



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

- Cambodia scores significant improvements in Open Budget Survey 2017
- Thailand's GDP comes in lower than expected
- Fed minutes confirm rate hikes ahead

*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

#### Open Budget Survey 2017 report released

[The International Budget Partnership](#) released its biennial Open Budget Survey for 2017 earlier this week ([pdf](#)). Launched in 2006, the survey is an independent comparative assessment of three pillars of public budget accountability: transparency, oversight and public participation.

The survey reported several improvements in Cambodia's budget process, with a score of 20 out of 100, up from 8 in 2015. Cambodia's results were ahead of Myanmar, China and Vietnam, which scored 7, 13 and 15, respectively. Despite these improvements, Cambodia's score remains below the global average of 42.

The improvement was attributed to the government's financial management reform initiatives, supported by development funding from the European Union and Swedish (SIDA). The report noted that further improvements in budget trans-

parency could be achieved by establishing an independent fiscal institution.

#### Senate approves the draft law on Trade Promotion and Facilitation for the Cambodia-Laos-Vietnam Development Triangle Area

On 21 February 2018, the Senate of Cambodia approved the draft law on Trade Promotion and Facilitation for the Cambodia-Laos-Vietnam Development Triangle Area. The draft law was approved with 45 votes out of the total of 61 senators. The agreement had previously been approved by the National Assembly on 14 February 2018 in an extraordinary session.

The law aims to enhance the development of the triangle area, with the ultimate goals of reducing poverty and socioeconomic disparities, improving people's living conditions, and strengthening cooperation between the three countries.

It intends to do so by promoting trade activities, enhancing business environments, facilitating

mobility of citizens, vehicles and goods among three countries, and making conditions more favourable for trade and investment flows

The news was published on the Ministry of Commerce official site ([link](#)).

### Government of Japan extends grant aid

The Japanese government has provided an extension of grant aid of up to \$7 million to the Royal Government of Cambodia for the purpose of implementing the Economic and Social Development Programme, according to a press release from the [Ministry of Foreign Affairs and International Cooperation](#).

The programme includes the provision of ballot boxes and other equipment to the National Election Committee (NEC) for the upcoming general election to be held in July 2018 ([press release](#)).

## ASEAN and other trading partners news and data

### Thailand's GDP comes in lower than expected

Thailand's economy grew 4.0 per cent in the fourth quarter of 2017, according to the Office of the National Economic and Social Development Board ([link](#)). Growth fell from 4.3 per cent in the previous quarter and below market consensus of 4.4 per cent.

The slowdown was a result of weak government spending and capital expenditure, which grew a mere 0.2 per cent and 0.3 per cent, respectively, compared to 1.8 per cent and 1.2 per cent in the third quarter.

The Office of National Economic and Social Development Board (NESDB) maintained its economic growth forecast for 2018 at 3.6 to 4.6 per cent.

## U.S. economy and Federal Reserve

### Stronger outlook points to rate hikes ahead

According to the minutes released this week from the Federal Reserve's latest meeting ([pdf](#)), the rate of economic growth and labor market conditions are expected to exceed the [FOMC's](#) projection at the previous meeting in December.

Higher economic growth and the uptick in inflation were seen by the committee as justification to continue to raise federal rates gradually. They hinted at a commitment to a gradual approach to raising the target range in order to sustain the economic expansion and balance the risks to the outlook for inflation and unemployment.

The market expects the Fed to approve a quarter-point increase at its next meeting in March, resulting in a target range of 1.5 percent to 1.75 percent. Officials indicated that they may have underestimated the effects that the tax cuts passed in December but acknowledge considerable uncertainty in estimates of the impact on spending and growth going forward.

### The week ahead

Unemployment and inflation are the theme of next week's data releases. We should receive a firm picture of the latest employment situation in Taiwan, Thailand, Japan and the U.S., and the latest inflation statistics for Vietnam, Malaysia, the Euro area, Indonesia, and Thailand.

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

#### Monday, 26 February

- Singapore industrial production for January
- Taiwan unemployment rate for January

Tuesday, 27 February

- South Korea interest rate decision
- Hong Kong balance of trade for January
- Euro Area consumer and business confidence for February
- US goods trade balance for January

Wednesday, 28 February

- Vietnam balance of trade and inflation for February
- Thailand current account and unemployment for January
- Malaysia inflation for January
- Euro Area inflation for February
- US GDP growth for second quarter, second estimate

Thursday, 1 March

- South Korea balance of trade for February
- Indonesia inflation for February
- Thailand Inflation for February

Friday, 2 March

- Japan unemployment for January
- Philippines budget balance for December 2017
- Euro Area producer price index for January