics,

furniture, fabrics and plastics from Japan. Establishing more FTAs with main trading partners will help Cambodian products gain market access, contribute to economic development, and generate income and jobs for local people, said Lim Heng, vice-president of the Cambodia Chamber of Commerce. "Currently, under the framework of RCEP and AJCEP, Cambodia's export to Japan is growing. If we have an FTA with Japan, it will be better. Further growth in exports is expected, contributing to national economic growth," Heng told Khmer Times. Cambodia currently has a bilateral FTA with China and South Korea. Last week, Cambodia and the United Arab Emirates announced a Comprehensive Economic Partnership agreement. In a get-together meeting with garment workers last week, Prime Minister Hun Sen lauded the constantly increasing Cambodia's export to Japan. "Despite not having a free trade agreement, Japan is the largest buyer of goods from Cambodia," the Prime Minister said. The two countries are celebrating the 70th anniversary of the establishment of diplomatic ties between the two countries in 2023. The Prime Minister said that he was very proud of the Cambodia-Japan relations for the past 70 years. The premier said that Cambodia and Japan have reached a new stage of comprehensive strategic partnership, which is expected to attract more Japanese investment and open a wider market for Cambodian products. In a meeting with Japanese ambassador to Cambodia Ueno Atsushi recently, Thong Khon, Minister of Tourism urged the Japanese

side for the resumption of Japanese airline company All Nippon Airways' (ANA) flights to Cambodia. Heng echoed the remarks, saying that enhancing bilateral trade needs direct flight service. Heng said that CCC has plans to sign a memorandum of understanding with the Japanese Chamber of Commerce to work on boosting bilateral relationships in investment and trade.

Source: <https://www.khmertimeskh.com/501306688/cambodia-eyes-free-trade-agreement-with-japan/>

Cambodia's GFT woes unabated as exports decline 23%



Cambodia News | 13 June, 2023

The lean patch of Cambodia's biggest export-earning segment of garments, footwear and travel (GFT) goods continued into the fifth month of the year as the January to May exports recorded a decline of 23.06 percent, compared to the same period in 2022. According to the latest trade data released by the General Department of Customs and Excise (GDCE), recently, Cambodia exported \$3.99 billion worth of GFT goods during the first five months of the year, a sharp decline from the \$5.18 billion exported during the same period last year. The GFT goods exports for May 2023 alone showed a decline of 17.03 percent compared to May 2022. The decline assumed significance as the country's overall exports picked up in May by 7.9 percent compared

to the same month last year after falling consecutively for the first four months. In April this year, GFT exports declined by 30.42 percent, in March by 14.60 percent, in February by 24.54 percent and in January by over 28 percent, compared to the respective months last year. Within the sector, knitted apparel articles brought in \$1.85 billion till May, a decline of 26.1 percent, compared to \$2.51 billion earned for the same period in 2022. Non-knitted apparel articles earned \$938.56 million, compared to \$1.13 billion for the same period last year, again a decline of 17 percent year-on-year. Travel goods netted \$638 million till May this year, compared to \$842 million for the same period last year, registering a decline of 24.3 percent year-on-year. Footwear exports earned \$558.54 million for the first five months this year, also showing a decline of 20.4 percent compared to the same period in the previous year when they earned \$702 million. As the slide in the export earnings from GFT goods that started in the latter half of the last year continued into the fifth month of this year, there are growing worries about more factory closures and job losses. The sector, the biggest source of employment in the country, is providing jobs to nearly 850,000 people and a majority of them are women. While the share of the exports from the sector stood at 43.4 percent till May end of this year, it was 55 percent of the total exports for the same period last year, underscoring the concerns about the declining trend.

Industry experts attributed the decline in the exports to a reduction in demand due to excess or unsold stocks with retailers in Europe and the US from the previous seasons and indicated that the trend would continue for the rest of the year. The reasons include the continuing Russia-Ukraine conflict and the subsequent inflationary pressures. According to Tassilo Brinzer, President of the European Chamber of Commerce in Cambodia (EuroCham), in the last one year, 20-25 percent of the Kingdom's garment and shoe factories were closed, resulting in a significant number of people losing jobs. "While this is a result of lower demand in wealthier countries – this situation might not change in the near future. As a result, a credit crunch is taking place and shakes the ability of many to repay their debt. This, in turn, has repercussions on the banking, real estate & property and hospitality industries," he told the Green Economic Forum, organised by the EuroCham recently. The Cambodian government, meanwhile, started a scheme in partnership with textile and garment factory owners to provide financial support to workers who lost jobs following factory closures and retrenchments. Workers who lost jobs get \$70 dollar each a month with factory owners contributing \$30 and the remaining met by the government. The financial support will continue during the suspension of their contracts.

Source: <https://www.khmertimeskh.com/501306694/cambodias-gft-woes-unabated-as-exports-decline-23/>

Laos to benefit from reduced tariffs through RCEP



Laos News / 13 June, 2023

Anhui, China: Laos will benefit from a reduced tariff policy implemented by the Chinese government after the Regional Comprehensive Economic Partnership (RCEP) comes into full effect. The governments of Laos and China are now negotiating the percentage by which tariffs will be reduced, Vice President of the Lao Front for National Development, Mr Chanthavong Seneamatmontry, who headed the Lao delegation attending the 2023 RCEP Local Governments and Friendship Cities Cooperation (Huangshan) Forum, told the Vientiane Times on Friday. The tariff reduction policy will help foster closer ties in trade and investment between Laos and China as well as bolster the economies of RCEP member countries, he said. To maximise the benefits offered by integration and cooperation, it is essential that Lao business partnerships fully understand and negotiate the details of any agreements they enter into, Mr Chanthavong said. It's also important that businesses improve the quality of their products so they meet accepted market standards. The RCEP agreement is now in effect for all its 15 members. China is the largest market and is enhancing its centrality in regional cooperation with a view to building a more closely integrated China-Asean

community with a shared future, Mr Chanthavong said. China attaches great importance to relations with Laos and is ready to work with Laos to move forward the two countries' longstanding friendship and deepen mutual political trust. Implementation of the action plan on the building of a community with a shared future for China and Laos will foster closer cooperation, leading to win-win results, he said. The Chinese government has previously offered favourable policies regarding trade and tariff reductions on certain items and will now extend more benefits. Mr Chanthavong said China is encouraging its companies to invest in Laos and supports Laos' efforts to improve citizens' quality of life. China is willing to work with Asean countries including Laos to boost regional economic integration and the signing of agreements under the Regional Comprehensive Economic Partnership to jointly ensure regional peace, stability, development and prosperity. Laos is ready to work closely with China for more mutually beneficial results, through closer cooperation in the field of governance and enhanced cooperation in trade, investment, tourism and agriculture, as well as in maximising the benefits of the Laos-China Railway. Laos will continue to promote trade, improve its business environment, and encourage Chinese companies to invest in Laos

and other countries in the region.

Source: https://www.vientianetimes.org.la/freeContent/FreeContent112_Laos_tobenefit_y23.php

Sugar price on upward spiral



Myanmar News | 13 June, 2023

The price of sugar continued its upward trend in the domestic market and it touched a high of about K3,300 per viss. The rise in local sugar prices is attributed to the high sugar global market price at a current level of \$680 per tonne. Additionally, low stock in the domestic market and lack of sugar import from foreign markets drove the price up. Following the soaring sugar price, intending to facilitate sugarcane growers, Ngwe Yee Pale Sugar Company has planned to contribute K200,000 per acre in advance for those new sugarcane growers for the 2023-2024 season. In the 2023-2024 season, new advanced machines will be added. Moreover, sugarcane expansion is also expected on account of soaring sugar prices. That being so, sugar export will grow for sure, according to Myanmar Sugar and Sugarcane Products Association. Myanmar's annual sugar production is estimated at 450,000 tonnes. Myanmar earlier sent sugar to China and Viet Nam beyond self-sufficiency. At present, it is delivered to Viet Nam only, said U Win Htay, vice chair of the association.

Sugar export to China via border was conducted under the state-level Memorandum of Understanding. However, it came to a halt suddenly due to the COVID-19 policy in China. Therefore, the sugar industry called for a government-to-government agreement to legally export sugar to China under quota, he continued. At present, Myanmar's sugar is shipped to Viet Nam and it can be granted tax exemption by presenting the Certificate of Origin. Only three registered Myanmar companies are entitled to sugar exports to Viet Nam so far. Sugarcane is commonly found in the upper Sagaing Region, followed by the northern Shan State. It is also found in the western and eastern Bago Region, Yangon Region and Mandalay Region. The sugarcane is grown in December-January. It can be harvested from November to February of the following years. The sugarcane growing rotation cycle lasts four years in Myanmar. — NN/EM

Source: <https://www.gnlm.com.mm/sugar-price-on-upward-spiral/#article-title>

Vietnam signs 15 FTAs with foreign partners



Vietnam News | 13 June, 2023

Vietnam is the only country which has signed FTAs with all major economic partners namely the U.S., Japan, China, the EU, South Korea, the UK and Russia. So far, Viet Nam has already signed 15 FTAs

and is negotiating on other four trade deals. These FTAs provide Vietnamese businesses with many advantages to promote trade activities, connect businesses, and bring Vietnamese products and goods to consumers in many major markets around the world. Last year, the total export turnover using preferential C/O under FTAs valued US\$78.3 billion, accounting for 33.61 percent of the US\$233 billion export turnover of Viet Nam to FTA markets. The MoIT reported that the rate of using preferential C/O is 33.61 percent and the growth rate of 13.18 percent showed recovery signs of Vietnamese exports in FTA markets in the post- COVID-19 pandemic. The implementation of the FTA system has effectively spurred trade in goods, creating a driving force to help Viet Nam make a total import-export turnover of more than US\$730 billion in 2022, the trade balance continued to run a surplus for the 7th consecutive year. Viet Nam's import-export value in the first five months of this year was estimated at US\$262.54 billion, down 14.7 per cent year-on-year, with a trade surplus of \$9.8 billion, according to the General Statistics Office (GSO). Viet Nam exported about US\$136.17 billion worth of goods, a year-on-year drop of 11.6 per cent, while imports totaled US\$126.37 billion, down 17.9 per cent year on year./.

VGP

Source: <https://vietnamnet.vn/en/vietnam-signs-15-ftas-with-foreign-partners-2153890.html>

Vietnamese people optimistic about personal finances



Vietnam News | 13 June, 2023

Vietnamese people are optimistic about the improvement of their personal finances but the vast majority are anxious about how they will manage their health, a Manulife survey has revealed. According to the survey, more than half of respondents expect to see their personal income increase on average 17% in 2023. This will help them achieve their financial goals, the principle of which is saving for retirement (40%), followed by saving for healthcare and medical costs (37%), children's education (32%) and saving for a new home (30%). The main tools for achieving personal finance goals, including saving for retirement, are cash (80%), family support and inheritance (42%), and personal health and critical illness insurance (37%). These percentages are broadly in line with consumers in other markets across Asia. At the same time, Vietnamese consumers see the main obstacles to achieving their goals as economic slowdown (62%), inflation (60%) and a deterioration in health (51%). Loss of income (48%) and the rising cost of healthcare (38%) are also significant concerns. Higher medical costs are the key factor in nearly all respondents (98%) having health management anxieties, the survey said, outlining the rising

expense of medical treatment (43%) as the biggest one. The cost of consultation is also considered too high (31%). Other concerns include the risk of lost income or even job loss (31%) due to illness. Close to two-thirds expect to achieve their save-for-retirement goals within 10 years however that may be optimistic given that only 12% of those surveyed said they have a retirement plan in place, compared to an average of 32% across Asia. The survey also shows millennials are less concerned about saving for retirement (34%) than they are about buying a home (42%). Millennials also expect to retire at 56, while they think bad or chronic health issues will set in at a very young 48, suggesting eight years of bad health before retiring. In contrast, 45-plus-year-olds expect to retire at 61 and anticipate poor health at 67. The Vietnamese edition of Manulife's annual Asia Care Survey 2023 was conducted in the first quarter of this year via online self-completed questionnaires in seven markets including mainland China, Hong Kong, Indonesia, Malaysia, Philippines, Singapore, and Vietnam. A total of 7,224 people, aged 25 to 60 years old, were surveyed in late December 2022 and early January 2023. In Vietnam, 1,015 people were surveyed. Each respondent either owns insurance or intends to buy insurance.

Source: <https://english.vov.vn/en/economy/vietnamese-people-optimistic-about-personal-finances-post1026170.vov>