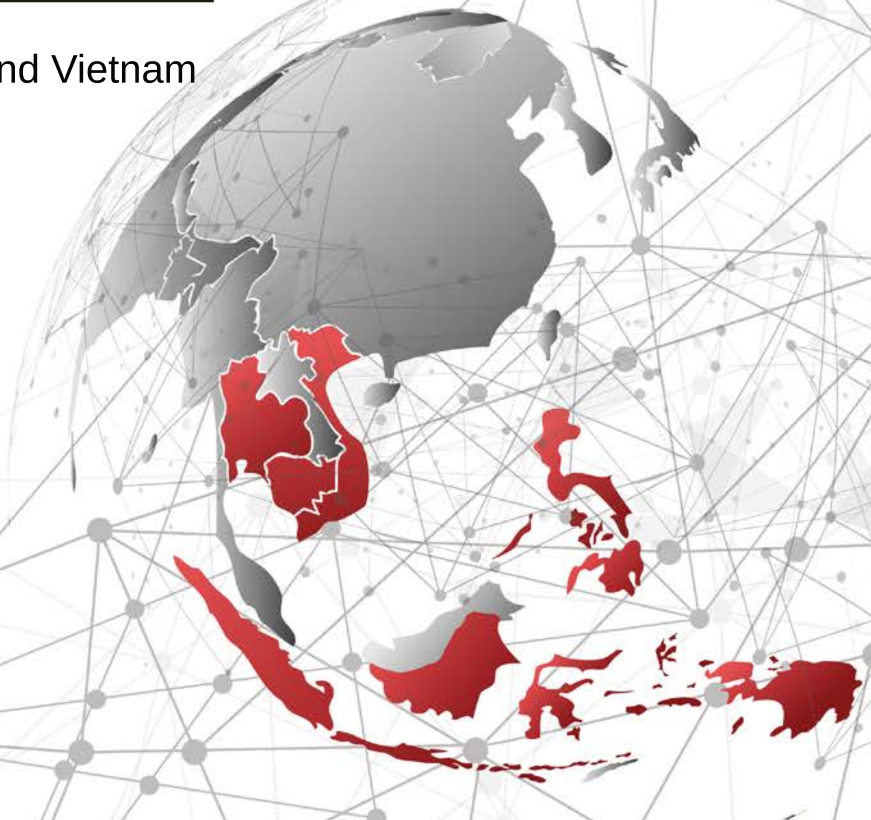
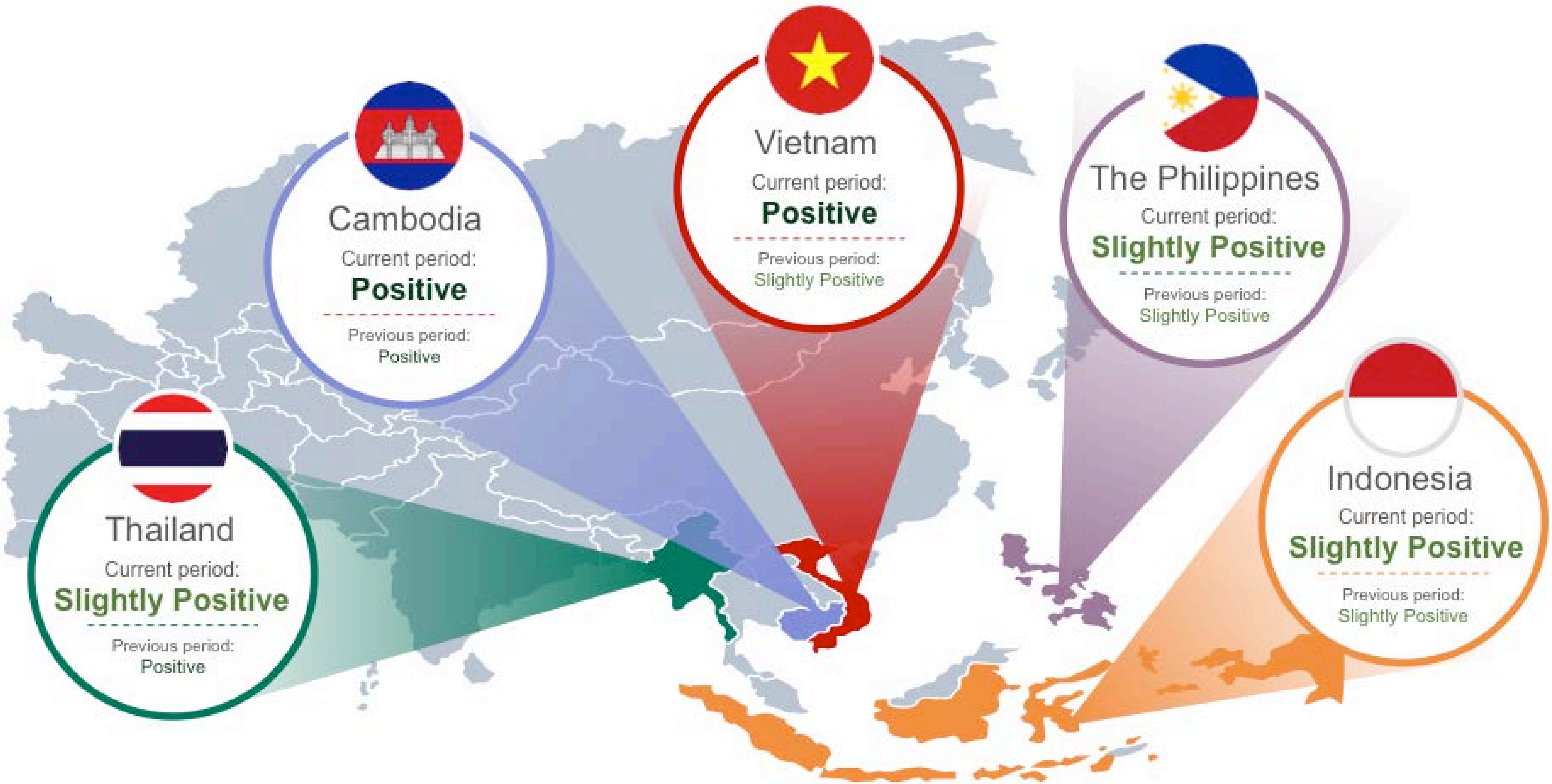
Asia Sourcing Update

Cambodia, Indonesia, the Philippines, Thailand and Vietnam

Southeast Asia | South and West Asia



Highlights: 12-month sourcing outlook



Cambodia

Fast facts

CPI (Nov 2021)
+3.79% yoy

Exchange rate (USD: KHR, as of 31 Jan 2022)
4,066 (0.2% appreciation year-to-date)

Merchandise exports (Dec 2021)
+26.6% yoy ▲

Garments
+12.3% yoy ▼

Footwear
+52.9% yoy ▲

Electrical parts
+41.8% yoy ▲

Bicycles
+22.5 yoy ▲

Note: Arrows indicate an improvement (▲) or deterioration (▼) compared to the previous period
Source: National Bank of Cambodia

12-Month Sourcing Outlook: Positive

The Cambodian government has successfully managed the latest round of COVID-19 outbreak caused by the Omicron variant, even though it relaxed the travel restrictions in November 2021. On 20 February, daily Omicron cases reached a record of 736 and decreased thereafter. Growth in exports has picked up speed in the last few months of 2021. It is expected that the growth momentum will continue this year given the continued recovery of the world economy and Cambodia's strengthened trade relations with other Asian countries, especially China and South Korea.

Cambodia

	Latest Developments	FBIC's take
Macroeconomic Trends	Cambodia's merchandise exports increased by 1.6% yoy to US$17.5 billion in 2021. In December 2021, exports increased 26.6% yoy to US$1.8 billion. These numbers were calculated based on the trade statistics of National Bank of Cambodia. In 2021, garment, the largest export category of Cambodia, decreased by 0.6% yoy to US$8.0 billion, accounting for 45.6% of Cambodia's total goods exports, according to the same source.	• Cambodia's lackluster exports performance in 2021 was in part due to the high base in the previous year: In 2020, exports increased by 19.5% over the pre-pandemic 2019. It should also be noted that, since September last year, exports have achieved strong and consecutive growth thanks to the improved external demand. • The country's effective control of the COVID-19 Omicron pandemic will facilitate continued export growth in the coming months.
Labour and Compliance	On 21 January, the Ministry of Labour and Vocational Training of Cambodia announced that it decided to stop providing the US$40 monthly allowance for textile, garment, footwear, and travel products workers whose contracts had been suspended due to the COVID-19 pandemic. This allowance is still available to workers in the tourism sector.	• This subsidy measure was unveiled by the Cambodian government in April 2020 to mitigate the impact of the COVID-19 pandemic. The subsidies were available to workers in textile, garment, footwear, travel products and tourism sectors. Furloughed workers in the above-mentioned sectors could receive up to US$40 of financial aid. • The government made this decision based on the fact that factories in the country had adopted a number of measures to successfully control the spread of the pandemic, which enabled the majority of factories to resume their activities. Many workers can therefore go back to work and get their normal salary as usual.
Trade Agreements	On 29 January, a bill authorising the ratification of the Cambodia-South Korea Free Trade Agreement (CKFTA) was enacted into law by a Royal Code signed by the King of Cambodia. The Ministry of Commerce spokesman said the ministry was preparing the instrument of ratification, a document by which a country formally agrees to be bound by a treaty, for the CKFTA. The CKFTA will come into effect 60 days after both countries deposit their instrument of ratification. The spokesman voiced confidence that the CKFTA could enter into force no later than 30 June this year, noting that the National Assembly of South Korea was also actively pushing for the ratification of the agreement.	• After six months of negotiations, Cambodia and South Korea concluded negotiations over the CKFTA on 3 February 2021 and signed the agreement on 26 October in the same year. The CKFTA is expected to unlock billions in bilateral trade and investment. • Under the CKFTA and the Regional Comprehensive Economic Partnership (RCEP), the bilateral tariff elimination rate will be as high as 95.6% and 93.8% for South Korea and Cambodia, respectively. • Cambodia also hopes that, with the improvement of the bilateral trade relations, Korean companies could extend their supply chain networks developed in Thailand or Vietnam to Cambodia.

Indonesia

Fast facts

GDP (Oct-Dec 2021)
5.0% yoy ▲

Manufacturing PMI (Jan 2022)
53.7 ▲

CPI (Jan 2022)
+0.6% yoy

Merchandise exports (Dec 2021)
+35.2% yoy ▼

Textiles and textile products
+37.4% yoy ▲

Footwear
+36.8% yoy ▲

Sports requisites
+23.2% yoy ▼

Furniture
+25.6% yoy ▲

Exchange rate (USD: IDR, as of 31 Jan 2022)
14,392 (0.8% depreciation year-to-date)

Note: Arrows indicate an improvement (▲) or deterioration (▼) compared to the previous period
Source: Statistics Indonesia, Bank Indonesia, IHS Markit

12-Month Sourcing Outlook: Slightly Positive

The manufacturing purchasing managers' index (PMI) of Indonesia reached 53.7 in January, up from 53.5 in December last year, representing an expansion in Indonesia's manufacturing sector at the start of 2022. Positive results in several macro indicators, such as investment realization, export achievements and employment rate, also reflect a steady growth of the Indonesian manufacturing sector.

Indonesia's economy grew 3.7% in 2021, up from a contraction of 2.1% in 2020. According to Bank Indonesia (BI), the economy is expected to grow at a faster pace of 4.7-5.4% in 2022. Despite the turmoil caused by COVID-19 variants, overall business sentiment in Indonesia has remained positive, with the support of stimulus policies and improvements in global and domestic economies. Companies are generally optimistic that the pandemic situation will continue to improve, allowing the Indonesian economy to grow further.

Indonesia

	Latest Developments	FBIC's take
Macroeconomic trends	In 2021, Indonesia recorded 454 trillion rupiah of foreign direct investment (FDI), up by 10% yoy, representing over half of Indonesia's total investment. Singapore was the largest source of FDI, followed by Hong Kong, China, the US and Japan.	• In Indonesia, the industry receiving the largest amount of FDI in 2021 was the base metal sector, followed by mining and transport, warehousing and telecommunication. • According to the President of Indonesia, as a resource-rich country, Indonesia will stop exporting unprocessed bauxite, copper, tin and gold in future and strengthen the local processing industry. In 2022, the country aims to attract more investment in the resource-processing sector, especially in downstream industries.
	Inflation in Indonesia in January 2022 reached 2.2% yoy, which was the highest January inflation since 2019. The increase in inflation was driven by the rise in prices of foods, beverages and tobacco products, and utility costs.	• According to the Finance Ministry, apart from commodity price hikes, increasing people mobility has raised the core inflation. In addition, the improved COVID-19 situation stimulated household demand and demand in the accommodation and restaurant sectors, and thus pushed up prices.
Trade Affairs	Bank Indonesia (BI) and the People's Bank of China (POBC), China's central bank, renewed the Bilateral Currency Swap Arrangement (BCSA), effective from 21 January 2022. The BCSA agreement between BI and POBC, first signed in March 2009, has gone through several rounds of amendments and extensions.	• The BCSA allows the partnered central banks to exchange payments in one currency for equivalent amounts in the other currency to facilitate bilateral trade settlements and provide liquidity support for financial markets. The BCSA targets at encouraging bilateral trade and direct investment in the local currencies of the partnered countries. Furthermore, the agreement represents that both central banks commit to maintain financial market stability. • Under the BCSA, the maximum amount for exchanging the two currencies is 250 billion Chinese yuan (equivalent to about 550 billion rupiah). • Apart from the POBC, BI and The Reserve Bank of Australia have agreed to renew their BCSA, effective from 18 January 2022. Also, BI has also sought cooperation with other central banks of various countries, such as South Korea, Malaysia and Singapore.

Indonesia

	Latest Developments	FBIC's take
Other Issues	Indonesian President Joko Widodo announced a relocation plan of the Indonesian capital in 2019. However, due to the COVID-19 disruption, the project, with an estimated cost of over US$30 billion, was put on hold. In mid-January 2022, the Indonesian House of Representatives approved the shift of capital from Jakarta to Nusantara in East Kalimantan, a jungle-covered area on the east of Borneo Island. The new capital will be developed in five stages, of which, the first stage from 2022 to 2024 will be the most critical one. The last stage will be completed by 2045.	• The authorities said the relocation is necessary due to the infrastructure problems, pollution and congestion of Jakarta, one of the most over-populated urban areas in the world. Some climate specialists also warn that the current capital will sink under water by 2050, due to frequent flooding, climate change and over-extraction of groundwater. • Moreover, since most of the economic activities in the country have been concentrated at the current capital and in the Java Island, the relocation will assist the development of Kalimantan as well as the eastern part of Indonesia. The government also envisions the new capital as a low-carbon “super hub”, which will support the growth of pharmaceutical, healthcare and technology sectors and promote sustainable growth beyond the Java Island. • However, the move has drawn criticism from environmental activists, who argue that further urbanization of the Borneo Island would endanger local rainforest ecosystems, which were already threatened by increasing mining and palm oil plantations. • Besides, the Indigenous Peoples Alliance of the Archipelago (AMAN) warns that at least 20,000 people from 21 indigenous groups living in the Borneo Island are at risks of being expelled from their lands to make way for the construction of the new capital; and they will lose their traditional jobs such as farming.

The Philippines

Fast facts

GDP (Oct–Dec 2021)
+7.7% yoy ▲

Manufacturing PMI (Jan 2022)
50.0 ▲

CPI (Jan 2022)
+3.0% yoy

Merchandise exports (Dec 2021)
+7.1% yoy ▲

- Woodcrafts and furniture
  -12.0% yoy ▼
- Garments
  +10.5% yoy ▼
- Travel goods and handbags
  +49.2% yoy ▼

Exchange rate (USD: PHP, as of 31 Jan 2022)
51.273 (1.0% depreciation year-to-date)

Note: Arrows indicate an improvement (▲) or deterioration (▼) compared to the previous period
Source: Philippine Statistics Authority, IHS Markit, Bangko Sentral ng Pilipinas

12-Month Sourcing Outlook: Slightly Positive

The Philippine economy grew by 7.7% yoy in the fourth quarter of 2021, bringing the full-year growth rate to 5.6%. However, the start of 2022 revealed a struggling manufacturing sector as the repercussions of typhoon Odette, paired with rising Omicron cases, hit the country. Manufacturing outputs fell at the quickest rate in five months, while new orders declined marginally.

Nevertheless, the difficulties the country's economy faced at the beginning of the year are generally considered to be temporary. In its latest *Asia Pacific Outlook* report, Moody's Analytics upgraded the GDP growth forecast for the Philippines from 5.6% to 6.2% for the year 2022, as it saw the country continues to recover from the impact of the pandemic. This forecast suggests that the Philippines will be the second fastest-growing economy in the ASEAN, after Vietnam. The Development Budget Coordination Committee of the Philippines even predicts a faster GDP growth of the country at 7 to 9% for this year.

The Philippines

Macroeconomic Trends	Latest Developments	FBIC's take
	The Philippines' total exports in 2021 increased by 14.5% yoy to US$74.6 billion. In December 2021, exports increased by 7.1% yoy to US$6.3 billion. Electronic products continued to be the country's top exports, with a total export value of US$3.7 billion in December 2021, accounting for 58.5% of the country's total exports during the month. This was followed by other manufactured goods (US$435.6 million, accounting for 6.9% of the total export value); coconut oil (US$166.0 million, 2.6%); ignition wiring set and other wiring sets used in vehicles, aircrafts and ships (US$163.3 million, 2.6%); and chemicals (US$162.9 million, 2.6%). The US was the Philippines' largest export market, accounting for 16.1% of the latter's total exports value in December 2021 (US$1.0 billion), followed by China (US$925.2 million, 14.8%), Hong Kong (US$861.6 million, 13.7%), Japan (US$859.4 million, 13.7%), and Singapore (US$441.9 million, 7.0%).	• The Philippines' exports have recorded positive year-on-year growth rates since March 2021, which indicate a continued recovery momentum, along with the expansion of global trade, after hitting a trough in 2020. • However, it should be noted that the year-on-year growth rates have slowed to single-digit level since September 2021, indicating that the outlook on goods trade continues to be clouded by uncertainties over the pace of global and domestic recovery. Delivery times and lead times were also lengthened by adverse weather conditions and the worsening pandemic situation in the first two months this year. On the price front, ongoing material shortages have continued to drive up costs. Firms, in turn, raised their selling charges at the quickest rate in seven-month in January in a bid to protect profit margins. These factors may affect the competitiveness of the Philippine goods in the global market.
	The Philippines' net inflow of foreign direct investment (FDI) in 2021 increased by 56.2% yoy to US$10.3 billion. In December 2021, net FDI inflow to the Philippines jumped 96.0% yoy to US$1.1 billion, the seventh straight month of growth after a fall of 21.7% yoy in May 2021. Singapore was the largest foreign investor of the Philippines, accounting for a net FDI inflow of US$560.8 million in January – November 2021; followed by Japan (US$512.6 million), the US (US$145.5 million) and Hong Kong (US$51.6 million). The FDI inflows were directed mainly to manufacturing (US$488.8 million), electricity, gas, steam and air conditioning supply (US$293.8 million), finance and insurance activities (US$233.6 million), and real estate (US$134.1 million).	• FDI to the country grew strongly towards the end of last year, bringing the FDI inflow of 2021 to a new high, surpassing the pre-pandemic 2019 level (US$8.7 billion in 2019). The surge in FDI inflows indicated a continued confidence of foreign investors in the country's economic future. • Japan, the US and Singapore have been the Philippines' top three investors over decades, with Singapore taking the lead in year 2021.

The Philippines

	Latest Developments	FBIC's take
Policy & Regulations	On 2 February, the House of Representatives ratified the bicameral conference committee report on the proposed amendments to the Public Service Act (PSA), which seek to ease the restrictions on foreign investments in public services. The amended PSA effectively opens up to 100% foreign equity on all economic sectors in the country except the transmission and distribution of electricity, water pipeline and sewerage, seaports, petroleum pipeline, and public utility vehicles.	• The amended PSA was hailed by Philippine officials as a monumental reform that liberalized the 85-year-old restrictive policy of the PSA It is believed that the amended PSA will further strengthen the government's economic recovery efforts and significantly improve the country's investment climate. • The amended PSA is also lauded by the foreign business groups in the Philippines, as it is regarded as a game-changer that will create new investment opportunities for foreign investors in telecommunications, most forms of transportation, and other public services. It is believed that allowing foreign investment in these sectors will lead to increased competition and cheaper prices, thereby bringing benefits to the public.

Thailand

Fast facts

GDP (Oct-Dec 2021)
+1.9% yoy ▲

Manufacturing PMI (Jan 2022)
51.7 ▲

CPI (Jan 2022)
+3.2% yoy

Merchandise exports (Dec 2021)
+24.2% yoy ▲

Textiles and apparel
+15.9% yoy ▼

Furniture
+13.9% yoy ▲

Footwear
+38.4% yoy ▲

Exchange rate (USD: THB, as of 31 Jan 2022)
33.431 (0.1% depreciation year-to-date)

Note: Arrows indicate an improvement (▲) or deterioration (▼) compared to the previous period
Source: National Economic and Social Development Council, Ministry of Commerce, Bank of Thailand, IHS Markit

12-Month Sourcing Outlook: Slightly Positive

Thailand's economy recovered strongly in the fourth quarter of 2021, helped by robust exports and an easing of COVID-19 curbs. However, economic growth slowed in the first month of 2022 due to a new COVID-19 outbreak fuelled by the Omicron variant. The daily confirmed COVID-19 cases continued to surge after the government restarted the Test & Go programme on 1 February. On 27 February, the daily confirmed cases reached 25,615, a record high since the start of the year 2022.

While the Thai government is confident that the economy will grow 4% this year, as forecast by several domestic and foreign agencies, the economic recovery pace will heavily depend on how effectively the Thai government can control the COVID-19 outbreaks.

Thailand

	Latest Developments	FBIC's take
Macroeconomic Trends	Thai exports reached US$271.1 billion in 2021, increased by 17.1% yoy, the highest in 11 years. The US is Thailand's biggest export market in 2021, accounting for 15.4% of the latter's total export value in the year, followed by China (13.7% of total export value), Japan (9.2%), Vietnam (4.6%), and Hong Kong (4.4%). Key export products in 2021 included electronics (US$42.2 billion, 15.6% of total export value), automotive (US$41.4 billion, 15.3%), agro-manufacturing products (US$35.1, 12.9%), machinery & equipment (US$22.5 billion, 8.3%), and agricultural produce (US$21.2 billion, 7.8%.	• Thailand's Ministry of Commerce believed the country's exports will grow 3-4% in 2022. • The improving economies and import expansion of Thai's trading partners, the relatively weak baht, and an expected increase in containers and vessels in 2022 are believed to be the key factors that will support the continuous growth of Thai exports this year. • However, to avoid the shortage of workers in the export sector and achieve the export target, the Thai government first needs to effectively control the Omicron outbreak that has caused a surge in infected cases since February.
	In 2021, Thailand's Board of Investment (BoI) received applications for 1,674 projects with a total investment value of 643 billion baht (about US$19.3 billion), up 59% yoy. The investments pledged in 2021 were mainly in the electrical appliances and electronics sector (105.0 billion baht), the medical sector (62.2 billion baht), the petrochemicals and chemicals sector (48.4 billion baht), the agriculture and food processing sector (47.7 billion baht), and the automotive and parts manufacturing sector (24.6 billion baht). Foreign direct investment (FDI) applications received by the BoI in 2021 increased by 169.2% yoy to 455 billion baht (about US$13.6 billion), with 783 projects in total. The top three sectors for FDI applications were electrical appliances and electronics, petrochemicals and chemicals, and medical. The top three foreign investors in the year were Japan (80.7 billion baht, 178 projects), China (38.6 billion, 112 projects) and Singapore (29.7 billion baht, 96 projects).	• Thailand's investment application boom last year was driven by the growth in FDI. The value of FDI applications in 2021 was over 1.5 times that in 2020 and accounted for 70.8% of the total (i.e., domestic and foreign) investment value pledged in 2021. • The encouraging increase in the investment applications demonstrates investors' confidence in Thailand's strengths in key industries, despite the waves of COVID-19 outbreaks.

Thailand

	Latest Developments	FBIC's take
Labour & Compliance	A flat rate of 492 baht was proposed by the Thai Labour Solidarity Committee (TLSC) and the State Enterprises Workers Relations Confederation (Serc) as the new daily minimum wage in the Tripartite Wage Committee, which comprises the Labour Ministry, representing the government; the TLSC and the Serc, representing workers; and the Employers' Confederation of Thailand, representing employers. On 25 January, Labour Minister Suchar Chomklin said that a study will be carried out by the Office of the Permanent Secretary under the Ministry of Labour to determine the suitability of the minimum wage after discussing with the TLSC and the Serc.	• Thailand's current minimum wages have been in effect since 1 January 2020. The daily rate of 336 baht is applied in Chon Buri and Phuket. A lower rate of 335 baht is applied in Rayong, and the rate of 331 baht is applied in six provinces including Bangkok. The lowest rate of 313 baht has been imposed on the three southernmost provinces of Narathiwat, Pattani and Yala. • The sharp rise in the minimum wage, if approved by the Labour Ministry, would definitely benefit low-skilled workers. However, it would inevitably lead to a jump in general prices of goods and services, putting additional burdens on all consumers when the Thai economy is still struggling to recover from the COVID-19 pandemic.
FTAs & trade preferences	On 13 January 2022, Thailand's Deputy Prime Minister Supattanapong Punmeechaow and Japanese Minister of Economy, Trade and Industry Koichi Hagiuda witnessed the signing of two memoranda of cooperation (MoC) on green industry and advanced technological development between Thailand and Japan. One of the MoCs was an agreement between the Japan External Trade Organization (Jetro) and the Eastern Economic Corridor (EEC) Office, aiming at encouraging Japanese companies operating in Thailand to invest more in the EEC, especially in advanced technology and R&D activities, and in targeted industries including health and well-being, digital, decarbonisation and logistics. The other MoC was signed between Jetro and the Board of Investment of Thailand (BoI), aiming to further promote investment by Japanese companies in Thailand to develop more resilient supply chains in industrial sectors, including through investing in bio-, circular, and green (BCG) activities.	• The cooperation of the two countries on high-tech industries and BCG activities combines Japan's green growth strategy with Thailand's Bio-Circular-Green economic model. As the cooperation can capitalize on Thailand's ample supply of bio-based raw materials, strong human resources, research capability, and good infrastructure and logistics facilities, it is expected to generate a significant amount of new investment by Japanese firms in Thailand's BCG sectors. • Japan has had a strong interest in investing in Southeast Asian countries. In January this year, the Ministry of Economy, Trade and Industry of Japan announced the 'Asia-Japan Investing for the Future Initiative' (AJIF). The initiative focuses on strengthening investment in supply chains, connectivity, digital innovation, and human resources, with the goals of improving attractiveness of the ASEAN region as a hub of global supply chain, and creating innovation to enhance sustainability and solve social challenges.

Vietnam

Fast facts

GDP (Oct-Dec 2021)
+5.2% yoy ▲

Manufacturing PMI (Jan 2022)
53.7 ▲

CPI (Jan 2022)
+1.9% yoy

Merchandise exports (Jan 2022)
+8.1% yoy ▼

- Textiles and garments +34.2% yoy ▲
- Toys and sports goods +37.6% yoy ▲
- Wood and wooden products +15.5% yoy ▲
- Footwear +3.7% yoy ▼

Exchange rate (USD: VND, as of 31 Jan 2022)
23,099 (0.20% appreciation year-to-date)

Note: Arrows indicate an improvement (▲) or deterioration (▼) compared to the previous period
Source: General Statistics Office of Vietnam, General Department of Vietnam Customs, IHS Markit, The State Bank of Vietnam

12-Month Sourcing Outlook: Positive

Despite suffering from strict lockdowns and movement restrictions for almost half a year, Vietnam recorded a positive GDP growth of 2.6% in 2021. The World Bank has forecasted that Vietnam's economy will grow at 5.5% in 2022, though the projected level is a bit lower than the 6.5% target set by the local government.

With the removal of COVID-19 restrictions, Vietnamese's manufacturing sector was able to grow despite relatively high number of COVID-19 cases reported. This January, the Vietnam Manufacturing Purchasing Managers' Index (PMI) rose to 53.7, up from 52.5 last December, reflecting a solid improvement in business conditions. More Vietnamese manufacturers were confident about the year-ahead outlook. While Vietnam's economy remains resilient, outbreaks of new variants may lead to even more serious disruptions, which may prompt renewed lockdown measures and dampen economic activities in Vietnam.

Vietnam

	Latest Developments	FBIC's take
Macroeconomic Trends	Vietnam earned nearly US$336.3 billion from exports in 2021, up by 19% against the previous year. The country has maintained a trade surplus for the sixth consecutive year, with a trade surplus of around US$4.1 billion and a year-on-year growth of 2.6% in 2021.	• In 2021, positive growth rates were recorded in exports to countries with which Vietnam has signed free trade agreements (FTAs), including New Zealand (42.5% yoy), ASEAN (25.8%), the US (24.2%), India (21%), South Korea (15.8%), the EU (14%), China (15%), and Australia (3.1%). The Comprehensive and Progressive Agreement for Trans-Pacific Partnership and the EU-Vietnam FTA have proven effective in boosting Vietnam's exports. • According to local industry insiders, Vietnam's total trade value in 2022 is expected to reach between US$740 - 750 billion, representing a year-on-year increase of 13 - 15%.

	In 2021, Vietnam successfully attracted US$31.2 billion in foreign direct investment (FDI) from 106 countries, representing a rise of 9.2% yoy, despite the COVID-19 disruptions. The top source of FDI in Vietnam was Singapore, accounting for over 34.4% of the total investment capital, up by 19.1% yoy. South Korea, Japan, China and Hong Kong were the other major sources of the FDI.	• More and more foreign companies have resumed their operations and increased investment in Vietnam since 2021, as the Vietnamese government has reopened the country and adopted a series of business stimulus measures adapting to the COVID-19 pandemic. Going forward, it is expected that Vietnam will continue to attract more FDI inflows due to the following reasons:
		  • Low labour costs: According to a survey on Japanese investment in Asia and Oceania conducted by the Japan Trade Promotion Organization (JETRO) in 2021, the labour costs in Vietnam is around 40% of that in China.
		  • Strategic location: Vietnam is located near to other Asian manufacturing clusters. This will help enhance the production capabilities and flexibility of companies operating in Vietnam.
		  • Optimistism of foreign companies about Vietnam's market: Again, according to the JETRO's survey, 69.3% of surveyed Japanese firms operating in Vietnam think Vietnam has market capabilities and development potential, up 3 percentage points compared with the previous year. Also, 55.3% of surveyed Japanese enterprises plan to expand their operations in Vietnam in the coming one or two years.

Vietnam

	Latest Developments	FBIC's take

Industry development	TMX, a business transformation consulting firm in Asia Pacific, has released a report in end-November 2021 about doing business in Asia. The report assessed the production competitiveness of nine countries, including Cambodia, India, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. In the country competitiveness scoring, which is based on a country's business environment, talents, logistics and readiness for digitalization, Vietnam ranks fifth behind Singapore, Malaysia, India and Thailand	• The report also measures the costs of doing business in the nine countries. Among the nine countries, the average operating costs in Vietnam is the third lowest, after Cambodia and Myanmar.
		  • Labour costs: Vietnam has the fourth lowest labour cost in the region, after Cambodia, Myanmar and the Philippines.
		  • Warehouse rental costs: Vietnam offers the fourth lowest leasing costs, with a monthly average rent of US$5 per square meter, after Thailand, Myanmar and Cambodia.
		  • Logistics costs: Vietnam was classified as a "high potential" market, representing that the country has relatively higher logistics costs but can potentially improve its 'logistics performance'.

Infrastructure	In the Socioeconomic Development Plan 2022, the National Assembly (NA) set the economic growth target of Vietnam in 2022 at 6-6.5%. In order to achieve the growth target, the government places a focus on infrastructure development and ensures the disbursement rate of public investment surpasses 90% this year.	• Under the latest monetary and fiscal policy package just adopted by the NA, the government is set to disburse 113.85 trillion Vietnamese dong (US$4.95 billion) for infrastructure development, of which 103.2 trillion dong (US$4.48 billion) is planned for road construction, and 5.69 trillion dong (US$256.5 million) will be used for digital transformation infrastructure. • The government will accelerate the construction of major infrastructure projects, such as the intersections of the eastern cluster of North-South Expressway, My Thuan-Can Tho Expressway, Long Thanh International Airport, and the metro lines in both Hanoi and Ho Chi Minh City.

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