



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

- Cambodia should look to solar energy over hydropower for faster response to shortfalls
- Taiwan’s balance of payments surplus falls in the first quarter of 2019
- U.S. Fed Chairman says private debt risk is ‘moderate’

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 should look to solar energy over hydropower for faster response to shortfalls

As Cambodia confronts frequent power shortages, the country should [look to increase solar energy](#) ahead of expanding hydroelectric facilities, suggests the Solar Energy Association of Cambodia.

The chairman of the association, Sokun Sum, said that the time required to build solar energy installations is shorter than for hydropower dams. Five 60MW solar farms can be built within seven months, while one hydroelectric dam might take five years. Sum added that although solar energy is expensive and requires large plots of land, returns on investment are high.

Cambodia imports energy from neighboring countries such as Vietnam, Laos and Thailand for about 15% of total consumption, which will grow to 21% by the end of 2019 as demand rises.

A \$12.5 million solar farm with 10MW capacity was recently completed in Svay Rieng province. Two new 60MW plants have been approved in Pursat and Kompong Chhang provinces, and a 20 MW expansion

of an existing 60MW plant in Kampong Speu is underway.

Table of the week: Cambodia’s main exports and EU tariff rates

Cambodia’s key exports to the EU include garments, footwear, bicycles and milled rice. Based on estimated figures for the first 11 months of 2018, the export values of these products amounted to \$5,436 million, with garment, footwear, bicycles and milled rice accounting for 77.4%, 13.4%, 6.1% and 3.1% respectively. Under the EU’s tariff regime, garments, footwear, and bicycle products are subject to 12 percent, 16 percent and 10 percent import tariffs, respectively. The EU has recently imposed a new tariff schedule on Cambodia’s milled rice that reaches 26.2%.

Main exported products	Value (USD million)	Share (%)	EU tariff rates
Garment	4206.3	77.37%	12.0%
Footwear	729.2	13.41%	16.0%
Bicycle	331.7	6.10%	10.0%
Milled rice	169.6	3.12%	26.2%

Source: [Cambodia Economic Update, May 2019](#)

ASEAN and regional news and data

Taiwan's balance of payments surplus falls in the first quarter of 2019

According to a press release from the [Central Bank of the Republic of China \(Taiwan\)](#), Taiwan's current account surplus in the first quarter of 2019 amounted to \$17.1 billion, a fall of \$5.1 billion compared to the same quarter last year.

The main contributions to the decline included a decline in goods traded to \$12.4 billion from \$16.43 billion a year earlier, and a fall in the primary income surplus to \$6.2 billion from \$7.8 billion. The secondary income and service account deficit narrowed to \$0.8 billion and \$0.76 billion, respectively.

Global economy

U.S. Fed Chairman says private debt risk is 'moderate'

Private sector debt in the U.S. is growing and presents a moderate risk to the world's largest economy, [according to](#) Federal Reserve chairman Jerome Powell.

Although corporate debt does not yet threaten the stability of the financial system, it could harm households and businesses if investors pull back or if the economy deteriorates further, Powell said.

Economists warn that after years of economic growth and low interest rates, U.S. companies have much higher liabilities compared to earnings than in the past. If interest rates increase or the economy slows down, companies may not be able to meet their obligations. Nevertheless, after the financial crisis banks have put in place adequate precautions to handle losses, according to Powell.

The Fed's latest report on financial stability similarly warned that a large appetite for risk had kept stock prices relative to expected earnings above the average over the last 30 years. In addition, the International Monetary Fund also cautioned recently that high debt levels pose a danger to the international economy.

The week ahead

Data and economic highlights in the coming week include the release of industrial production in China, Thailand and South Korea. South Korea's central bank will also announce an interest rate decision.

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

Monday, 27 May

- China industrial production for April
- Hong Kong balance of trade for April

Tuesday, 28 May

- South Korea consumer confidence for May
- Taiwan consumer confidence for May
- Thailand industrial production for April
- U.S house price index for March

Wednesday, 29 May

- South Korean business confidence for May
- Vietnam balance of trade for May
- Vietnam inflation rate for May
- Singapore export/import prices for April

Thursday, 30 May

- Malaysia producers price index for April
- Philippines retail price index for April
- Thailand unemployment rate for April

Friday, 31 May

- South Korean industrial production for April
- South Korea interest rate decision
- Japan Tokyo CPI for May
- Japan industrial production for April
- Japan unemployment rate for April
- Singapore bank lending for April
- Thailand retail sales for May
- Hong Kong retail sales for May