

## Highlight News / September 22, 2023



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## ADB revised down Cambodia's GDP to 5.3 percent for 2023



*Cambodia News | 21 September, 2023*

The Asian Development Bank (ADB) has updated the lower forecast of the economic growth or the Gross Domestic Product (GDP) of Cambodia to 5.3 percent in the Asian Development Outlook (ADO) September 2023 from 5.5 percent in the ODA April 2023, according to the latest ADO September 2023 released yesterday by ADB. The ADO September 2023 pointed out that Cambodia's exports of garments, footwear and travel goods have fallen by 18.6 percent in the first half year on year, but the decline was partly offset by a 22.9 percent in exports of manufactures other than garments, notably vehicle parts, solar panels, and furniture. Imports of construction materials dropped by 6.3 percent over the same period, reflecting a weak recovery in construction even though better growth prospects in major advanced economies should improve Cambodian exports in the second half of 2023, while the projection for industry output growth in 2023 is cut to 4.8 percent from 5.8 percent in 2024, according to ADO obtained by Khmer Times yesterday. "Better growth prospects in major advanced economies should boost exports for the remainder of 2023 even as domestic industrial growth slowed earlier in the year," said ADB Country Director for Cambodia Jyotsana Varma. "Services

are the main contributor to growth as the sector exceeded expectations in the first half of the year, primarily fueled by robust tourism recovery." ADB's flagship report went on to add that milled rice exports have risen 12.4 percent in the first of half of this year compared to the year earlier. "The downgrade reflects industry and agriculture growing less than expected in the first half... Agriculture experienced tepid growth this year. High production costs, market instability and unfavourable weather have constrained crop and livestock production," the report pointed out. However, rubber exports declined by 9.9 percent and banana exports by 10.3 percent, which results in the down-revise of the agricultural growth to 0.9 percent from 1.1 percent in 2023 and to 1.1 percent from 1.2 percent for 2024, while the service sector has grown faster than expectation in the first half of this year, according to the report. The report pointed out that the forecast for growth in services in 2023 has been revised up to 8 percent from 7.3 percent, while the tourism sector has recovered strongly as it has been supported by Cambodia hosting the Southeast Asian Games, while bank credit in the first five months to wholesale and retail trade has increased by 12.5 percent year on year, transportation by 9.6 percent, and hotel and restaurants by 7.4 percent. "Services made the most significant contribution to [the] growth... mainly as tourism recovered strongly," the report said, adding that the service sector is expected to ease to 6.5 percent in 2024. However, the report shows that the overall merchandise exports have fallen only

marginally because of a threefold rise in gold exports in the first half of 2023. The report also said that merchandise imports have fallen by 22.9 percent year on year, with imports of fabric declining by 17.9 percent, fuel by 10 percent, and vehicles by 26.9 percent. “Normalised merchandise trade and tourism recovery should gradually narrow the current account deficit,” the report pointed out. “With the gradual normalisation of merchandise trade to pre-pandemic levels and upward trends in tourism receipts and private transfers, the current account deficit is expected to narrow this and next year,” said the ODA report, adding that inflow of foreign direct investment increased by 4.1 percent year on year to \$2.3 billion. The rising FDI has pushed up the gross international reserves to \$18.4 billion at the end of June 2023 from \$17.8 billion at the end of 2022, according to the report. “The risks to the outlook remain tilted to the downside. They include weakened growth in advanced economies, lower tourist arrivals and foreign direct investment inflow, any prolonged tightening of global financial conditions, rising energy prices, concerns over high private debt and domestic financial stability, and extreme weather worsened by climate change.”

Source: <https://www.khmertimeskh.com/501363962/adb-revised-down-cambodias-gdp-to-5-3-percent-for-2023/>

## Cambodia's exports to India rise by 39 percent in Jan-Aug



*Cambodia News | 21 September, 2023*

Cambodia's exports to India reached \$161.35 million in the January to August period of the year, registering an increase of 38.7 percent compared to the same period last year. The rise in exports to India is also one of the fastest growths on a list of top 20 export destinations of the Kingdom, revealed the latest trade data of the General Department of Customs and Excise (GDCE). India accounted for one percent of Cambodia's total exports, the GDCE data showed. For comparison, the exports to China went up by 16.8 percent, to Vietnam by 26.1 percent and to the US, they declined by 4.8 percent during the same period. The US, however, continued to have the biggest export share of 38.9 percent of Cambodia's products, followed by Vietnam and China, with 11.8 percent and six percent respectively. Cambodia's imports from India, however, declined by 15.1 percent and reached \$145.56 million during the January to August period of 2023, compared to the same period last year, giving the Kingdom a surplus of \$15.78 million in the bilateral trade for the period. Devyani Khobragade, Ambassador of India to Cambodia, recently said that a number of business exchanges in diverse areas such as gems & jewellery,

electronics, software, petrochemicals and pharmaceuticals are poised to boost bilateral trade between the two countries further. According to the Ambassador, there has been a significant rise in trade between Cambodia and India for the last several years. “The Bilateral Investment treaty that is nearing finalisation will act as a catalyst for more Indian investment in Cambodia,” she noted during an event organised to celebrate India’s 77th Independence Day celebration in Phnom Penh. The ambassador also referred to the progress of establishing direct air connectivity between our two countries, which will boost trade further besides helping the two-way tourism between Cambodian and India. In addition to boosting air connectivity, efforts are also on to establish a road link between Cambodia and India. Leaders of both countries have expressed interest in extending the India-Myanmar-Thailand (IMT) trilateral highway to Cambodia with Indian soft credit. The rapid rise in exports to India was also facilitated by the Duty-Free Tariff Preference (DFTP) Scheme it launched for Cambodia in 2018. Cambodia and India are currently negotiating terms for a bilateral Free Trade Agreement as well. The six-member Mekong-Ganga Cooperation (MGC) to which both India and Cambodia are partners has also helped to improve the ties between the two countries. Others in the alliance are Thailand, Vietnam, Myanmar and Lao PDR. India’s assistance to Cambodia, under the MGC Quick Impact Projects (QIP) Scheme stands as a testimony to the cooperation between the two

countries. Since its inception in 2015-16, 78 projects have been completed so far in Cambodia, the Lao PDR, Myanmar and Vietnam (CLMV) at a cost of \$3.9 million and 27 projects are under implementation, it was revealed at the 12th MGC Foreign Ministers Meeting in Bangkok this July. Besides this, under the bilateral track, India has extended several lines of credit to CLMV countries worth about \$1.76 billion for various projects in areas such as hydro power and water resource development, infrastructure development, digital connectivity, rural electrification, irrigation, and installation of transmission lines, said a Joint Ministerial Statement issued after the high-level meeting.

Source: <https://www.khmertimeskh.com/501363964/cambodias-exports-to-india-rise-by-39-percent-in-jan-aug/>

## Laos-China Railway Purchases New Train to Boost Passenger Travel



*Laos News | 21 September, 2023*

Laos-China Railway Company has purchased a new electric multiple-unit (EMU) train, which will be delivered today, to support domestic and international tourist demand. “A new EMU train has been acquired to boost domestic and international passenger travel, particularly in preparation for Laos’ Chairmanship of ASEAN and Visit Laos Year 2024,” said Mr. Anongdeth Phetkayson, the Deputy Director

of Laos-China Railway Co., Ltd. Mr. Anongdeth said the new EMU train features wireless charging and touch-sensitive seat adjustment systems. Currently, the Laos-China Railway Company runs a total of 5 passenger trains per day, four of which are EMUs and one is a regular train. According to China Radio International in Vientiane, the Laos-China Railway service has carried over 3.1 million passengers since its opening on 3 December 2021, averaging 4,889 passengers daily and recording the highest passenger count of 10,197 per day. In 2023, so far, over 1.75 million passengers have traveled on the Laos-China Railway, up 103.7 percent from the same period in 2022. Additionally, since the start of the cross-border train operation on 13 April 2023, a total of 61,698 passengers have traveled across the border, with an average of 201 people traveling outside the country and 190 people traveling to Laos per day. The railway has also been an efficient transport option for trade, with over 5.38 million tons of goods being transported since it started operations, averaging 8,229 tons per day, with a maximum daily count of 15,250 tons. The main trading items have been fruits, cassava flour, barley, rubber, beer, iron ore, concentrated iron ore, and chemical fertilizers, of which 770,900 tons were sent from China to Laos, and 4.56 million tons were exported from Laos to China. Meanwhile, Amid a surge in passenger travel, the Laos-China Railway

Company has also proposed to the Lao government to increase the price of train tickets this year, due to considerable exchange rate fluctuations and the depreciation of the Laotian Kip (LAK).

Source: <https://laotiantimes.com/2023/09/21/laos-china-railway-purchases-new-train-to-boost-passenger-travel/>

## Myanmar to export 60,000 tonnes of corn from Shan State to China in Oct



*Myanmar News | 21 September, 2023*

Myanmar will export 60,000 tonnes of corn that are produced as an alternate crop replacing opium poppies in Shan State next month, Myanmar Corn Industrial Association stated. China has been purchasing Myanmar's corn through cross-border trade under the opium substitution programme. Legitimate corn trade between Myanmar and China commenced at the end of 2022. A total of 112 Myanmar companies have been given the green light for corn exports. Myanmar sends corn to China and Thailand through the border and also exports corn to China, India, Viet Nam and the Philippines by sea at present, according to the Myanmar Corn Industrial Association. Thailand gives the go-ahead to corn imports under zero tariff (with Form D), between 1 February and 31 August.



However, Thailand imposed a maximum tax rate of 73 per cent on corn imports to protect the rights of their growers if the corn is imported during the corn season of Thailand. The FOB prices are US\$270-290 per tonne of corn at present. The corn fetches K1,150-1,170 per viss in the domestic market, according to the Yangon Region Chamber of Commerce and Industry (Bayintnaung Commodity Centre). Myanmar exported more than 2 million tonnes of corn to foreign trade in the 2022 corn season. The majority of them were sent to Thailand and the remaining went to China, India, the Philippines and Viet Nam. More than two million tonnes of corn are expected to be shipped to foreign trade partners in the 2023 corn season, said U Min Khaing, chair of the Myanmar Corn Industrial Association. The corn is cultivated in Shan, Kachin, Kayah and Kayin states and Mandalay, Sagaing and Magway regions. Myanmar has three corn seasons — winter, summer and monsoon. The country produces 2.5-3 million tonnes of corn every year. — NN/EM

Source: <https://www.gnlm.com.mm/myanmar-to-export-60000-tonnes-of-corn-from-shan-state-to-china-in-oct/#article-title>

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## ADB revises down Vietnam's GDP growth forecast to 5.8% in 2023, 6% in 2024



*Vietnam News | 21 September, 2023*

The Asian Development Bank (ADB) has revised down Vietnam's economic growth forecast to 5.8% in 2023 and 6% in 2024 in its September edition of the Asian Development Outlook (ADO). The figures were down from 6.5% and 6.8%, respectively, from the April edition. Vietnam's projected GDP growth in 2023 is the highest in Southeast Asia, followed by the Philippines with 5.7%, and Cambodia with 5.3%. The country's anticipated economic expansion in 2024 is among the highest, only behind the Philippines with 6.2% and on a par with Cambodia at 6%. Overall, Southeast Asia's growth has been revised down to 4.6% in 2023 and 4.8% in 2024, from 4.7% and 5% respectively. Regarding inflation, Vietnam's figures have also been revised down to 3.8% in 2023 and 4% in 2024 from 4.5% and 4.2%, respectively. Vietnam's 2023 figure is lower than Southeast Asia's average of 4.2%, but the 2024 figure is higher than the regional average of 3.3%. Both Vietnam's projected GDP growth and inflation in 2023 are below the targets of 6.5% and 4.5% set by the National Assembly, the highest legislative body.

Reviewing the financial conditions in Southeast Asia so far this year, the ADB said most central banks had moderated the pace of rate hikes in the first half of this year. However, the State Bank of Vietnam (SBV) was the first to reverse its monetary policy, the ADB stressed, adding that some central banks could begin to make the same move if growth continues to weaken. In June, the SBV cut its refinance and discount rates by 50 basis points to spur the country's growth amid prolonged global economic headwinds. From June 19, the refinance rate was cut to 4.5%, the discount rate to 3%, and the overnight electronic interbank rate to 5%. It was the central bank's fourth policy rate adjustment this year. However, credit demand in Vietnam remains weak, the ADB stressed. Year-on-year credit growth was 9.3% in the first half of 2023, slower than the 16.8% posted a year earlier. A flexible monetary policy with accommodative policy interest rate changes and a stable foreign exchange rate would help the economy recover, the ADB added. To support economic recovery, in the near term, monetary policy should be accommodative and fiscal policy expansionary, the ADB recommended, considering relative price stability and weak demand.

Source: <https://theinvestor.vn/adb-revises-down-vietnams-gdp-growth-forecast-to-58-in-2023-6-in-2024-d6697.html>

## Local firms seek to boost trade ties with Thai businesses



*Vietnam News | 21 September, 2023*

A conference to promote trade exchanges between businesses in the north-central region of Vietnam and those in Khon Kaen and Ubon Ratchathani provinces in the northeastern region of Thailand was held in Thailand on September 18-20. As part of the national programme on trade promotion, the event was jointly organised by the Vietnamese Consulate General in Khon Kaen, the Investment, Trade and Tourism Promotion Centre of the central province of Quang Tri, and the authorities of Khon Kaen and Ubon Ratchathani provinces. Vietnamese Consul General Chu Duc Dung stressed that there remains great potential for Vietnamese goods to penetrate the Thai market because this country is home to a large community of overseas Vietnamese, with many of whom own supermarkets, distribution and supply stores. He affirmed that the Consulate General is always ready to accompany Vietnamese and Thai businesses in promoting trade cooperation in the spirit of harmonising benefits, contributing to promoting stable development in both nations. Tran Phi Tuong, deputy director of the Investment, Trade and Tourism Promotion Centre of Quang Tri province, head of the Vietnamese delegation, said

that businesses joining the delegation want to promote products and set up partnership, and sign memorandum of understanding (MoU) and contracts in production, business and consumption of products with Thai companies. Tuong expressed his hope that Thai businesses will share information related to the market, and guide Vietnamese businesses to participate in the supply chain in their supermarket and retail systems. Leaders of Khon Kaen and Ubon Ratchathani provinces briefed on the Thai localities' geography, population, and socio-economic situation. Khon Kaen's Deputy Governor Suthep Maneechote said that businesses, which are the major economic drivers of Khon Kaen, are operating in important industries such as renewable energy, bio fuel and solar power. Meanwhile, Songluk Woraphai, deputy governor of Ubon Ratchathani, said that the province has a strategy to focus on promoting potential in trade and investment, and cross-border commerce in order to increase competitiveness. The conference offered a good opportunity for the local authorities and businesses of the two sides to connect and expand trade links, thus strengthening trade ties between the two countries in the future, she said. During their trip, Vietnamese businesses signed 14 MoUs on cooperation with Thai firms. They also had working sessions with Vietnamese associations, joined business matching activities and trade fairs, and visit

a number of supermarkets and large distributors in Khon Kaen and Ubon Ratchathani.

Source: <https://english.vov.vn/en/economy/local-firms-look-to-boost-trade-ties-with-thai-businesses-post1047324.vov>

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