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

- Cambodia weighs tax hike on used cars
- China fights back with tariffs in U.S. trade war
- U.S. trade deficit widens in February

*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 weighs tax hike on used cars

Cambodia is considering higher taxes on second-hand cars made before 2000, according to [recent comments](#) by Mr. Kun Nhem, Director-General of the General Department of Customs and Excise. The move would be designed to encourage the purchase of newer cars, for reasons of the environment and safety.

Mr. Nhem mentioned that new car imports were approximately 15 per cent of total imports of 6,000 cars per month. He added that the Cambodian government is also offering a 50 per cent tax cut for manufacturers that assemble vehicles in Cambodia, in a move to build a domestic auto industry.

#### CDC announces 35 investment projects

The Council for the Development of Cambodia (CDC) announced that it has issued certificates for 35 investment projects over January to the end of March, with capital totaling \$444 million. The pro-

jects are expected to create more than 30,335 jobs.

The 35 investment projects include nine projects in the textile, footwear, and garment industries, two projects for luggage producers, one project in the tobacco industry, one project related to automobile assembly, two projects for rice mills and processing plants, and other projects such as factories producing wire, candy and cake, fertilizer, and insecticide (announcements are available on the CDC's Facebook [site](#)).

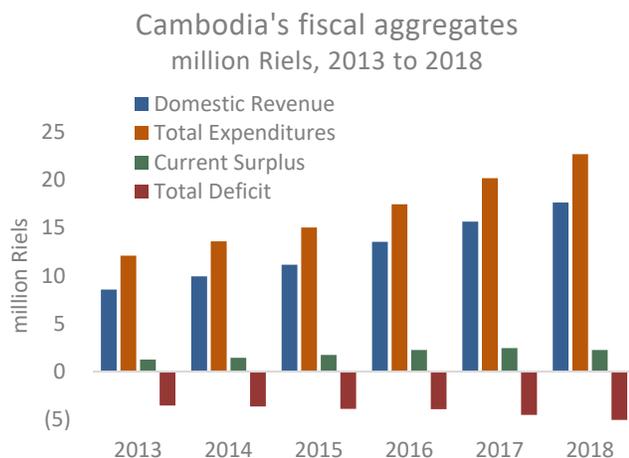
#### Chart of the week:

##### Cambodia's fiscal aggregates

This week's figure shows Cambodia's operating budget surplus and total budget deficit over 2013 to 2018, along with domestic revenues and expenditures. The government had sufficient revenues to cover its current (non-capital) expenditure over the period, resulting in an operating surplus of one trillion Riels from 2013 to 2015, increasing to more than two trillion Riels for 2016, 2017 and the forecast for 2018. However, after including spending on capital investment, the total budget

balance had deficits of more than three trillion Riels per year over 2013 to 2016, reaching more than four trillion Riels in 2017, and is expected to be over five trillion Riels in 2018.

#### Chart of the week: Cambodia's fiscal aggregates



Source: Ministry of Economy and Finance and FACT calculations

## ASEAN and other trading partners news and data

### China fights back with tariffs in trade war

China has retaliated against tariffs that the U.S. imposed on aluminum and steel by [announcing](#) an increase in tariffs by up to 25 percent on 128 U.S. products. The tariffs come into force on Monday April 2.

The Ministry of Commerce also said it was suspending its plan through the World Trade Organization to reduce tariffs on 120 U.S. goods, including fruit and ethanol. The tariffs on those products will instead be raised by an extra 15 per cent.

Escalating trade tensions could lead to new Chinese trade dynamics for ASEAN member states.

## U.S. economy and Federal Reserve

### U.S. trade deficit widens in February

The Bureau of Economic Analysis this week [announced](#) that the U.S. trade deficit widened to \$57.6 billion in February, up from a revised \$56.7 billion in the previous month and higher than expectations of \$56.9 billion. It is the biggest trade deficit since October 2008.

Trade deficits narrowed with China and Canada but increased with Mexico.

### The week ahead

Data highlights in the coming week include Singapore's GDP for the first quarter of 2018 and inflation in China and the U.S.

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

#### Monday, 9 April

- Thailand, Hong Kong, and Singapore foreign exchange reserves for March
- Taiwan balance of trade for March
- Japan consumer confidence for March

#### Tuesday, 10 April

- Philippines balance of trade for February
- Taiwan inflation rate and wholesale prices for March

#### Wednesday, 11 April

- South Korea unemployment rate for March
- Japan bank lending for March
- China inflation rate for March
- Malaysia industrial production for February
- U.S. inflation rate for March

#### Thursday, 12 April

- Japan stock investment by foreigners for April
- South Korea interest rate decision
- China money supply for March

#### Friday, 13 April

- Singapore monetary policy decision
- Singapore GDP for 2018Q1, advanced estimate
- South Korea import and export prices for March