



Highlights from this week's economic and fiscal developments in ASEAN member states and abroad:

- Cambodia Rice Federation argues case with EU
- China's economic advisors recommend downward growth revision for 2019
- Fed raises rates, but market lowers expectations for hikes in 2019

FACT Sheet is a weekly newsletter that tracks the latest economic and fiscal developments in Cambodia and its trading partners. It is produced by the Fiscal Analysis Capacity Training (FACT) department of the Parliamentary Institute of Cambodia to practice research and drafting skills. Every effort is made to ensure that the analysis and insight is of high quality; however, readers should treat it as a training exercise. We cannot guarantee that it is free from error or omission.

Cambodia news and data

Cambodia Rice Federation argues case with EU

The Cambodia Rice Federation (CRF) has urged the EU to revise its rice tariff proposals (the so-called 'safeguard clause') as it could harm Cambodia's rice industry, as reported by the [Phnom Penh Post](#).

Under the safeguard clause enshrined in the Treaty of Rome that established the EU, when imports from a third country threaten the trade balance of an EU Member State, it can ask the European Commission to introduce trade barriers. Italy and Spain have asked for the safeguard clause to be applied against Cambodia and Myanmar. If the first draft of the EU's safeguard clause passes, customs duties will be imposed at €175 (\$198) per tonne of rice in the first year, €150 in the second year, and €125 the year after. The EU has not yet made a final decision on whether they will apply the safeguard clause.

Song Saran, CEO of Amru Rice, one of Cambodia's biggest rice exporters, claims that the slowdown in Italy's and Spain's rice industry, which originally trig-

gered the tariff review, is not caused directly by Cambodia, as 75 percent of Cambodian rice exports to the EU is fragrant rice, which is not able to grow in their countries.

Table of the week: Budget Implementation for 2018

This week's table shows the implementation of Cambodia's budget over the first 10 months of 2018, compared to the goal set in budget law 2018.

Budget outcomes are largely positive, thanks in part to public financial management reforms aimed at improving and enhancing the efficiency and effectiveness of mobilizing revenue and controlling spending.

As of October, the current balance is a surplus of 4,587 billion riel, which is 204.6% higher than the current surplus expected in budget law 2018. Although the final months of spending are the most significant, all signs point to year-end results that exceed expectations.

Budget Implementation in brief for the first ten months of 2018

Description	Budget Law 2018 (billion Riel)	Actual (Jan-Oct) (billion Riel)	Actual/BL2018
I. Domestic Revenue	17,640.20	15,656.30	88.75%
<i>1. Current revenue</i>	17,460.01	15,526.01	88.92%
Tax revenue	15,075.56	13,734.45	91.10%
Non-tax revenue	2,384.44	1,791.55	75.14%
<i>2. Capital revenue</i>	180.19	130.29	72.31%
II. Total Expenditure	22,690.91	14,817.49	65.30%
<i>1. Current expenditure</i>	15,218.17	10,939.15	71.88%
Wages and salaries	7,914.92	6,372.24	80.51%
Non-wages and salaries	7,303.24	4,566.91	62.53%
<i>2. Capital expenditure</i>	7,472.74	3,878.34	51.90%
Domestic financing	2,925.80	2,193.70	74.98%
External assistance	4,546.94	1,684.64	37.05%
Current Balance I.1-II.1	2,241.84	4,586.86	204.60%
III. Financing	5,050.71	(838.81)	-16.61%
<i>1. External financing</i>	4,059.55	1,248.11	30.75%
Budget support	250.00	212.41	84.96%
Project aids	4,546.94	1,650.04	36.29%
<i>2. Domestic financing</i>	-	155.90	

Source: [State Budget Implementation Report](#), MoEF

ASEAN and other trading partners news and data

China's economic advisors recommend downward growth revision for 2019

As China's top policymakers meet for their annual economic conference, government advisors and think tanks have recommended that expectations for economic growth in 2019 be revised to a target range of 6.0-6.5 percent for 2019, versus 6.5 in 2018. The expected slowdown comes from the evolving trade dispute with the U.S. ([Reuters](#)).

U.S. economy and Federal Reserve

Fed raises rates, but market lowers expectations for hikes in 2019

The [U.S. Federal Reserve](#) raised interest rates this week to a range of 2.25 to 2.50 percent; however, investors interpreted its policy statement to be more reserved for the potential for hikes next year. Be-

tween that and the President's statements reprimanding the Fed for its aggressive policy stance, the future market shows traders are currently betting that the Fed won't raise rates at all next year.

The week ahead

As most of the world's statistical agencies break for Christmas, it's Asia's and ASEAN members' time to shine. This week's data includes inflation and GDP in Vietnam, unemployment in Thailand, budget data in the Philippines, and balance of trade data in Brunei.

Below is the complete calendar of data release and developments that the FACT team will be following next week:

Monday 24 December 2018

- Malaysia leading index for October
- Singapore inflation rate for November
- Taiwan retail sales for November
- U.S. 3-month and 6-month bill auctions

Tuesday 25 December 2018

- Thailand industrial production for November
- Japan leading economic index for October

Wednesday 26 December 2018

- Bank of Japan monetary policy meeting minutes
- Vietnam FDI for November
- Thailand unemployment rate for November
- Singapore industrial production for November

Thursday 27 December 2018

- South Korea consumer confidence for December
- China industrial profits for November
- Hong Kong balance of trade for November
- Japan housing starts for November
- Philippines budget balance
- U.S. initial jobless claims 22/December
- U.S. CB consumer confidence for December
- U.S. new home sale for November

Friday 28 December 2018

- South Korea business confidence for December
- South Korea industrial production for November
- Japan Tokyo CPI inflation for December
- Japan unemployment rate for November
- Japan industrial production for November
- Vietnam tourist arrivals for December
- Vietnam GDP growth rate for December
- Thailand current account for November
- Brunei balance of trade for October
- Vietnam foreign direct investment for December