

Highlight News / November 13, 2023



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Cambodia-China trade stays robust amid weakening global demand



Cambodia News | 11 November, 2023

Cambodia-China trade remained robust amid weakening global demand, thanks to the Regional Comprehensive Economic Partnership (RCEP) agreement and the Cambodia-China Free Trade Agreement (CCFTA), a senior official and experts said on Friday. Trade in goods between Cambodia and China topped \$10 billion in the first 10 months of 2023, up 4.6 percent year-on-year, according to figures released by Cambodia's General Department of Customs and Excise (GDCE). China remained the biggest trading partner of Cambodia, followed by the United States, Vietnam, Thailand and Japan, the report said. Cambodian Ministry of Commerce's Secretary of State and Spokesperson Penn Sovicheat said RCEP and the CCFTA, which both came into force last year, had given a boost to this growth. "With the two free trade agreements, our made-in-Cambodia products have been exported to China with preferential tariffs," he told Xinhua. Sovicheat said China is a huge market for Cambodia, especially for its potential agricultural products such as milled rice, yellow bananas, mangoes, longans and pepper, among others. "Thanks to close relationship between our two countries, I believe that our bilateral trade volume will continue to rise throughout this year and next years,"

he said. According to the GDCE figures, Cambodia's total international trade volume was valued at \$38.66 billion during the first 10 months of this year, a drop of 3.1 percent from \$39.9 billion in the corresponding period last year. Kin Phea, director-general of the International Relations Institute of Cambodia, a think-tank under the Royal Academy of Cambodia, agreed that RCEP and the CCFTA have injected vigorous momentum into the Cambodia-China trade amid global economic slowdown and uncertainties. "These FTAs have enormously boosted economic, commercial and investment cooperation between Cambodia and China, as they have opened up new market access for Cambodian products to China and other RCEP member countries," he told Xinhua. "China's Belt and Road Initiative (BRI) projects such as the Sihanoukville Special Economic Zone and the Phnom Penh-Sihanoukville Expressway have also greatly promoted Cambodia's trade with China and the rest of the world," he added. Phea said the sharp growth in Cambodia's export to China demonstrated the strong economic relationship between the two countries. "Despite global challenges, the trade volume has continued to expand, indicating the resilience of their trade partnership," he said. Seun Sam, a policy analyst at the Royal Academy of Cambodia, said the BRI has played a significant role in strengthening trade relations between China and Cambodia. "With improved infrastructure and logistical capabilities and free trade agreements, Cambodia has become an attractive destination for international investors and businesses looking to

expand their presence in the region,” he told Xinhua. “The increased bilateral trade volume has resulted in a more diversified economy and helped Cambodia develop its energy, telecommunications, financial, logistics, tourism and agricultural sectors,” he added. Xinhua

Source: <https://www.khmertimeskh.com/501390478/cambodia-china-trade-stays-robust-amid-weakening-global-demand/>

NBC Governor says Cambodia has seen big increase in local currency usage in past 2 decades



Cambodia News | 11 November, 2023

Cambodia has seen a big jump in the use of local currency Riel over the past two decades, National Bank of Cambodia (NBC)’s Governor Chea Serey said here on Friday. With the objective of de-dollarizing the economy based on the market mechanism and on a gradual approach, the NBC has implemented various policy measures to promote the Riel since the early 2000s, she said in a speech during the launch of a book on Cambodian dollarization. As a result, the demand for Riel has gradually expanded, Serey said. “The amount of Riel in circulation has increased from 0.85 trillion Riel (about \$211 million) 20 years ago to 14.5 trillion Riel (about \$3.51 billion) today,” she added. The governor said the use of Riel has gradually increased in terms of deposits, credits, and payment

transactions in the Southeast Asian country. She added that the policy to stabilize the value of Riel, along with peace and political stability, has lifted confidence and trust in the Riel. “The macroeconomic stability, coupled with solid policy commitment, has created a strong foundation to regain public confidence in local currency in the economy, especially an increasing role of Riel for large value payments and savings,” she said. The U.S. dollars flooded into the Cambodian economy through the intervention of the United Nations Transitional Authority in Cambodia (UNTAC) in their peace operations in the country in 1993, during which UNTAC spent \$1.7 billion, equivalent to about 75 percent of Cambodia’s gross domestic product (GDP) at that time, mostly on rent and local services. Xinhua

Source: <https://www.khmertimeskh.com/501390501/nbc-governor-says-cambodia-has-seen-big-increase-in-local-currency-usage-in-past-2-decades/>

Laos Sets Targets in 5-Year Energy, Mines Development Plan.



Laos News | 12 November, 2023

The Lao government currently issues two types of permits to companies interested in mining rare earth minerals—15 companies hold non-expedited permits for the exploration stage, while 13 have

permits for pilot mining operations. But only three out of the 13 companies with permits for pilot mining operations have obtained licenses to sell 19,500 tons, with 5,409 tons eligible for export to China, Phoxay revealed. Further, only four out of the 15 companies with non-expedited permits have completed initial resource assessments. Based on preliminary information, establishing a single-element separation plant requires more than 100,000 tons of ore. The ministers suggested refraining from granting additional permits to focus on comprehensive studies to enhance management capabilities. He also highlighted ongoing challenges in project management, including delayed implementation of loan agreements, environmental impact studies, staff training, and work plan development. To tackle these issues, the Ministry of Energy and Mines has drafted a comprehensive plan, setting up six goals for its 5-year Energy and Mines Development Plan (2021-2025), with a focus on sustainable development and community participation. These goals include creating basic geological information, determining mineral policy, developing administrative mechanisms, promoting community participation, strengthening the Lao Mineral Development State Enterprise, and integrating sustainable development and green growth into the plan. Phoxay also pointed out that the existing Minerals Law does not have clear provisions

addressing the management of rare minerals, but the ministry is contemplating their incorporation into a new revised law, anticipated to be concluded in early 2024.

Source: <https://laotiantimes.com/2023/11/10/laos-sets-targets-in-5-year-energy-mines-development-plan/>

Laos Government Unveils Plan to Revamp Road Infrastructure.



Laos News | 12 November, 2023

Minister of Public Works and Transport outlined the strategy during a session at the 6th Ordinary Session of the 9th National Assembly Legislature this week. Emphasized that the National Assembly is aware of widespread road damage and recognized the need for immediate action. The current annual allocation for road maintenance and emergency repairs stands at LAK 700 million (around USD 33,714). Amount that covers the repairs for approximately 6,500 km (out of 46,000 km of the whole country) of national highways and roads, encompassing both urban centers and local communities, According to Logistics Capacity Assessments (LCA), an evaluation process aimed at understanding the contextual logistics infrastructure and services in a country or region to facilitate the effective implementation of humanitarian relief operations, merely 28 percent of roads are paved,

with over 60 percent of the total national roads categorized as being in poor or bad condition. To address this issue, the government is working to improve technical standards and increase the number of weighing stations across the country, of which only 14 are currently in operation. These stations serve as regulatory checkpoints for heavily loaded trucks, ensuring compliance with stipulated weight limits. Alongside the regulations, Ngampasong pledged a significant boost to the road repair fund. However, he openly discussed the challenges in allocating funds, pointing to the persistent issue of insufficient resources, which was worsened by the depreciation of the Lao kip currency and the growing number of roads.

Source: <https://laotiantimes.com/2023/11/10/government-unveils-plan-to-revamp-road-infrastructure/>

Kyat depreciates against dollar at around K3,300 in grey market



Myanmar News | 12 November, 2023

Kyat weakened to K3,310 against the greenback in the shady dealings on 11 November. The exchange rate climbed from K3,230 on 1 November. Presently, the Central Bank of Myanmar set the reference exchange rate at K2,100.

CBM has set the currency trading band at 0.3 percent for the Kyat to fluctuate between these two specified upper and lower exchange rates for transactions, selling or buying, starting 10 August 2022. Financial institutions including banks and informal money exchanges have been instructed to set a dollar value at K2,094 for buying and K2,106 for selling. However, the over-the-counter kyat-dollar exchange rate was K3,270 for buying and K3,310 for selling on 11 November. Despite a large price difference between the reference rate of the CBM and the unofficial market rate, there is no way for the CBM to set the new price, as per the notification released in May 2023. The dollar gained to around K4,000 on 19 August 2023. Under Section 9 of the Foreign Exchange Management Law, only those entities holding foreign exchange dealer licences are allowed to deal in foreign currency and traveller's cheques. Those holding foreign currencies without valid licences and permits will face legal actions under the law, according to the CBM's notification released on 21 August 2023. According to Notification 7/2014 dated 30 September 2014 issued by the Central Bank of Myanmar, stating that under Clause 15 of the Foreign Exchange Management Law, domestic residents are allowed to keep US\$10,000 in a maximum or equivalent amount of foreign currencies for six months.

If those foreign currencies that have been unused for over six months have to be exchanged in local currency at the market price through authorized dealers or deposited into bank accounts. Those illegally holding foreign currencies are to face legal actions under the Foreign Exchange Management Law, CBM warned again.

Source: <https://www.gnlm.com.mm/kyat-depreciates-against-dollar-at-around-k3300-in-grey-market/#article-title>

Fitch Ratings remains optimistic about Vietnam's economic growth



Vietnam News | 11 November, 2023

Vietnam's economic growth is forecast to accelerate to 6.3% ahead in 2024 before reaching 7.0% in 2025, according to the latest projection made by global credit ratings agency Fitch Ratings. The rating agency assessed that domestic fiscal and monetary policies have pivoted to provide growing support to the national economy. Experts also stated that the Vietnamese economy's medium-term fundamentals remain favourable and have sustained a period of economic expansion, thereby making positive business prospects for the banking sector. According to statistics released by the rating agency, the country's GDP growth slowed to 4.3% over the past nine months of the year amid weak

external demand coupled with lingering headwinds in the domestic property sector. At a conference organised by The Asset and Fitch Ratings which was recently held in Hanoi, insiders noted out that the nation have faced an array of challenges this year, from both internal and external factors. According to details given by experts, the slowdown in the global economy, the prolonged effects of the COVID-19 pandemic, as well as the ongoing escalation of the conflict between Russia and Ukraine will continue to exert negative impacts on the Vietnamese economy moving forward. Moreover, persistently high inflation weighs on national development, causing many central banks to tighten monetary policies and hike rates. Despite the current period of economic turbulence, the Vietnamese economy is poised to recovery in the near future. At the end of May Fitch Ratings also affirmed the country's Long-Term Foreign-Currency Issuer Default Rating at 'BB', with a positive outlook. This reflects the nation's strong medium-term growth prospects, supported by foreign direct investment (FDI) inflows, favourable demographics, and strong external liquidity. Standard Chartered Bank has also maintained robust 2024 GDP growth forecast of 6.7% for Vietnam in its latest macro-economic updates about the Southeast Asian nation. Meanwhile, the National Assembly (NA) on November 9 adopted a resolution on the socio-economic development plan for 2024,

which sets a target of 6.0 - 6.5% growth in gross domestic product (GDP) for the year.

Source: <https://dtinews.dantri.com.vn/en/news/017/86307/fitch-ratings-remains-optimistic-about-vietnam-s-economic-growth.html>

US remains Vietnam's largest export market



Vietnam News | 11 November, 2023

VOV.VN - The US has retained its position as Vietnam's largest export market in recent years, while Vietnam has become the US' 7th largest trading partner and the largest trading partner of the US in the ASEAN region. Statistically, bilateral trade turnover surges by an average of roughly 16% per year, representing a rise of more than 550% from US\$ 21.8 billion in 2011 to more than US\$123 billion in 2022. Since the normalization of relations in 1995, trade growth between the two countries has increased 360 times, from US\$450 million in 1995 to more than US\$123 billion last year. The past ten months of this year saw bilateral trade turnover reach more than US\$90.1 billion, of which exports hit more than US\$78.6 billion and imports stood at US\$11.5 billion. The US has so far been the 11th largest foreign investor out of 108 countries investing in Vietnam with diverse investment forms, running about 1,200 projects valued at nearly US\$11.4 billion. To date, Vietnam has had 230 investment

projects in the US with a total registered capital of US\$1.264 billion, while the US ranks 7th out of 80 countries and territories receiving investment from the Southeast Asian nation. Notably, major US businesses continue to pay attention and make long-term investments in the Vietnamese market, and express their desire to ramp up cooperation with Vietnamese partners in areas of their interest, including infrastructure development, supply chains, energy and digital transformation, high-tech investment and innovation. This year, many enterprises from the US are planning to make or expand investments in Vietnam, showing their intention to turn the Southeast Asian country into one of their important bases. P&G Group plans to invest an additional US\$100 million to expand the production line of Ben Cat factory; AES is set to invest in developing renewable energy; many US states have said that in the coming time they will increase cooperation in the fields of auto component production. In addition, the two sides have maintained regular exchanges to strengthen cooperation and discuss prospects for expanding cooperation in new fields that each side has needs, including the semiconductor industry. They have also had frank, substantive and constructive dialogues to resolve outstanding issues and cases in trade relations. Accordingly, in the coming time, the Ministry of Industry and Trade will continue to

enhance exchanges with the US, while proposing the possibility of applying the Generalized System of Preferences (GSP) scheme for Vietnam. The move aims to help Vietnamese export goods be treated more fairly, similar to what US strategic partners currently enjoy, thereby bringing legitimate benefits to the business communities of the two countries, the ministry said.

Source: <https://english.vov.vn/en/economy/us-remains-vietnams-largest-export-market-post1058710.vov>
