



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

- Cambodia adopts minimum wage law for industrial sector
- China announces policy to boost imports
- U.S. inflation accelerates

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

Cambodian parliament adopts minimum wage law for industrial sector

The Cambodian National Assembly last [Thursday](#) passed a draft minimum wage law, raising the minimum wage for industrial workers.

Labour Minister Ith Samheng said that the law already covers 780,000 employees in the garment and footwear sectors, but that this law will extend a similar minimum wage (currently \$170 per month) to workers in other industries.

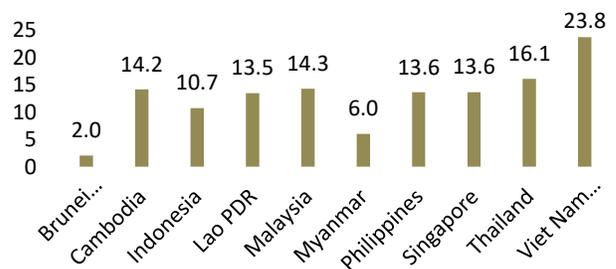
The wages in other sectors will be set by a National Minimum Wage Council, which will consider economic growth and the cost of living in making its adjustments.

Chart of the week: ASEAN tax burden

The United Nations Development Programme suggests that developing countries raise tax revenues to a minimum of 20 per cent of GDP if they are to achieve the Millennium Development Goals.

Vietnam is the only country among ASEAN member states to have achieved that ratio. In 2015, Cambodia collected tax revenues equal to roughly 15 per cent of GDP, although the share is rapidly growing.

Tax revenue in ASEAN Countries 2015 (% of GDP)



Source: World Bank Data 2018, IMF 2016, and General Statistics Office of Viet Nam 2015.

ASEAN and other trading partners news and data

China announces policy to boost imports

At a [recent executive meeting](#) of the State Council on 13th June, China decided to introduce a number of incentives to boost imports to meet rising consumer demand.

Among the measures will be lower import tariffs on automobiles and daily consumption goods, cutting red tape, simplifying customs clearance procedures, and introducing more flexible policies on duty-free shops. The government will also promote Authorized Economic Operator recognition with other countries.

Premier Li Keqiang said in a statement that this policy move “demonstrates China’s commitment to a new round of high-standard opening-up, to economic restructuring, and to economic transformation and high-quality development.”

U.S. economy and Federal Reserve

U.S. inflation accelerates

The Bureau of Labor Statistics this week published [data](#) showing that U.S. prices in May rose at the fastest pace in more than six years (0.2 per cent from a month earlier and 2.8 per cent from a year earlier). The data reinforces expectations that the Federal Reserve will steadily raise interest rates in the coming quarters.

The higher level of inflation erodes U.S. wage growth, which remains subdued despite the lowest unemployment rate in 18 years.

The week ahead

It is an important week for monetary policy in the region, with interest rate announcements in Thailand, Philippines, and Taiwan. Further, monetary policy meeting minutes will be published from the Bank of Japan, and inflation data will be released from Malaysia, Hong Kong, and Japan.

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

Monday, 18 June

- South Korea export and import prices for May
- Japan balance of trade for May
- U.S. National Association of Home Builders (NAHB) housing market index for June
- Singapore balance of trade for May
- Brunei balance of trade for May

Tuesday, 19 June

- U.S. 4-week and 52-week bill auction
- Hong Kong unemployment rate for May

Wednesday, 20 June

- Bank of Japan (BoJ) monetary policy meeting minutes
- Indonesia balance of trade for May
- Japan all industry activities index for April
- Thailand interest rate decision
- Indonesia car sales for May
- Malaysia inflation rate for May

Thursday, 21 June

- South Korea producer price index (PPI) for May
- Japan stock investment by foreigners in June
- U.S. House Price Index for April
- Philippines interest rate decision
- Taiwan interest rate decision
- Hong Kong inflation rate for May
- Thailand balance of trade for May

Friday, 22 June

- Japan inflation for May
- Taiwan unemployment for May
- Hong Kong Current account for 2018Q1
- U.S. Markit manufacturing PMI and Markit services PMI for June