

Highlight News / July 12/2023



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International trade tops \$23 billion in H1



Cambodia News | 11 July, 2023

International trade for Cambodia amounted to \$23.69 billion in the first six months of this year, a 13% decrease compared to the same period last year, the General Department of Customs and Excise report showed on Monday. From January to June, Cambodia exported a total of \$11.46 billion worth of goods, inching up 0.8%, read the report. The Kingdom's imports saw a decrease by 22.9% to \$12.22 billion, the report said. The U.S. remained the biggest market for Cambodia, importing \$4.23 billion worth of products, a year-on-year decline of 8.9%, followed by Vietnam which imported \$1.42 billion Cambodian products, up 21.7%. The Kingdom's other main trade partners during the period were Thailand, Japan, the European Union, and China. Despite the decline in exports, Cambodia's trade growth is expected to be higher this year and beyond as the country receives orders from buyers in its major partner countries, said Penn Sovicheat, Under-Secretary of State and Spokesperson of the Ministry of Commerce. "The Regional Comprehensive Economic Partnership (RCEP) agreement, free trade agreements with China and Korea have played important roles to promote Cambodia-made products and making Cambodian products attractive in the long term," he said. Cambodia's main exports are garments, textiles, footwear, machinery and electrical equipment,

bicycles, leather goods, grains, furniture, rubber, fruits, vegetables, pearls and toys. The garment, footwear and travel goods industry are the largest foreign exchange earner for Cambodia. The sector consists of roughly 1,300 factories and branches, employing approximately 840,000 workers, most of them female. AKP

Source : <https://www.khmertimeskh.com/501322261>

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Inflation drops lowest to 0.48%, says NBC



Cambodia News | 11 July, 2023

The average price of goods and services supplied in the market or inflation in Cambodia has dropped significantly to 0.48 percent in May 2023, which is the lowest rate in the last nine years, says the latest figures released yesterday by National Bank of Cambodia (NBC). The core inflation for all items of goods and services has decreased to its lowest rate of 0.48 percent in May after rising to 1.1 percent in April from 0.7 percent in March this year, while the macroeconomic indicator declined to the lowest rate of 0.4 percent in January 2015—approximately nine years ago when the average price index or Consumer Price Index (CPI) of food and non-alcoholic beverage item declined to minus 2.9 percent from minus one percent in December 2014, according to another set of figures recently released by NBC. The latest data released yesterday by NBC show that the average prices of six out of ten available goods and service items have risen in May,

especially transport and restaurants to minus 8.69 percent, minus 0.61 percent from minus 3.58 percent and 0.92 percent respectively in April this year, while that of housing, water, electricity, gas and other fuels fell to minus 1.19 percent from minus 1.1 percent. Speaking recently to over 18,000 factory workers in Sethei commune of Kampong Tralach district in the province, Prime Minister Hun Sen said recently that the government has put its efforts into maintaining Cambodia's macroeconomic stability such as curbing inflation and keeping purchasing power of the people as well as workers' cash strong. "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. The other four categories with falling average prices include food and non-alcoholic beverages, clothing and footwear, furnishings and household maintenance and recreation and culture as their prices have fallen to 2.23 percent, 2.14 percent, 0.99 percent and 2.14 percent respectively in May 2023, while education has kept its price unchanged, the data shows. The data pointed out that the average prices of alcoholic beverages, tobacco and narcotics, health and miscellaneous goods and services—three out of the ten of goods and service categories available in the market have risen to 1.93 percent, 0.05 percent and 1.33 percent in May from

0.98 percent, minus 0.11 percent and 1.27 percent in April 2023 respectively. During the launch of the fifth Financial Stability Report (FSR) 2022 at the Center for Banking Studies, NBC Deputy Governor Chea Serey said that the inflation is expected to decrease to approximately 2 percent this year, while the economic growth or Gross Domestic Product (GDP) growth to 5.5 percent which is the projection rate revised from 5.6 percent. Cambodia's year-on-year inflation rose to 7.85 percent in June 2022, which was the highest in the last decade. Stephen Higgins, Managing Partner of investment and advisory firm Mekong Strategic Partners, told Khmer Times that this is a very high inflation rate in the economy, which is believed to be at its peak, but they have been coming down since June last year. However, Stephen, who has more than two decades of experience in banking and financial services, said that in so far as high oil prices are driving inflation, they're also impacting the trade deficit given Cambodia imports all of its oil, while the exchange rate is pretty stable compared to most other rates in the region, given the NBC effectively keeps it fixed within a narrow trading band. "We expect that inflation will start falling given the reduction in oil prices. While other central banks are increasing official interest rates to help tame inflation, there's no need for the [the central bank] to do so as market forces are driving up interest rates anyway. We'll be watching closely what happens with wage increases over the next months. If they remain well contained,

we think inflation will be back to fairly comfortable levels by mid-next year,” he said.

Source : <https://www.khmertimeskh.com/501321914/inflation-drops-lowest-to-0-48-says-nbc/>

China’s CSG balances energy supply with Lancang-Mekong countries, eyes more opportunities



Laos News | 11 July, 2023

China Southern Power Grid (CSG) is eyeing more opportunities in the Lancang-Mekong countries, especially Laos, after having already been active in power investment and trade within the region. The Chinese state-owned company and other Mekong countries have helped each other to balance power supply, thus complementing one another, General Manager of CSG’s International Cooperation Department, Li Xinhao, said recently. The company exports power to neighbouring countries in the dry season to fulfill their needs, but imports electricity in the rainy season when these countries’ generating capacity rises, driven by the high volume of water that accumulates in reservoirs. Mr Li said there is yet more room to cooperate and balance power supply among these countries. “In the future, we will build more transmission lines in Laos,” he told media personnel from Lancang-Mekong countries during their visit to the company in the Chinese city of Guangzhou. “And we will also help Laos to build transmission lines to neighbouring nations so that in the future there will be more interconnections among the Lancang-Mekong countries.” China Southern

Power Grid foresees these opportunities as Laos has the potential to generate hydroelectricity for sale to neighbouring countries, thanks to its abundant rivers. The Lao government is also promoting investment in other forms of green energy, such as wind farms, to diversify renewable energy sources. Some foreign firms are building large wind farms in Laos with the intention of exporting the power generated. China Southern Power Grid has strengthened its interconnections with neighbouring national power grids and continues to deepen international power exchanges and cooperation. By the end of 2022, the company had transmitted 40,212GWh of electricity to Vietnam, 1,228GWh to Laos and 4,969GWh to Myanmar, and purchased 23,279GWh from Myanmar. Mr Li said the volume of two-way power trade between Laos and China is not substantial at present because only 115kV interconnecting transmission lines have been installed, but this trade is set to increase. “We are launching a 500kV project so that in the future there will be more power trade between China and Laos,” he said, adding that China enjoys a trade surplus because Laos needs more power in the dry season. Guaranteeing electrical power supply for Guangdong, Guangxi, Yunnan, Guizhou, Hainan, Hong Kong and Macao, the company connects power grids in Hong Kong, Macao and Southeast Asian countries. The manager said CSG is focusing on the development of power grids and distribution rather than building hydropower plants, saying there are other Chinese players in this field. China Energy

Engineering Corporation (CEEC), a Chinese multinational corporation providing solutions and services for global energy and power, infrastructure and green low-carbon development, has actively participated in energy development in the Lancang-Mekong countries including Cambodia, Laos, Myanmar, Thailand and Vietnam. These countries are key markets for CEEC's overseas business, its executives told Lancang-Mekong media personnel during their visit to the company in Beijing. To date, China Energy Engineering Corporation has built 107 hydropower plants, thermal power plants, power transmission and water projects worth over US\$9 billion in the Lancang-Mekong region. "We will also help them to build transmission lines to utilise the power generated," Mr Li told the media group. Media personnel attended the 2023 Lancang-Mekong Cooperation Media Summit in Beijing on June 27. They also visited local enterprises, industrial parks and communities in Beijing, Guangdong and Yunnan to observe cooperation progress under the Lancang-Mekong Cooperation and Belt and Road Initiative.

Source : https://www.vientianetimes.org.la/freeContent/FreeConten_132_China_CSG_y23.php

Myanmar-China border trade bags nearly US\$1 billion in Q1



Myanmar News | 11 July, 2023

The value of Myanmar's border trade with China amounted to nearly US\$1 billion in the current financial year 2023-2024, according to the Ministry

of Commerce. The figures soared from \$607.63 million recorded in the corresponding period last FY 2022-2023, indicating a significant increase of \$388.148 million this FY. Myanmar is carrying out border trade with the neighbouring country China through Muse, Lweje, Chinshwehaw, Kampaiti and Kengtung. The Muse border performed the largest trade value of \$657.976 million among them. Trade values stood at \$263.668 million via Chinshwehaw, \$49.93 million via Kampaiti, \$21.813 million via Lweje and \$2.391 million via Kengtung. Myanmar carries out border trade with the neighbouring countries Thailand, China, Bangladesh and India. It exports agricultural products, livestock, fisheries, minerals, forest products, manufacturing goods and other goods, while capital goods, consumer goods, intermediate goods and raw materials by the CMP enterprises are brought into the country. Myanmar's border trade with China is steadily growing with 200 trucks in and out of the Muse trade zone daily. Myanmar daily delivers rice, broken rice, rubber, various beans and pulses, fishery products, chilli pepper and other food commodities to China and building materials, electrical appliances, food products and pharmaceuticals are imported into the country. — NN/EM

Source : <https://www.gnlm.com.mm/myanmar-china-border-trade-bags-nearly-us1-billion-in-q1/#article-title>

Vietnam's economic moment has arrived: Financial Times



Vietnam News | 11 July, 2023

London (VNA) – The UK-based Financial Times has posted an article in which it assessed that after decades of showing promise, Vietnam’s economic moment may have finally arrived, and the country must capitalise on the manufacturing boom for its long-term development. According to the article on July 9, the Southeast Asian nation has become a major beneficiary of manufacturers’ efforts to “de-risk” their exposure to China as geopolitical tensions accelerate. Last year, foreign direct investment (FDI) poured into the country soared to a decade high to over 20 billion USD. Big names including Dell, Google, Microsoft and Apple have all shifted parts of their supply chain to the country in recent years, and are looking to do more in the coming time. Rapid export-led growth has pulled millions out of poverty in recent decades, but Vietnam’s economy is now at a crossroads. In the near-term, to continue riding the wave of investor attention, it needs to bolster its business environment. In the long run, to meet the government’s ambitious goal of becoming a high-income economy by 2045, it must also leverage the manufacturing growth boon to diversify its economy, wrote the article. It added that over the next decade, Vietnam must raise its productive capacity to meet the growing demands of manufacturers investment plans, and need to reinvest its current growth dividend to support the development of more productive, knowledge-rich sectors, to meet its 2045 goal. Backbone services like finance, logistics, and legal services create high-skilled jobs and add value to existing industries. The business excitement

around Vietnam is justified. But there is much work to be done to convert today’s “de-risking” trend into long-term prosperity, the Financial Times suggested./.

Source : <https://en.vietnamplus.vn/vietnams-economic-moment-has-arrived-financial-times/256097.vnp>

Vietnam’s economic growth forecast at 6.46 percent, inflation 4.39 percent



Vietnam News | 11 July, 2023

At the seminar to announce the Report ‘Vietnam’s Economy in the first 6 months and Prospects for the last 6 months of 2023’ organized by the Central Institute for Economic Management (CIEM) yesterday morning, Mr. Nguyen Anh Duong, Head of the CIEM Synthetic Research Committee, outlined three growth scenarios for the country in 2023. The CIEM Synthetic Research Committee head said that the first scenario assumes that the world economic situation continue to remain consistent with the assessment of international organizations and that Vietnam will maintain the same policy efforts as in the second half of 2021-2022. Accordingly, the country’s GDP growth is forecast to reach 5.34 percent in 2023 but exports in 2023 will decrease by 5.64 percent. The average consumer price index (CPI) in 2023 will increase by 3.43 percent and the trade balance will see a surplus of US\$9.1 billion. In the second scenario, the assumptions in scenario 1 related to world economic factors are kept the same, but there will be some adjustments on monetary easing - the policy in which a central bank lowers interest rates

and deposit ratios to make credit more easily available - and more positive fiscal situation in Vietnam. Accordingly, the country's GDP growth is forecasted at 5.72 percent in 2023. Exports in 2023 will decrease by 3.66 percent, while the average CPI in 2023 will increase by 3.87 percent and trade balance will possibly reach a surplus of \$10.3 billion. With the third scenario, it assumes that some more positive changes in the world economic context such as recovering growth, significantly reduced supply chain disruptions, lower inflation in the US, more favorable weather and Vietnam's reform will help to achieve maximum results in disbursement and absorption of public investment and credit, improving the business environment and labor productivity, promoting and make investments more efficient. Accordingly, the country's GDP growth is forecast at 6.46 percent in 2023. Exports in 2023 are predicted to decrease by 2.17 percent, while the average CPI in 2023 will increase by 4.39 percent and the trade balance will reach a surplus of \$6.8 billion. If Vietnam is lucky enough, the third scenario will become a reality. On the other hand, in this scenario, inflation is up to 4.39 percent - still lower than the set goal approved by the National Assembly of 4.5 percent, said Mr. Duong. At the workshop, the delegates exchanged and recommended orientations and related policy solutions. Macroeconomic stability, control of inflation, and major balances in association with reform of the micro-economic foundation like business environment and competition for many years will be

high on the government's list of priorities. The old solutions will no longer be enough to help the economy achieve its growth goals in the medium and long term, Deputy Director of the Central Institute for Economic Management (CIEM) Vo Tri Thanh emphasized.

Source : <https://en.sgpp.org.vn/vietnams-economic-growth-forecast-at-646-percent-inflation-439-percent-post103486.html>
