



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

- Cambodia transfers \$129 million to local governments in devolution move
- China’s foreign exchange reserves jump in June
- U.S. and China trade war escalates yet again

*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

#### Government transfers \$129 million to local governments in devolution move

The Cambodia government [has transferred](#) \$129 million from the national budget to the budgets of commune councils and village officials to cover operating costs and promote local development.

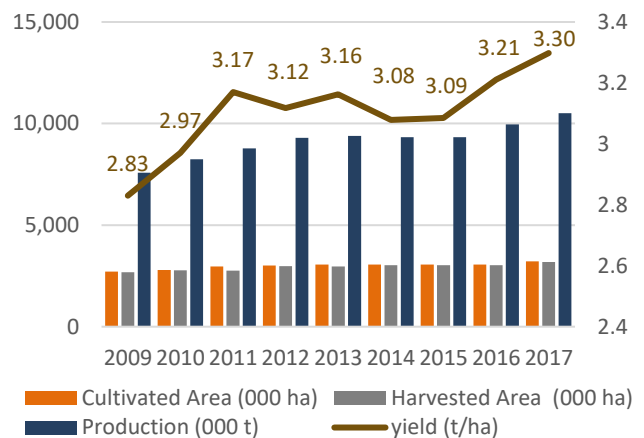
Article 4 of the sub-decree signed by the Prime Minister on 11 April provides that similar transfers be made over the next five years as a rising proportion of government revenues. This schedule starts at 3.0 per cent of national revenues for 2018 and rises to 3.4 per cent by 2023.

#### Chart of the week: Total Rice Production 2009-2017

The figure below gives several rice indicators for Cambodia from 2009 to 2017, according to the [Annual Report for Agriculture Forestry and Fisheries](#). All four indicators (cultivated area, harvested area, production, and yield) have climbed significantly. Rice production increased by (4.2 per cent) on average over the period. At the same time, cultivated

areas increased 2.1 per cent, harvested area increased 2.2 per cent, and rice yield increased 1.9 per cent. Rice production in Cambodia receives considerable support from the Royal Government of Cambodia.

Chart of the week: total rice production 2009-2017



Source: Ministry of Agriculture, Forestry and Fisheries

## ASEAN and other trading partners news and data

### China's foreign exchange reserves jump in June

China's foreign exchange reserves jumped by \$1.5 billion in June to \$3.1 trillion. The move shocked markets, which were expecting a \$10.6 billion decline following a heavy drop in May of \$14.2 billion. The increase was due to changes in asset prices, [according to](#) the State Administration of Foreign Exchange (SAFE).

Currency and equity markets in China have been at risk since ahead of last Friday, when the U.S. started imposing tariffs worth \$34 billion on Chinese goods. China has retaliated with tariffs of U.S. goods of the same value.

## U.S. economy and Federal Reserve

### Trade war escalates yet again

The U.S. [has threatened](#) to escalate the trade war yet again, imposing 10 per cent tariffs on \$200 billion of Chinese goods. While China has not decided on a formal response, they [have indicated](#) that they will once again respond with tariffs of their own.

China has repeatedly called the U.S. a trade "bully" and will lodge a complaint with the World Trade Organisation.

## The week ahead

Highlights next week include a data dump by China on Monday and inflation data from Brunei, Malaysia, and Japan.

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

### Monday, 16 July

- China GDP for 2018Q2
- China industrial production for June
- China retail sales for June
- Indonesia balance of trade for June
- Malaysia unemployment rate for May
- Indonesia motorbike sales for June

### Tuesday, 17 July

- Singapore non-oil exports for June
- China house price index for June
- Indonesia car sales for June
- Brunei balance of trade for April
- Brunei inflation rate for May

### Wednesday, 18 July

- Malaysia inflation rate for June

### Thursday, 19 July

- Japan balance of trade for June
- Hong Kong unemployment for June
- Indonesia interest rate decision
- Brunei GDP for 20181

### Friday, 20 July

- South Korea producers' price index for June
- Japan inflation for June
- Thailand balance of trade for June
- Taiwan export orders for June