

Highlight News / September 26/2023



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An Opportunity for American Business in Cambodia



Cambodia News | 25 September, 2023

The United States of America remains Cambodia's largest export market, with 37% of total exports valued at \$4.2 Billion in the first half of 2023. Underscoring the importance of this relationship, the Prime Minister met with senior members of the American business community on Friday at the US-Cambodia Business Forum in New York City during the United Nations General Assembly. This event was an important opportunity for American businesses to greet the new PM and, likewise, for the new Royal Government to show support for American companies and promote Cambodia to American investors. Meeting with US businesses during the first 100 days of taking office sent a strong message that American companies are valued at a time when many are seeking opportunities to reposition overseas investments and supply chains. Equally as important, this event was attended by representatives from the largest US companies investing in Cambodia, including Visa, Mastercard, Chevron, Abbott, and AHF Products. The presence of several large investment banks and fund managers was notable, a first for a Cambodian private-sector event in the US. American companies have a timely opportunity as the Royal Government works to diversify the economy, emphasizing higher-value manufacturing, agriculture, and food processing industries. US companies typically

compete on quality, an attribute that favors higher value chain enterprises. An example trade deal is the SCAFCO Grain Systems' rice silos in Battambang province, Cambodia's first-ever private-sector recipient of a loan guaranteed by the US Export-Import Bank. On the investment side, AHF Products, Cambodia's largest fully American-owned enterprise, employs approximately 700 people in manufacturing quality goods for the US market. For US brands, the Cambodian market, while seemingly small, is a ready fit that has lower barriers to entry than many adjacent markets. American goods and services are highly valued by Cambodian consumers, evidenced by Ford's status as the bestselling new car brand and the dominance of American technology products across industry and personal consumption. When people have a choice, they often choose American products. Cambodia is a natural choice as American companies look to re-orient supply chains to ASEAN. Unlike many regional alternatives, the possibility for 100% foreign ownership means US companies can own their business outright, and there is no legal discrimination between local and foreign companies apart from land ownership. As a US Dollar economy without capital controls, there is no currency risk, and repatriation of profits is painless. Demographically, the workforce of Cambodia is solid, as 65% of the population is of working age, and the median age is 26 years. Cambodia has the second youngest population in Southeast Asia, creating the foundation for Cambodia to leap-frog its

neighbors in technology transfer. That youthful demographic with an English-speaking workforce will enable American companies to phase out expensive expatriate staff as Cambodians rapidly grow into management and leadership roles. Under normal circumstances, special access to the US market through the Generalized System of Preferences (GSP) program offered duty-free exports of thousands of items, including footwear, garments, and travel goods. This has been a boon for Cambodia's manufacturing sector, contributing to Cambodia's development and benefiting the American consumer. Unfortunately, the GSP program expired in December of 2020 and has yet to be re-authorized by the US Congress. Many groups are working to see those benefits renewed, including AmCham Cambodia, which visited Congress this past July to deliver this message. We remain hopeful that re-authorization will happen before the end of 2023 and that Cambodia will be aligned with any new eligibility criteria. In addition to considerations affecting the US market for Cambodian-manufactured goods, American companies in Cambodia can benefit from an array of existing trade schemes. These include the Regional Comprehensive Economic Partnership (RCEP), which significantly reduces tariffs for goods between Asia's largest economies, the European Union (EU) Everything But Arms (EBA) trade preferences, which have been immensely beneficial to the Cambodian economy, particularly for the garment sector, and bilateral agreements, such as the Cambodia –

Republic of Korea FTA. These can sweeten the deal for American companies building supply chains to access these markets. The foundation for any investment is the regulatory environment or the 'rules of the road.' In the new Royal Government thus far, we have seen robust outreach to the international business community and positive policy announcements, such as the Pentagonal Strategy, which expresses intentions to reduce bureaucracy, improve access to education and training, and support equitable development. These are encouraging signs, and we believe implementing these initiatives will make Cambodia among the most attractive investment destinations in the region. Allen Dodgson Tan is an Advisor to the Council for the Development of Cambodia (CDC), the author of Essential Cambodia: Essential Cambodia: A Guide for Foreign Entrepreneurs, Investors and Managers, former President of the AmCham Cambodia and Group Vice President of WorldBridge Group (Cambodia) with thirteen years of experience working in the Kingdom. Devin Barta is the President of AmCham Cambodia and Managing Director for AHF Products in Cambodia, with 18 years of leadership and manufacturing/industrial experience. AmCham Cambodia has established a new Committee on US Trade and Investment to advance knowledge of these issues. This committee will serve as the focal point for trade and investment promotion with US companies, US market promotion with Cambodian investors, interfacing with stakeholders in the Cambodian and US governments, and

educating the membership on issues affecting US investors and trade.

Source : <https://www.khmertimeskh.com/501365721/an-opportunity-for-american-business-in-cambodia/>

Cambodian PM Says New Siem Reap International Airport Is a Big Hope for Tourism



Cambodia News | 25 September, 2023

Cambodian Prime Minister Hun Manet said more than US\$1 billion new international airport in Siem Reap is a big hope for the tourism recovery there. Addressing to a get-together with some 2,500 Cambodian nationals residing in the U.S. and Canada in New York early this morning (Phnom Penh time), Mr. Hun Manet said one the main purpose of his everyday's efforts is to attract foreign tourists to return to Cambodia. Mr. Hun Manet said COVID-19 had seriously affected Cambodia's tourism industry, but now it has recovered. "When I return to our homeland, [...] I will inaugurate the new Siem Reap International Airport, two or three times bigger than the current one," he said. "If there is no foreign tourists, why we need to build and inaugurate that airport. And what I am doing now is to attract foreign visitors," he added. At the same time, Mr. Hun Manet said around next year, the new Phnom Penh International Airport will also be inaugurated. This is another achievement of the Royal Government of Cambodia. According to Angkor International Airport Investment (Cambodia) Co., Ltd., Siem Reap Angkor International Airport has been revised its investment

capita from US\$880 million in 2019 to US\$1.100 billion in 2022. This airport will be put in operation in mid October this year. Techo Takhmao International Airport, the new Phnom Penh International airport, has been being built on an area of 2,600 hectares, approximately 20 km from Phnom Penh. It has been under construction for more than two years.

Source : <https://www.khmertimeskh.com/501366062/video-cambodian-pm-says-new-siem-reap-international-airport-is-a-big-hope-for-tourism/>

BOL Chief Calls For More Cooperation in Launching Cross-Border Payment Systems



Laos News | 25 September, 2023

Dr. Bounluea Sinxayvoraving, Governor of the Bank of Laos, spoke at the 15th ASEAN-China Financial Cooperation and Development Summit Forum in Nanning, China, calling for the use of local currency in cross-boundary payments. BOL's governor said during the forum that, "Laos encourages efforts to link cross-border payment systems and the use of local currencies in payments made for traded goods." According to the Vientiane Times, Dr. Bounluea also emphasized the need for ASEAN countries to strengthen cooperation, in the face of numerous uncertainties currently plaguing the world. He also encouraged closer cooperation between ASEAN countries and China. The Governor's comments, also aligned with the views of Mr. Xiu Xiayu, the Head of the National Agricultural Bank of China's Yunnan branch, who visited the Bank of Laos

this month. During his visit, Mr. Xiu expressed the need for cooperation between the central bank in Laos and China's National Agricultural Bank to promote payments in local currencies. "Our bank is interested in upgrading Laos-China bilateral cooperation through joint efforts to promote payments in local currencies in order to further increase trade and investment by both sides," Mr. Xiu said. ASEAN nations are also trying to encourage payments in local currencies, using a joint payment system to create economic unity through a new regional payment system. Laos and Cambodia launched a cross-border payment via QR code in Laos this year, to encourage the use of the Khmer Riel (KHR) for payment settlement in ASEAN and to support economic integration, following successful launches in Thailand and Vietnam.

Source : <https://laotiantimes.com/2023/09/25/bol-chief-calls-for-more-cooperation-in-launching-cross-border-payment-systems/>

Myanmar set to export exceeding 200,000 tonnes of rice per month in Oct-Dec



Myanmar News | 25 September, 2023

Myanmar plans to export a monthly average of more than 200,000 tonnes of rice in the three-month period (October-December), U Ye Min Aung, the president of the Myanmar Rice Federation (MRF) said at an MRF's online press conference on 23 September. "We are planning to export 200,000 tonnes in October and 250,000 tonnes each in November and

December," U Ye Min Aung said. MRF expects to boost rice exports in the coming months despite rice exports having consistently decreased in the earlier months of this financial year. Climbing rice prices in the global market resulting from India's ban on rice export may spur a surge in rice export from Myanmar, a rice merchant said. Myanmar's monthly average rice export stood at nearly 200,000 tonnes in previous years, but skyrocketing rice prices at home curb export volume less than 100,000 tonnes, according to the data released by the Ministry of Commerce. Myanmar exported 379,000 tonnes of rice and broken rice between April and August in the 2023-2024 financial year, declining more than a half from the same period last year, according to MRF. Myanmar exports rice primarily to the Philippines, China and European countries this year. — TKZ/TH

Source : <https://www.gnlm.com.mm/myanmar-set-to-export-exceeding-200000-tonnes-of-rice-per-month-in-oct-dec/#article-title>

Vietnam's Q3 GDP poised for growth, Standard Chartered reports



Vietnam News | 25 September, 2023

In the latest global research dispatch on September 22, Standard Chartered projected a 5.1 per cent on-year ascension in Vietnam's Q3 GDP, a leap from the 4.1 per cent growth witnessed in Q2. The latter half of the year is set for a substantial rebound, riding on the back of Q2's initial recovery signs. The bank's outlook for 2023 remains steady, with a GDP growth estimate of 5.4 per cent. Standard Chartered

anticipates September's figures to marginally outpace those of August, predominantly buoyed by retail sales. The forecast details an impressive 8.2 per cent annual growth in September's retail sales, though exports might dip by 6.2 per cent. Imports are slated to shrink by 7 per cent, while industrial production growth could see a surge to 3.2 per cent. Furthermore, the trade surplus might slim down to a mere \$1.3 billion. The inflation index is set to tick up to 3.2 per cent on-year from August's 3 per cent, steered primarily by the education, housing, and food sectors. Conversely, transport-led inflation appears to be subsiding. In the tourism front, Vietnam welcomed approximately 7.8 million international travellers in 2023's initial eight months, closely nearing the year's target of 8 million. Yet, the resurgence treads on uncertain grounds - with trade persistently in decline, potential stagnancy in manufacturing, and foreign direct investment recovery prospects remaining indistinct. Tim Leelahaphan, economist for Thailand and Vietnam, Standard Chartered Bank said, "While easing price pressures should allow policymakers to focus on growth, renewed concerns about an inflation rebound in the latter half of the year could deter such a move. With the economic recovery starting to gain momentum, there should be less need for monetary policy support."

Source : <https://vir.com.vn/vietnams-q3-gdp-poised-for-growth-standard-chartered-reports-105431.html>

PM Chinh asks world's 3rd largest civilian aircraft maker Embraer to expand in Vietnam



Vietnam News | 25 September, 2023

Vietnamese Prime Minister Pham Minh Chinh has asked Brazil's Embraer S.A, the world's third largest commercial aircraft manufacturer, to expand its footprint in Vietnam, which has seen a spectacular post-Covid recovery of the aviation market. On the first day [September 23] of his four-day trip to Brazil, Chinh visited Embraer's headquarters in Sao Paulo where he was welcomed by Francisco Gomes Neto, president and CEO of the Brazilian multinational aerospace corporation, and offered a tour of its products and cutting-edge production facilities. The Vietnamese government leader expressed his admiration for the safety and environmental friendliness of Embraer's next-generation aircraft, which could help Vietnamese airlines to expand their fleets. Highlighting the rapid growth of Vietnam's aviation industry, Chinh asked Embraer to invest in the company's business ecosystem in Vietnam, and provide aircraft maintenance and repair services. In addition, he suggested Embraer train human resources in the aviation industry, offer professional training courses for officials in the Southeast Asian country, and offer technology solutions to enhance local aviation capabilities. At the meeting, Neto highly valued the Vietnamese market, where its aircraft, particularly for short-haul flights, could be a great fit. Embraer has delivered five E190 aircraft to

Bamboo Airways, the latest privately-run carrier to join Vietnam's already busy aviation market in 2017. Neto hoped to continue receiving support from the Vietnamese government in terms of market exploration. He expressed willingness to offer technology solutions in the aviation industry and maintenance and repair services for aircraft in Vietnam. During his stay in New York last week, Chinh met with Boeing executives and suggested that the U.S. aircraft manufacturer expand its supply chain in Vietnam and help local airlines improve maintenance and train their workforces. After skies were reopened, airliners flew some 55 million passengers in Vietnam in 2022, up 3.7 times year-on-year, representing nearly 70% of the volume in 2019 before Covid-19 broke out, according to the Civil Aviation Authority of Vietnam. In the first half of this year, the number of aviation passengers jumped 49.6% year-on-year to 34.7 million.

Source : <https://theinvestor.vn/pm-chinh-asks-worlds-3rd-largest-civilian-aircraft-maker-embraer-to-expand-in-vietnam-d6744.html>
