

Highlight News / October 05, 2023



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Japan provided over \$700M to upgrade National Road 5



Cambodia News | 04 October, 2023

The Japan International Cooperation Agency (JICA) Cambodia Office joined hands with the Ministry of Public Works and Transport (MPWT) aimed at improving National Road 5 from Prek Kdam to Poi Pet City, covering a length of 366 kilometres at an estimated cost of \$709.35 million. The project to improve infrastructure was chaired by Chhim Phalla, Director of the Road Infrastructure Department of MPWT on the first day of the Japanese Official Development Assistance (ODA) press tour 2023 organised jointly with the Embassy of Japan in Cambodia. Speaking to Khmer Times, Chhim Phalla said, “As of today, Japan has provided over \$600 million to improve the infrastructure from Prek Kdam to Poi Pet City into four lanes with three medians covering a distance of 366 kilometres which is divided into three sections including North, South and Middle.” Phalla said that the project aimed to transform the road into a highway infrastructure standard, from two-lane to four-lane. In fact, this project will improve the infrastructure from the Cambodia-Thailand border all the way to the Vietnam border. The project will be completed by late November this year hence we are working to finish the last tasks covering a small distance of 36 kilometres from the capital of Banteay Meanchey Province to the border pass with Thailand, he added. According to

the project contract account, the North section was estimated to cost about 156.43 million stretching from Battambang to Sri Sophorn, while the South section will be 246.36 million covering from Prek Kdam to Thlea Ma’am, and the Middle section focused on the improvement of existing road from Thlea Ma’am to Battambang and Sri Sophon to Poi Pet City is estimated to cost 306.57 million. The three sections of the project were divided into two parts of improvement which fall into the rural and urban areas. The rural area infrastructure will improve its width to 23 meters and the urban area shall expand to 29 meters, according to the project location map. The project is expected to increase the traffic capacity as well as improve the efficiency of logistics by improving the condition of existing roads and constructing the new bypass in Oudong, Kampong Chhnang, Pursat, and Battambang provinces. Besides, the project also focused on the improvement of road traffic safety on trunk roads in the Kingdom of Cambodia aiming to reduce traffic accidents on National Road 5, which was presided over by Min Meanvy, Secretary of State of the MPWT. Min Meanvy told Khmer Times that there are over seven million vehicles, an increment of over 400 percent compared to 2010 and one million are car drivers. “However, 80 percent of accidents happened to motorcycle drivers, as such this message is to alert motorcycle drivers to drive carefully when they are on the main road,” she added.

Source: <https://www.khmertimeskh.com/501370866/japan-provided-over-700m-to-upgrade-national-road-5/>

No new tax, nor tax rise, says PM



Cambodia News | 04 October, 2023

Prime Minister Hun Manet yesterday made it clear that the new Royal Government of Cambodia (RGC) will not create any new tax, nor increase rates of existing taxes but maintain the current tax exemptions for some economic activities. Addressing more than 18,000 workers-employees from different factories located in Meanchey and Dangkor districts of Phnom Penh, Prime Minister Hun Manet said the government has only implemented the 13 existing taxes that have been levied for several decades – approximately 40 years since 1982 and some since 1994 without charging any tax – on some economic activities and or properties including the household-sized agriculture land, agriculture materials or equipment, agricultural products, immovable property tax on houses worth less than 100,000,000 riels (\$25,000), stamp tax on buy or sale of immovable properties worth lower than \$70,000. Dispelling criticisms emanating from some quarters over the alleged hike in taxation, Mr Hun Manet said, “I would like to affirm clearly that, first there is no new tax, second the rates of the existing taxes are not raised and third we will set and release some tax policies when we have the public-private sector meeting next month.” The Premier went on to add that the government would also not charge stamp tax on the transferring properties from parents

to children, grandparents to grandchildren, husband to wife or wife to husband in case of transfers as one-time gifts or inheritances and road taxes on bicycles, bikes and tricycle vehicles. “These are our commitments on tax matters,” he said. Prime Minister Hun Manet also pointed out that a slice of \$1.2 billion support package that the RGC has released for 700,000 or 800,000 households or 4.5 million people who hold ID Poor cards is taken from tax revenues that it has collected from affordable people. “For example, people who afford accommodation in a hotel have to pay tax,” he said. “The point that I would like to affirm to the people is that the government of the new legislature does not create any new tax... every country imposes taxes a little or much to transfer wealth from the those who have affordability to those who do not. For example, people who afford a smartphone have to pay the value-added tax to the government so that the government can use those tax revenues collected to help build houses for poor people when their houses are burned by fire and build health centres.” “When we talk about taxation, we also think about the economic condition to help the people like how much that we can mitigate because we would not be able to help the people, especially those who are vulnerable to risks and poor if we do not have money. So, the government has to work hard to generate some revenues from those who are affordable. But we also do not pressurise our people, in particular during the hard times,” Mr Hun Manet said. The Premier went on to add that the government would

also not charge fees on goods that are sold at traditional markets developed by the government itself countrywide such as Orussey Market, Phsa Chas Market and Olympic Markets.

Source: <https://www.khmertimeskh.com/501370884/no-new-tax-nor-tax-rise-says-pm/>

Inflation Rate Sees Slight Drop in September, Government Takes Aim at Rising Cost of Living



Laos News | 04 October, 2023

Laos recorded an inflation rate of 25.69 percent in September, a slight decrease from August which was capped at 25.88 percent, according to the official Bank of Lao PDR website. In the government's monthly meeting on 28-29 September, Prime Minister Sonexay Siphandone, reiterated the essential role business sectors have in managing exchange rates and stabilizing commodity prices, especially for items such as rice, meat, fish, and eggs. To attract more foreign currency, PM Sonexay also proposed encouraging and closely monitoring the progress of approved foreign investment projects. This strategy aims to attract additional foreign currency. It includes expediting the settlement of project accounts through the banking system. The persistent issue of inflation in Laos stems from various factors, one of which is the

depreciation of the Lao kip currency. This devaluation can be attributed to a labor shortage as workers seek higher-paying employment opportunities abroad due to low salaries in Laos. While the government has recently announced an increase in the minimum wage, some community members argue it fails to match the ongoing depreciation of the Lao Kip. Another significant contributing factor is the inability of household incomes to keep pace with inflation, according to a recent survey by the World Bank. The findings revealed that families in Laos are struggling to meet rising living costs. As a result, they are forced to cut their spending on essential areas such as food, healthcare, and education. The latest inflation rate revealed in September has sparked further criticism among Lao social media users. Many have pointed out the discrepancy between the decreased inflation rate and the rising prices of food and beverages, as well as the current exchange rates. "I'd rather have a high inflation rate that keeps goods affordable than a low inflation rate that still leaves people struggling," commented a Facebook user. "Is this for real? Are you trying to tell me the inflation rate is decreasing while the price of everything is like 50-60 percent higher?!", said another social media user.

Source: <https://laotiantimes.com/2023/10/03/inflation-rate-sees-slight-drop-in-september-government-takes-aim-at-rising-cost-of-living/>

Sugar price peaks again two months before release of fresh sugar



Myanmar News | 04 October, 2023

According to the sugar market, sugar prices have risen once again, just two months before the release of new sugar into the market. On 28 September, in the Yangon sugar market, the wholesale price for a viss of sugar was K3,750, and there were fewer buyers and more sellers. However, the wholesale price increased to K3,800 per viss on 29 September, as reported by Ko Kyaw Min, a trader dealing with goods in the delta region, to The Global New Light of Myanmar (GNLM). A sugar seller from a brokerage house on Yaytama Road told the GNLM that the auction price of sugar, sold in the factory before the sugar mill's operation began, had increased, leading to a rise in sugar prices in the market. While the exact auction price of sugar remains undisclosed, there has been a slight uptick in sugar demand in the Yangon market, according to Ko Thein Zaw, a sugar dealer, who spoke to GNLM. Sugar factory companies no longer have sugar in stock, and currently, only those who have stored sugar are selling it at open prices. Due to market conditions, it's believed that sugar stocks are low. However, with the new sugar set to be released in just a few months, fewer buyers are storing it, and they are

purchasing based on regional orders. A seller of sugar and brown slab sugar from Aungthapyae Road mentioned that the price of a viss of sugar increased by approximately K3,400 after news surfaced that the sugar auction price had reached K3,330 per viss at the end of July 2023. Domestic sugar production stands at around 500,000 tonnes per year. This year, two new sugar mills, each with capacities of 12,000 and 5,000 tonnes, will commence operations in Shan State (North) and Sagaing Region. Domestic consumption and business usage of sugar amount to approximately 450,000 tonnes per year, leaving a surplus of around 50,000 tonnes per year, which is exported abroad. In 2022, 11.1 million tonnes of sugar were exported, but as of September 2023, only 6.1 million tonnes of sugar have been shipped. — TWA/CT

Source: <https://www.gnlm.com.mm/sugar-price-peaks-again-two-months-before-release-of-fresh-sugar/#article-title>

Vietnam expects to welcome 13 million foreign visitors this year



Vietnam News | 04 October, 2023

The Ministry of Culture, Sports and Tourism said, it will propose the Government revise the target of international tourists to 12.5-13 million from only 8 million this year, a 56% increase from the plan set at

the beginning of the year. The proposal is based on positive signs in September as the country welcomed more than 1.05 million foreign visitors, marking the third consecutive month the figure has surpassed the one million mark. In the first nine months of this year, the tourism industry served 8.9 million foreign holidaymakers, and 93.5 million domestic tourists, pocketing over 22 billion USD, according to the Vietnam National Authority of Tourism. The Republic of Korea (RoK) remained the biggest source of tourists to Vietnam in the nine-month period with nearly 2.6 million, followed by China and Taiwan (China). In Europe, the UK, France and Germany were the biggest markets for Vietnam's tourism. With the peak season for international tourism around the corner, the industry expects a surge in the number of foreign vacationers thanks to the new visa policy, which was put in place August 15. The tourism sector has continued promoting tourism products and destinations, and major events. Meanwhile, localities have diversified tourism products, and stepped up promotion activities to attract both domestic and foreign holidaymakers in the remaining months of this year./.

Source: <https://en.vietnamplus.vn/vietnam-expects-to-welcome-13-million-foreign-visitors-this-year/268987.vnp>

Vietnam – powerful magnet for foreign direct investment



Vietnam News | 04 October, 2023

Hanoi (VNA) – Vietnam has become one of the leading countries in Southeast Asia in attracting foreign direct investment (FDI), according to an article published on September 21 on the website gfmag.com of Global Finance Magazine. The writing attributes it to a range of advantages of the country, including its favourable demographics as 40% of Vietnam's population of 100 million are under 25. In addition, it has tariff-free access to the Southeast Asia region with 800 million people thanks to being a member of the Association of Southeast Asian Nations (ASEAN). According to Thierry Mermet, CEO of Source Of Asia (SOA), a consultant to companies looking for business opportunities in Vietnam and ASEAN, the 2023 outlook for the business environment in Vietnam shows promising signs of improvement. He cited foreign direct investment capital reaching about 10 billion USD in the first quarter of 2023, an increase of 0.5% over the same period last year. Mermet predicted that this trend will continue in the near future. The expert said that in the long term, Vietnam is really strengthening its position as one of the top three locations where European business leaders want to invest. According to the Business Confidence Index report conducted by the

European Chamber of Commerce in Vietnam (EuroCham), 3% more leaders have picked Vietnam as one of the top three investment choices. The article said that 90 countries and territories invested in Vietnam in the first half of this year; the top five are Asian countries. with the Republic of Korea in first place, accounting for 81 billion USD. It was followed by Singapore and Japan with 72 billion USD and nearly 70 billion USD committed, respectively. Notably, while the US stood in the 7th position in terms of investment capital, it is Vietnam's first key export partner. Another indicator of Vietnam's attraction is homegrown electric vehicle (EV) manufacturer VinFast, which recently became the world's third-largest automaker by market capitalisation, behind Tesla and Toyota. According to Barry Elliott, Vice President of Tomkins Ventures and a supply chain guru long active in Vietnam, this not only signals a promising future for the EV industry in Southeast Asia in general, but also exemplifies Vietnam's emerging prowess in manufacturing. Meanwhile, S&P Global said that Vietnam's robust economic growth is also a factor that helps attract foreign investors to the country. Although its economic growth slowed to 3.7% in the first half from 8% in 2022, the World Bank predicts a rebound in the second half of this year. The S&P Global forecast an increase in mergers and acquisitions in Vietnam's banking sector over the next two years as lenders

seek to bolster their capital. Thailand's Kasikornbank PCL is reportedly in talks to acquire consumer finance provider Home Credit Vietnam in a deal valued at about 1 billion USD. If successful, this would be the second-largest deal in Vietnam in 2023, following Sumitomo Mitsui Banking Corp.'s acquisition of a 15% stake in Vietnam Prosperity Joint Stock Commercial Bank in March. According to Mukuru Kato, managing director and head of frontier markets research at EFG Hermes Research said deals will likely surge between 2023 and 2024, including among state-owned commercial banks (SOCBs), as the State Bank of Vietnam is keen to have a Vietnamese bank rank among the top 100 in Asia. Ivan Tan, an analyst at S&P Global Ratings, said that acquiring a strategic stake in Vietnamese banks provides an opportunity for foreign investors to participate in the growth and tap the country's favourable demographics via retail lending, particularly via digital channels./.

Source: <https://en.vietnamplus.vn/vietnam-powerful-magnet-for-foreign-direct-investment/268452.vnp>
