

Highlight News / June 23, 2023



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Advisory Institute for Trade and Investment by TCC (AiTi)

International tourists to Cambodia expected to surpass pre-pandemic level in 2025



Cambodia News | 22 June, 2023

The number of international tourists to Cambodia is predicted to surpass the pre-COVID-19 pandemic level in 2025, the country's Tourism Minister Thong Khon said on Wednesday. Speaking at a bi-annual conference of the Ministry of Tourism in Phnom Penh, Khon said the kingdom received some 2.16 million foreign visitors during the first five months of 2023, a year-on-year increase of 530 percent. "Based on this figure, we hope to receive up to 4.6 million international tourists in 2023 and 7 million in 2025 or 2026," he said. In the pre-pandemic era, the Southeast Asian country recorded 6.6 million international tourists in 2019, generating \$4.92 billion in revenue. "The recovery of the tourism sector has importantly contributed to our country's post-pandemic economic growth, which is forecast at 5.6 percent this year," he added. In a recent interview with Xinhua, Khon said China's reopening earlier this year has injected fresh impetus into Cambodia's tourism growth. "This year, we hope to attract between 800,000 and 1 million Chinese tourists," he said. Chhay Sivlin, president of the Cambodia Association of Travel Agents, said the return of Chinese tourists has pinned high hopes for the

kingdom's tourism and economic growth in the post-pandemic era. "China is the most important outbound tourism market for the world, including Cambodia," she told Xinhua. "I believe that our Angkor Archaeological Park and coastal areas will remain the most attractive destinations for Chinese holidaymakers." Tourism is one of the four pillars supporting Cambodia's economy, in addition to garment export, agriculture and construction, as well as real estate. Xinhua

Source: <https://www.khmertimeskh.com/501312540/international-tourists-to-cambodia-expected-to-surpass-pre-pandemic-level-in-2025/>

GDP per capita to swell 8.3% in 2023, Pornmoniroth says



Cambodia News | 22 June, 2023

Deputy Prime Minister and Minister of Economy and Finance (MEF) Aun Pornmoniroth said yesterday that Cambodia's annual economic growth per person or GDP per capita has been forecasted to increase to \$1,932 in 2023 from \$1,784 in the previous year, even as inflation has been on the downtrend since early this year. Pornmoniroth updated the latest macroeconomic data while delivering a speech at the groundbreaking ceremony for upgrading the 19.83km section of the National Road 23 that was attended by Sun Chanthol, Minister of Public Works and Transport and the Asian Development Bank (ADB) Country Director for Cambodia Jyotsana Varma, officials from the government, Senate, National Assembly and students. "The government

has still set the infrastructure development such as roads and bridges as a high priority as they are like locomotives that drive the economic growth and the effective way to reduce poverty of the people because roads, bridges are the blood vessels of the economy and method of economic growth distribution with equity,” said Pornmoniroth. Cambodia is expected to achieve the growth of GDP per capita, while the latest figures have shown that the country’s GDP is forecasted to grow 5.6 percent in 2023—recalculated and forecasted from the out-of-date 6.6 percent—from 5.2 percent in 2022 and 3 percent in 2021 after falling to minus 3.1 percent in 2020. “Development has been achieved in all sectors sustainably and equitably in both urban and rural areas, while the people have gotten higher education and a more decent standard of living... while the inflation has stayed at a manageable level,” said Pornmoniroth, adding that Cambodia has to reopen faster than other countries around the world after being hit by Covid-19. The Economic and Monetary Statistics Bulletin for February 2023 released yesterday by National Bank of Cambodia (NBC) shows that the inflation in Cambodia’s economy has fallen down to 2.2 percent in February this year from approximately 3 percent in January on its downtrend annual basis since June 2022 after the uptrend from early 2021 to May 2022. The economic and monetary report issued by Cambodia’s central bank also pointed out that the inflation has fallen down to 0.47 percent in February 2023 on a monthly basis from 0.66 percent in the previous month as the

Consumer Price Index (CPI) of 11 out of 12 categories of commodities and or services have increased, while that of one category has stayed unchanged. The latest report specifies that the eleven categories of goods with rising price indexes include foods and non-alcoholic beverages, alcoholic beverages and tobacco, clothes and footwear, houses, water, electricity, gas and fuels, health, transportation, communications, entertainment and culture, restaurants, and other goods and services, while education has stayed unchanged. Table 1 of NBC’s Economic and Monetary Statistics Bulletin pointed out that the year-on-year price index of education has stayed unchanged at the same point—170.4 points in both February and January 2023, while the housing price index has fallen down to 1.1 point to 113.1 point in February from 113.8 point in January on the year-on-year basis this year. “The consumer price index that has fallen down on an annual basis reflects mainly the falling of the fuel prices and the slower rising price of food,” the report pointed out, adding that the price of regular gasoline has dropped 4.3 percent in February 2023 compared to the same month of the previous year, while the year-on-year price index food and non-alcoholic beverages have risen 3.11 points to 247.55 in February 2023 after 3.72 points at 246.59 in January. Interacting with over 18,000 factory workers from five enterprises at a ceremony held in Sethei commune of Kampong Tralach district early this month, Prime Minister Hun Sen said that the government has put its efforts into maintaining

Cambodia's macroeconomic stability such as curbing inflation and keeping people's purchasing power. "Prices of rice, meat, vegetables and other stuff that are the most necessary things have been managed well and prevented from increasing to a too high level that cannot be managed. Second, workers' wage is not lost when it is taken from banks and paid to them and so your purchasing power is well stable. This is the macroeconomic framework," said Mr Hun Sen.

Source: <https://www.khmertimeskh.com/501312162/gdp-per-capita-to-swell-8-3-in-2023-pornmoniroth-says/>

President advises Chongqing to ship goods via Laos-China railway



Laos News | 22 June, 2023

President Thongloun Sisoulith has suggested that Laos and Chongqing municipality in China join forces to transport goods using the Laos-China Railway. Use of the railway to ship goods would open up the Lao market to central and western areas of China, and enable goods from Laos to be shipped to other countries through Chongqing, while freight from Chongqing could be shipped to Laos and other Asean countries. The plan was put forward by President Thongloun Sisoulith when he visited Chongqing on June 19, where he was welcomed by a Member of the Communist Party of China's

Politburo and Secretary of the CPC Chongqing Municipal Committee, Yuan Jiajun. President Thongloun also suggested that Laos and China share their knowledge of rural development and ways to alleviate poverty. He also asked Chongqing authorities to encourage businesses to invest in Laos and encourage more Chinese nationals to visit Laos, according to a report in the Pasaxon Daily newspaper. The Lao president said he highly valued the achievements made in socio-economic development under the guidance of the Party and authority committee of Chongqing municipality, especially the success in fulfilling the Resolution adopted by the 20th Congress of the Communist Party of China. He praised Chongqing's success in reducing poverty levels and turning the city into a large-scale economic centre, as well as a pivotal point in linking development and land-sea transportation in western China and internationally. Mr Yuan Jiajun reported on the success in cooperation between Laos and Chongqing municipality over the past year, and thanked Laos for sending a delegation to attend an international meeting that took place in Chongqing recently. He said he was happy to continue to fulfil the agreements entered into between the leaders of the two parties and the states of Laos and China in order to enhance bilateral cooperation and achieve greater success. The Laos-China Railway is carrying

increasingly larger volumes of freight. The cross-border transport of goods has increased by 500 percent year-on-year, the China Daily reported in February. Since the beginning of this year, the railway has carried more than 600,000 metric tons of cross-border freight, including 510,000 tons of imported goods, accounting for the 500 percent increase, the report stated, citing the China Railway Kunming Group.

Source: https://www.vientianetimes.org.la/freeContent/FreeContent2023_President119.php

US places sanctions on Myanmar's defence ministry, banks



Myanmar News | 22 June, 2023

The U.S. Treasury Department said in a statement the military has relied on foreign sources, including Russian entities under sanctions, to purchase and import arms, equipment and raw materials to manufacture weapons to support its “brutal repression”. Washington accused the defense ministry of importing goods and materiel worth at least \$1 billion since the 2021 coup in which the military leaders seized power. State-owned Myanmar Foreign Trade Bank (MFTB) and Myanmar Investment and Commercial Bank (MICB), were also hit with sanctions. The Treasury said they allowed revenue-generating state-owned enterprises,

including Myanmar Oil and Gas Enterprise (MOGE), access to international markets. The banks receive and transmit foreign currencies for Myanmar's government. “Burma's military regime has leveraged state-run access to international markets to import weapons and materiel, including from sanctioned Russian entities, to continue its violence and oppression,” the Treasury's Under Secretary for Terrorism and Financial Intelligence, Brian Nelson, said in the statement. The United States and other Western nations have imposed several rounds of sanctions on Myanmar's military leaders since they seized power in a coup in 2021, overthrowing the democratically elected government led by Aung San Suu Kyi and killing thousands of opponents in a crackdown. A spokesman for Myanmar's military junta ahead of the announcement said it was not worried about any new sanctions. Zaw Min Tun told the state media channel MWD on Tuesday the country has experienced sanctions before and they will not face losses if there are new ones on Myanmar state-owned banks. He said the United States was “just doing this to cause difficulties in economics and politics”. “These kinds of things will cause unnecessary delays while we walk towards the multi-party democratic system.” The Bangkok Business News, cited Thai sources as saying the sanctions would hit Thailand and other countries in the region financially because of their connections with local

banks. The U.S. Embassy said it had regular conversations with the Thai government on Myanmar including how to mitigate the impact of any sanctions on Thailand or other countries. Experts say the sanctions on the banks, while short of targeting gas projects that are a big source of revenue for the junta, could have an impact on the junta's ability to fund its war against ethnic groups and insurgencies. A February report by campaign group EarthRights International said the two banks were the Myanmar government's "foreign currency treasuries" and were now under junta control. It said the junta relied on foreign currency to buy jet fuel, parts for small arms production, and other supplies that could not be bought with the Myanmar kyat, EarthRights said. "As a result, sanctions against MFTB and MICB could contribute substantially to cutting off the junta's access to foreign currency, especially if combined with strong enforcement," it said. Credit Reuters

Source: <https://www.thaipbsworld.com/us-places-sanctions-on-myanmars-defence-ministry-banks/>

Vietnam fosters cross-border e-commerce in ASEAN



Vietnam News | 22 June, 2023

Organised by the Vietnam E-commerce and Digital Economy Agency under the Ministry of Industry and Trade (MoIT), the event formed part of the ASEAN Online Sale 2023, aiming to bolster e-commerce in

the region while accelerating the implementation of ASEAN Free Trade Agreements. Le Hoang Anh, Director of the Vietnam E-commerce and Digital Economy Agency, revealed that in the 2022 reports of Google, Temasek and Brain & Company focusing on six countries namely Indonesia, Malaysia, Singapore, the Philippines, Thailand and Vietnam, 20 million people used online platforms for the first time in 2022, raising the total number of internet users in the region to 460 million. According to Statista's report, ASEAN is forecast to achieve a dual annual growth rate of 11.43% in the next five years, equivalent to developed countries in the world such as the US, China and Canada. Revenue from e-commerce is expected to reach 113.9 billion USD by the end of 2023 and the figure is projected to hit 175 billion USD by 2027. Oanh said that the emergence of e-commerce platforms has also played a vital part in the overall development of e-commerce in the ASEAN region. Shopee, a mobile-centric marketplace where users can browse, shop and sell products, is evaluated as the most outstanding platform, accounting for 44% of the region's total revenue. With this growth, the digital economy in ASEAN is on track to grow to 1 billion USD by 2030. Squall Wang, Managing Director of UPS in Vietnam, said that to enter to the e-commerce market, enterprises need to reinvent or cement their supply chains, digitalise processes more effectively and

have a better understanding about customs regulations when they bring their products to the world. Small- and medium-sized enterprises should not worry about investing in sophisticated technologies as they can take advantages of free services provided by supporting units. In Vietnam, cross-border e-commerce has been assessed to have great potential and it is in line with policies on the development of the digital economy set forth by the government, and at the same time, this will be an effective supplementary channel for traditional international trade to bring into play advantages of technology, helping Vietnamese products reach more to customers worldwide./. VNA

Source: <https://vietnamnet.vn/en/vietnam-fosters-cross-border-e-commerce-in-asean-2157258.html>

ADB highlights default risks in Vietnam's property markets



Vietnam News | 22 June, 2023

Vietnam's property equity index has experienced a significant decline of around a half since January, according to a recent report on East Asian bond markets released by the Asian Development Bank (ADB). The report also reveals that government bond yields across all maturities decreased between March 1 and June 2, as the State Bank of Vietnam

adopted a more accommodative monetary policy to support economic growth and ensure financial stability – with a specific focus on the real estate sector. The report further cites data provider FiiRatings, which disclosed that as of early April, 43 property companies had encountered payment delays on both interest and bond debts, totalling a value of VND78.9 trillion (\$3.36 billion). Within the real estate sector, the bad debt ratio was reported to be over 20 per cent, ranking second only to the energy sector. Additionally, the real estate sector accounted for the largest proportion of outstanding bonds, representing 33.8 per cent of the total. The ADB also notes that bond yields in East Asian markets experienced a decline from March to May, primarily due to easing inflationary pressures in the region and a loosening of monetary policies in the United States. Despite persistent uncertainties surrounding the monetary stance of the US Federal Reserve and ongoing risks in the banking sectors of major advanced economies, financial conditions in the region remained relatively stable. During the period from March 1 to June 2, equity markets faced declines, local currencies slightly weakened against the US dollar, and risk premiums narrowed, as highlighted in the ADB report. ADB Chief Economist Albert Park believes that most central banks in the region have slowed down their rate hikes, and the turmoil in the banking sectors of the US and Europe

has had limited impact on regional financial markets thus far. However, concerns over financial stability and inflation in the US have created uncertainties surrounding the Federal Reserve's monetary policies, which may continue to affect financial conditions in the region.

Source: <https://vir.com.vn/adb-highlights-default-risks-in-vietnams-property-markets-102853.html>
