

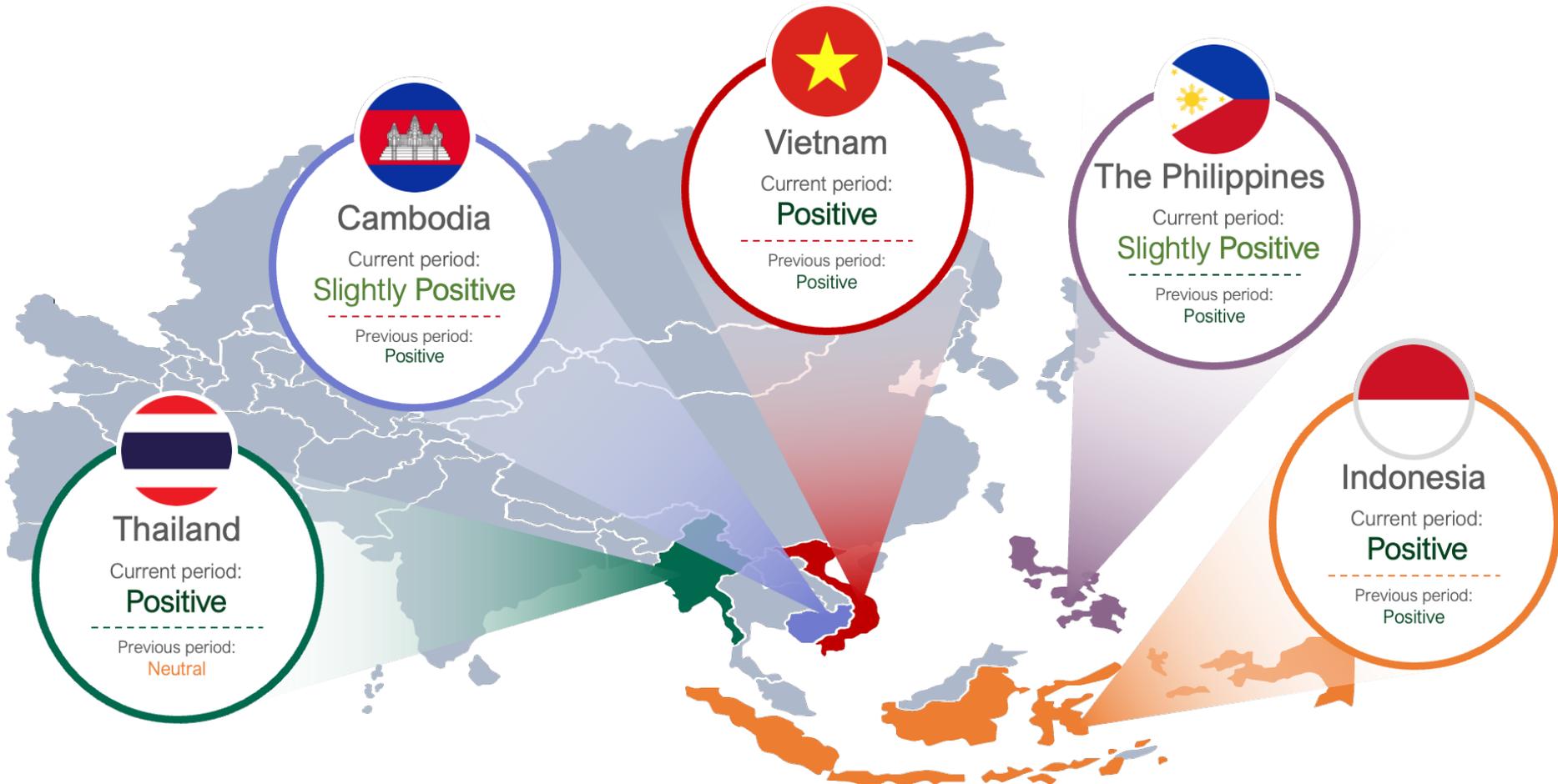
Asia Sourcing Update

Cambodia, Indonesia, the Philippines, Thailand and Vietnam

Southeast Asia | South and West Asia



Highlights: 12-month sourcing outlook



Cambodia

Fast facts



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

12-Month Sourcing Outlook: Slightly Positive

The Cambodian government has successfully managed the latest wave of COVID-19 outbreak caused by the Omicron variant. The country has sporadic infection cases after it re-opened its border in November 2021 and has had no death case since April 2022.

While exports have grown strongly since the start of this year, garment manufacturers in the country are worrying that export orders for textile-related goods from the US and the EU, two Cambodia's key buyers, would decline in the second half of the year. Negative factors affecting export orders include a potential economic slowdown in major developed countries amid unstable global situation and the challenges of rising inflation worldwide. On the other hand, the implementation of two regional free trade agreements (FTAs), the Regional Comprehensive Economic Partnership (RCEP) and the Cambodia-China FTA (CCFTA), both effective from 1 January 2022, will give a support to Cambodia trade growth.

The Singapore-based ASEAN+3 Macroeconomic Research Office (AMRO) put Cambodia's economic growth forecast for 2022 at a robust 5.0%, and the National Bank of Cambodia forecasts the country's economic growth for 2022 to be 5.3%.

Cambodia

Latest Developments

FBIC's take

Macroeconomic Trends

Cambodia's merchandise exports increased by 26.3% yoy to US\$15.64 billion in the first eight months of 2022, according to the General Department of Customs and Excise.

The US remained the biggest market for Cambodia's exports during the period, with an export value of US\$6.42 billion, followed by Vietnam and China, with US\$1.47 billion and US\$804 million, respectively.

- Cambodia's strong exports growth in the first seven months of 2022 was supported by the effective COVID-19 control measures by the Cambodian government and the major FTAs that started to take effect this year.
- While the US was still the top export market of Cambodia, the bilateral trade relationship faces challenges as Cambodia is not a member of the Indo-Pacific Economic Framework (IPEF), a core Asia-Pacific economic strategy of the US rolled out in May this year. The framework is considered the genesis of future US trade agreements in the region and US trade will gravitate toward IPEF members.
- The good news is that the RCEP trade pact and the CCFTA will give a boost to Cambodia's trade growth. It is noteworthy that China has continued to be the largest trading partner of Cambodia, with the Cambodia-China trade valued at US\$6.97 billion during the period of January-July 2022, up 15.6% yoy.

Cambodia

Latest Developments

FBIC's take

Labour and Compliance

The new round of minimum wage talks formally started on 15 August, when the Ministry of Labour and Vocational Training (MLVT) convened a tripartite meeting to negotiate the 2023 minimum wage in the textile, garment, footwear, bags and travel goods industries (the GFT sector).

The National Council on Minimum Wage (NCMW) have set 21 September as the date of the final vote to determine the new minimum wage.

- The minimum wage negotiation system for the Cambodian GFT sector was established by the Law on Minimum Wage (hereafter as 'the Law') promulgated in 2018, which has since then guaranteed a minimum wage for workers in the relevant sectors.
- According to the Law, a tripartite NCMW, comprised of government officials, employer representatives, and employee representatives, was formed to study, research and provide recommendations on the determination of minimum wages and other benefits for workers in the GFT sector.
- Based on the NCMW's recommendation, the minimum wage will be determined by the MLVT and will take effect from 1 January of the subsequent year.
- Cambodian labour unions are seeking a hike of between US\$20 and US\$50 in the minimum wage of 2023—up from this year's US\$194.
- The deputy secretary-general of the Garment Manufacturers Association in Cambodia (GMAC), on the other hand, emphasizes a balance between supporting workers living conditions and improving the industry's competitiveness. He cautions that the unstable global environment and economic downturn in Western countries may dampen the export prospect of the country in the future.

Cambodia

Latest Developments

FBIC's take

Infrastructure

On 17 August 2022, the Port Electronic Data Interchange (Port EDI) system made a soft launch to navigate large-scale inbound and outbound traffic control at the Sihanoukville Autonomous Port (SAP) and Phnom Penh Autonomous Port (PPAP). This pilot system aims to put an end to the paper-based procedures for private sector's vessels using the two ports.

The system is jointly managed by the Ministry of Public Works and Transport (MPWT), General Department of Customs and Excise (GDCE), General Department of Immigration of the Ministry of Interior, General Department of Health of the Ministry of Health, as well as authorities of the PAS and PPAP. The Port EDI system was developed with the support of a US\$12.2 million grant by the government of Japan via the Japan International Cooperation Agency (JICA).

Under this system, vessels entering and exiting the two ports will be able to fill in and submit all the required forms online before coming to the ports, instead of filling in paper-based forms after arriving at the ports. These forms will also be reviewed online by Cambodian officials. Shippers can then make payment online, enabling them to unload the goods once their vessels arrive at the ports.

- According to the figures of the MPWT, there are about 6,000 foreign vessels entering and leaving sea and river ports in Cambodia annually. The switch of the navigational control of the ship clearance procedures from manual to online systems will substantially improve the effectiveness, efficiency, and transparency of the procedures, reduce costs for shippers, and significantly reduce port congestion.
- The MPWT is preparing a draft sub-decree on Port EDI to enable the full implementation of the system.

Indonesia

Fast facts



GDP (Apr-Jun 2022)
5.4% yoy ▲



Manufacturing PMI (Aug 2022)
51.7 ▲



CPI (Aug 2022)
+4.69% yoy



Merchandise exports (Jul 2022)
+32.0% yoy ▼



Textiles and textile products
+12.1% yoy ▼



Footwear
+26.1% yoy ▼



Sports requisites
+58.5% yoy ▼



Furniture
+6.3% yoy ▼



Exchange rate (USD: IDR, as of 31 Aug 2022)
14,853 (3.9% depreciation year-to-date)

Note: Arrows indicate an improvement (▲) or deterioration (▼) compared to the previous period

Source: StatisticsIndonesia, BankIndonesia, IHS Markit

12-Month Sourcing Outlook: Positive

Indonesia's economy grew 5.4% yoy in the second quarter of 2022. The Coordinating Minister for Economic Affairs is optimistic that the country will attain an economic growth of 5.2% this year. The Purchasing Managers' Index (PMI) of the manufacturing sector rose further to 51.7 in August from 51.3 in July. The PMI of Indonesia has remained expansionary for 12 consecutive months since September 2021, reflecting a steady recovery of the Indonesian economy. However, it is noteworthy that the economic recovery is hindered by external factors, such as the Russia-Ukraine war, the growing tension between the Chinese Mainland and Taiwan, the Federal Reserve's interest rate hikes, and price inflation of energy, food, and fertilizers.

Indonesia

Latest Developments

FBIC's take

Macroeconomic Trends

In August, exports from Indonesia increased 30.2% yoy to reach an all-time high of US\$ 27.9 billion; imports into Indonesia rose 32.8% yoy to US\$ 22.2 billion. The country enjoys a trade surplus of US\$ 5.8 billion in the month.

According to the Investment Ministry, investment in the industrial sector in the first half of 2022 increased to US\$15.4 billion from US\$11.2 billion in the same period of last year.

In the January-June period this year, domestic investment in the industrial sector reached US\$4 billion, accounting for 23.8% of the total domestic investment. During the same period, foreign direct investment (FDI) in the industrial sector was US\$11 billion, accounting for 53.4% of the total FDI.

- The exporting sector has been an important growth driver of the Indonesian economy. The country recorded a trade surplus this August for the 28th consecutive month, on the back of high commodity prices and recovery in global demand as many countries further eased pandemic restrictions.
- Indonesia achieved the largest trade surpluses with India, the US, and the Philippines, while recording the largest trade deficits with Australia, China, and Thailand.
- The major commodities contributed to the trade surplus included mineral fuels, vegetable fats and oils, animal fats, metal ore, crust and ash, and machinery, electrical equipment and its components, etc.

- In the first half of 2022, the FDI in the base metal, metal goods, non-machinery and equipment industries reached US\$5.7 billion, up by 26.3% yoy, accounting for the largest share of the total FDI, followed by the chemical and pharmaceutical industry (US\$1.8 billion, up 8.1% yoy, an 8.7% share).
- The Minister expects the government's export ban on raw materials and policies to promote the development of the downstream industries will attract more investment, particularly in the smelting and refinery industry. The Minister also comments that Indonesia is an attractive investment destination because the country has a huge market supported by many pro-business government policies, which helps to accelerate the country's economic recovery from the COVID-19 disruptions.

Indonesia

Latest Developments

FBIC's take

Industry Developments

In late July, two Japanese motor giants, Toyota Motor Corporation and Mitsubishi Motors Corporation, successively revealed their investment plans for electric vehicle (EV) development in Indonesia.

Toyota plans to increase its investment in Indonesia's EV industry by 27.1 trillion rupiah (US\$1.8 billion) in the coming five years until 2027. Toyota sees this as a step to tap into the rapidly growing EV market of Southeast Asia.

Likewise, Mitsubishi pledged 10 trillion rupiah as an additional investment in Indonesia over the next three years.

- The Coordinating Minister for Economic Affairs welcomed the investment plans of the two companies, commenting that Indonesia is a good industrial base for the production of electric vehicles, which will be sold in the domestic market and the ASEAN market.
- Toyota has invested 14 trillion rupiah in Indonesia since 2019. With the increased investment, one of the initiatives of Toyota is to improve Indonesian engineering capabilities by providing training on automotive electrification. In collaboration with the state-owned energy company Pertamina and the state-owned mining holding company Inalum, Toyota also helps local engineers to enhance their expertise in the battery industry.
- Mitsubishi has invested 11.3 trillion rupiah in Indonesia by the end of 2021. With the additional investment, Mitsubishi will expand its production of hybrid and electric vehicles. According to Mitsubishi, the Indonesian market is even bigger than the market in Japan. Currently, the company has exported its products from Indonesia to 39 destinations in Africa, Asia, and South America, and the company will ship its products to Australia soon.

The Philippines

Fast facts



GDP (Apr–Jun 2022)
+7.4% yoy ▼



Manufacturing PMI (Aug 2022)
51.2 ▲



CPI (Aug 2022)
+6.3% yoy



Merchandise exports (Jul 2022)
-4.2% yoy ▼



Woodcrafts and furniture
-24.4% yoy ▼



Garments
+5.0% yoy ▼



Travel goods and handbags
+6.3% yoy ▼



Exchange rate (USD: PHP, as of 31 Aug 2022)
56. 243 (9.7% 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 country's gross domestic product (GDP) slowed to 7.4% in the second quarter of 2022 from the previous quarter's 8.2%, bringing the first half average to 7.8%. However, the growth rate is still at the higher end of the government growth target for the year. The continued reopening of the economy, spending related to the May national polls, as well as the accommodative monetary policy that buoyed consumption and investment were ascribed as major contributors to the good growth performance in the first half of the year.

While government officials are still confident of achieving their growth target of between 6.5% to 7.5% for this year, they acknowledged that headwinds like a slowdown in the world economy and tightening global monetary conditions will weigh on the country's economy in the second half of the year.

The Philippines

Latest Developments

FBIC's take

Macroeconomic Trends

The Philippines' exports in the first half of 2022 increased by 7.1% yoy to US\$38.5 billion. However, in July, exports fell by 4.2% yoy to US\$6.21 billion.

In July, electronic products continued to be the country's top exports, with a total export value of US\$3.4 billion, accounting for 54.6% of the country's total exports in the month. This was followed by other manufactured goods (US\$321.5 million, accounting for 5.2% of the total export value); other mineral products (US\$297.7 million, 4.8%); and ignition wiring set and other wiring sets used in vehicles, aircrafts and ships (US\$214.6 million, 3.5%).

The US was the Philippines' largest export market, accounting for 17.0% of the total export value of the Philippines in July (US\$1.06 billion), followed by Japan (US\$903.62 million, 14.5%), China (US\$798.66 million, 12.9%), Hong Kong SAR, China (US\$768.95 million, 12.4%), and Singapore (US\$427.25 million, 6.9%).

In June, net foreign direct investment (FDI) into the Philippines plunged 51.5% yoy to US\$471 million, a 13-month low. This was a sharp reversal from the 64.1% yoy increase in May.

Japan was the top source of FDI pledges in the month, followed by the US, Singapore, and Switzerland. The FDI was channeled mainly to the manufacturing, real estate, and information and communication sectors.

In January-June 2022, net FDI inflows reached US\$4.6 billion, up 3.1% yoy.

- The July export figure reversed the growth trend since March 2021 – the Philippines' exports had recorded positive year-on-year growth for 16 consecutive months from March 2021 to June 2022.
- It is generally expected that more headwinds, such as the interest rates hikes in major developed countries and in the Philippines, and the ongoing inflation across the world, will further weaken the export performance of the Philippines in the coming months.

- According to the Philippine central bank, the slump in June was largely attributable to a fall in non-residents' net investments in debt instruments of their local affiliates due to higher repayments during the month.
- Still, the sharp drop in net FDI inflows in July suggests a weakening global outlook, amid the tightening monetary conditions globally to rein in inflation.
- It is noteworthy that a series of reforms to ease or remove restrictions on foreign investment have been carried out by the Philippines this year. These include the amendments to the Retail Trade Liberalization Act (RTLTA), the Public Service Act (PSA) and the Foreign Investment Act (FIA), the 2022 Strategic Investment Priority Plan (SIPP), and the issuance of the 12th Regular Foreign Investment Negative List.

The Philippines

Latest Developments

FBIC's take

Policy & Regulations

On 27 June 2022, the Philippine government issued the Executive Order (EO) no. 175 to promulgate the 12th Regular Foreign Investment Negative List (RFINL). The 12th RFINL replaced the 11th RFINL approved in 2018. The crafting of the RFINL is required under the Foreign Investments Act of 1991. A RFINL enumerates the areas or activities open to foreign investors and those that are reserved only to Filipino nationals.

- The 12th RFINL is aligned with the amendments to the PSA, the RTLA, and the FIA newly passed since 2021, as part of the Philippine government's initiatives to attract foreign investors by easing barriers and restrictions. Specifically,
 - It reflects the full foreign ownership liberalization for telecommunications, domestic shipping, railways and subways, and air transport as provided under the amendments to the PSA.
 - It incorporates the amendments to the RTLA, which reduces the minimum paid-up capital requirements for foreign retail enterprises from US\$2.5 million to about US\$500,000.
 - It also reflected the amendments to the FIA which allows for a lower minimum paid up capital of US\$100,000 for non-Philippine nationals if the enterprise involves advanced technology as determined by the Department of Science and Technology; or is endorsed as a startup by the lead host agencies pursuant to the Innovative Startup Act; or employs no less than 15 Filipino employees.

Thailand

Fast facts



GDP (Apr–Jun 2022)
+2.5% yoy ▲



Manufacturing PMI (Aug 2022)
53.7 ▲



CPI (Aug 2022)
+7.9% yoy



Merchandise exports (Jul 2022)
+4.3% yoy ▼



Textiles and apparel
+7.1% yoy ▼



Furniture
-6.1% yoy ▼



Footwear
+24.1% yoy ▲



Exchange rate (USD: THB, as of 31 Aug 2022)
36.479 (8.5% 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: Positive

Thailand's gross domestic product increased by 2.5% yoy in the second quarter of 2022, following a rise of 2.2% yoy in the first quarter. Manufacturing sector expanded for the seventh straight month in July, according to the latest S&P Global PMI data. Exports has maintained robust growth with an increase rate of 12.7% yoy in the first half of the year.

It is expected that a recovering tourism industry and the world's booming demand for Thai food will support Thailand's continuous economic growth in the second half of the year. The Bank of Thailand in June predicted that the economy will grow 3.3% this year, but later said the growth could beat its forecast due to better-than-expected tourism and set to review its forecasts at the next rate meeting on 28 September.

Thailand

Latest Developments

FBIC's take

Macroeconomic Trends

Thai exports increased by 12.7% yoy to US\$149.2 billion in the first half of 2022. In July 2022, exports increased by 4.3% yoy to US\$23.63 billion.

In the first half of 2022, the US is Thailand's biggest export market, accounting for 16.1% of Thailand's total export value, followed by China (12.4% of total export value), Japan (8.5%), Vietnam (4.5%), and Malaysia (4.3%). Key export products during the period included agro-manufacturing products (US\$20.6 billion, 13.8% of total export value), automotive (US\$20.1 billion, 13.5%), electronics (US\$17.0 billion, 11.4%), electrical appliances (US\$13.5 billion, 9.0%), and chemicals & petro-chemical products (US\$13.4 billion, 9.0%).

In the first half of 2022, Thailand's Board of Investment (BoI) has received applications for 395 foreign investment projects with a total investment value of 130.1 billion baht (about US\$3.7 billion). Comparing with the same period last year, the number of projects increased by 3%, but the value was down by 53%.

The foreign direct investments (FDI) pledged during the period were mainly in the metal products and machinery sector (51.7 billion baht), electrical appliances and electronics sector (22.0 billion baht), and the agriculture and food processing sector (18.5 billion baht).

The top five foreign investors applying for investment during this period were Taiwan, (38.6 billion baht, 19 projects), Japan (16.9 billion baht, 97 projects), the Chinese Mainland (15.5 billion baht, 45 projects), the US (11.3 billion baht, 17 projects) and Singapore (8.7 billion baht, 77 projects).

- Thailand's exports achieved a robust growth in the first half of this year, boosted by rising global demand for Thai food, higher food prices and the baht's weakness.
- In the second half of the year, however, Thai export growth is likely to be restrained by the slow down in the global economy.

- The year-on-year decline in the value of FDI pledges reflects the worries of foreign investors over the slow down of the global economy; it is also due to a high comparison base last year: In 2021, the value of FDI applications submitted to the BoI of Thailand was over 1.5 times that in 2020.
- Taiwan became the top investor of Thailand in the first half of 2022, which is largely due to its investment in a 36.1 billion baht (about US\$1 billion) joint venture to produce batteries for electric vehicles (EV) in Thailand.
- The EV industry is one of Thailand's fast-growing sectors. According to Duangjai Asawachintachit, the BoI's secretary-general, EV applications contributed to placing the automotive sector on top in terms of investment value in the first half of 2022, with a combined (domestic and foreign) investment of 42.4 billion baht, up by 212% yoy.

Thailand

FTAs, Trade Preferences and Investment Agreements

Latest Developments

On 28-30 June 2022, Thailand hosted the first round of free-trade agreement (FTA) negotiations with the European Free Trade Association (Efta) in Bangkok.

During the meetings, the two parties agreed to discuss 16 topics: trade in goods, rules of origin and customs cooperation, trade facilitation, trade remedy measures, sanitary and phytosanitary measures, technical trade barriers, trade in services, investment, e-commerce, intellectual property, competition, government procurement, trade and sustainable development, technical cooperation and capacity building, general provisions, final and institutional arrangement and dispute settlement.

Thailand has proposed setting a target to conclude the negotiations within two years.

The Efta will host the next round of bilateral meetings from 31 October to 4 November 2022 in Geneva, Switzerland.

FBIIC's take

- Efta comprises Iceland, Liechtenstein, Norway and Switzerland. It is Thailand's 17th largest trade partner.
- In 2021, Thailand-Efta trade volume stood at US\$7.5 billion, representing 1.4% of Thailand's total trade. Thai Commerce Minister Jurin Laksanawisit said that the agreement, once implemented, is expected to double the bilateral trade value.
- At present, Thailand has 14 FTAs with 18 countries, including the Regional Comprehensive Economic Partnership, which came into force earlier this year.

Vietnam

Fast facts



GDP (Apr-Jun 2022)
+7.7% yoy ▲



Manufacturing PMI (Aug 2022)
52.7 ▲



CPI (Aug 2022)
+2.89% yoy



Merchandise exports (Aug 2022)
+28.2% yoy ▲



Textiles and garments
+50.8% yoy ▲



Toys and sports goods
+70.4% yoy ▲



Wood and wooden products
+73.9% yoy ▲



Footwear
+174.3% yoy ▲



Exchange rate (USD: VND, as of 31 Aug 2022)
23,219 (0.319% depreciation 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

As Vietnam becomes an attractive destination for foreign investment and supply chain relocation amid the disruptions from COVID outbreaks in China and the prolonged China-US trade conflicts, a recovery of Vietnam's economy is observed. Vietnam's GDP growth was 7.7% in the second quarter of 2022, the highest rate for the same quarter since 2011. The index of industrial production also rose by 9.4% yoy in the first eight months of this year.

In August, the S&P Global Vietnam Manufacturing Purchasing Managers' Index (PMI) picked up to 52.7, remaining in the growth territory for eleven months in a row. However, Vietnam still faces many challenges, such as high fuel prices and supply chain disruptions, and inflation could be one of the biggest obstacles to the post-COVID recovery of Vietnam.

Vietnam

Latest Developments

FBI C's take

Macroeconomic Trends

During the first seven months of 2022, Vietnam's exports reached US\$216.4 billion, up by 16.1% yoy. There was a trade surplus of US\$764 million in January-July this year, compared to a trade deficit of US\$3.3 billion in the same period of last year.

- The US, the largest market of Vietnam's exports, began to show some warning signs of lower domestic spending and weaker apparel demand. Some US importers/retailers may reduce or cancel orders to clear unsold inventories. According to Vinatex, a large-scale textile and garment corporation in Vietnam, the import demand from the US for textile and garment is likely to drop by 7-10% in the second half of 2022.
- Besides, the US ban on Xinjiang cotton, officially effective on 21 June, has disrupted Vietnam's supply chain of textile and garment. The ban poses a barrier for Vietnam's goods using Xinjiang cotton exporting to the US market. Manufacturers in Vietnam therefore have to source for alternatives and bear a potentially higher raw material cost.

Industry development

In the first six months of 2022, Vietnam's exports of smartphones and parts reached US\$29.2 billion, up by 16.4% yoy.

During the same period, the US has surpassed China to become the largest buyer of smartphones and parts from Vietnam with an import value of US\$6.6 billion, up nearly 54% yoy. The exports of smartphones and parts from Vietnam to China were US\$6.5 billion, up by 17% yoy; and to the EU, US\$3.3 billion, down by 7.7% yoy.

- Vietnam attracts many manufacturers who relocated their supply chains from China, as Vietnam enjoys free or preferential market access granted by the many free trade agreements and preferential trade pacts the country participated in.
 - Apple and Samsung have relocated part of their assembly lines from China to Vietnam to reduce their dependence on a single country.
 - China's Xiaomi has also moved part of its production to Vietnam, as the company strives to meet the increasing domestic demand for smartphones and respond faster to the demand from the Southeast Asia markets, including Malaysia and Thailand.
 - Google is considering producing smartphones in Vietnam to avoid risks posed by the China-US trade tensions and China's COVID-19 lockdowns.
- However, it is noteworthy that the rapid growth of production facilities in Vietnam has reached a bottleneck with diminishing advantages in land and labour costs. Moreover, the Vietnamese factories are mainly engaged in low value-added assembling processes, and over half of orders come from China.

Vietnam

Latest Developments

FBIIC's take

Industry development

According to the Business Registration Management Department under the Ministry of Planning and Investment, the newly established firms in Vietnam were 89,407 in January-July this year, up by 17.9% yoy.

During the same period, the total number of new firms and companies resuming operations exceeded 130,000 for the first time, up by 26.8% yoy and 1.4 times higher than that of enterprises dropping out of the markets.

- Most of the new firms were in the service industry, accounting for 73.5% of the total number of newly established enterprises, up by 21.7% yoy, followed by the industry and construction sectors, accounting for 25.1% of the total, up by 9.3% yoy.
- Along with the domestic economic recovery in Vietnam, there were 13,174 newly established enterprises in July, up by 50.7% yoy, while the registered capital of the newly established enterprises only increased by 1% yoy to around 124 trillion Vietnamese dong.
- Despite the surge in the number of new firms, businesses in Vietnam still face huge challenges, including high production costs and supply chain disruption, amid the prolonged COVID-19 pandemic. In the first seven months of 2022, over 94,500 enterprises dropped out of the market, with a year-on-year increase of 18.7%. Among them, more than 56,000 businesses temporarily suspended operations, around 28,200 were in the dissolution process, and nearly 10,300 completed dissolution procedures.

Infrastructure

Ho Chi Minh City has halved the port infrastructure fees for inland waterways, effective from 1 August. The 50% fee reduction applies to the re-export goods, or the transiting/transshipping goods temporarily stored in bonded warehouses.

The new fee is 50,000 Vietnamese dong (around US\$2.2) per tonne for liquid and bulk cargo, 2.2 million Vietnamese dong (around US\$94.5) for a 20-foot container, and 4.4 million Vietnamese dong (around US\$189) for a 40-foot container.

- The new charging scheme, part of the economic recovery programme of Ho Chi Minh City, aims to ease operation challenges facing the enterprises, such as rising fuel prices.
- The fee reduction also targets at increasing the use of waterways and reducing pressure on road transport.

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