



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

- Cambodia has third lowest corporate tax rate in Southeast Asia
- Inflation weakens in Southeast Asia’s two biggest economies
- WTO cuts global trade outlook to 1.2% for 2019

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 has third lowest corporate tax rate in Southeast Asia

Corporate tax rates in Cambodia are the third lowest in the region at 20%, behind only Brunei (18.5%) and Singapore (17%), reports the [Khmer Times](#) using data compiled by [Trading Economics](#).

Cambodia’s tax rates are similar to those in Thailand and Vietnam, its closest competitors, in a bid to attract investment. The Philippines’s corporate tax rate is the highest in the region at 30%, followed by Indonesia and Myanmar at 25%, and Malaysia at 24%.

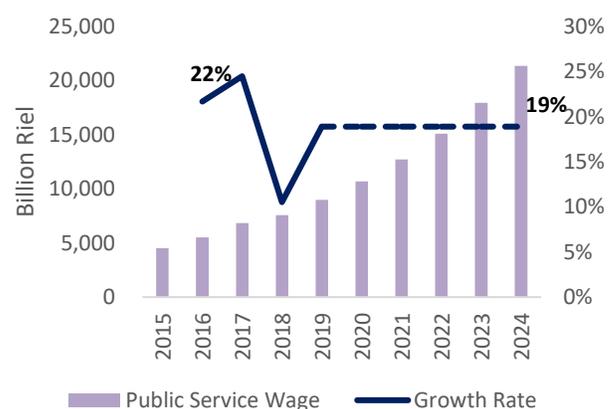
It should be noted, however, that these are statutory rates and say nothing of the effective rates that corporations actually pay (after adjusting for tax and investment incentives).

Chart of the week: public service wage expenditure

According to Budget Law implementation results, the growth of public service wages for both civilian and defense has been growing over recent history at an average rate of 19 percent. This week’s chart shows

that the growth rate in 2018 is estimated to have fallen to 14 percent from 24 percent in 2017. If the average growth rate of 19% is used to project wage expenditure over the next six years, spending would be expected to more than double from 8,985 billion riels in 2019 to 21,327 billion riels in 2024.

Chart of the week: Public service wages projected at recent average growth rate



Source: Budget Implementation Law 2015 to 2017 and ToEF in 2018 (MoEF)

ASEAN and other trading partners news and data

Inflation weakens in Southeast Asia's two biggest economies

Inflation weakened in Indonesia and Thailand in September, providing monetary authorities in Southeast Asia's two biggest economies with room to keep lowering interest rates to protect their economies from economic decline ([Bloomberg](#)).

Price growth in Indonesia decreased from 3.5% in August to 3.4% in September, lower than the median estimate of Bloomberg's economist survey of 3.52%.

Thailand's inflation slowed from 0.5% in August to 0.3% in September, falling short of the median forecast of 0.41%.

Central banks in Thailand and Indonesia have recently decreased interest rates amid U.S.-China trade tensions and slow global economic growth.

U.S. economy and Federal Reserve

WTO cuts global trade outlook to 1.2% for 2019

On Tuesday, the World Trade Organization (WTO) [downgraded](#) their outlook for global trade growth for 2019 to 1.2%, from the previous 2.6%. The revision is the result of trade tensions and slowing outturn data over the first half of the year.

They also cut their projection for global trade growth in 2020 from 3% to 2.7%, owing to the impact of trade uncertainty on business investment.

The week ahead

Data highlights for the coming week include balance of trade data in most ASEAN countries and U.S. inflation.

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

Monday, 07 October

- Japan foreign exchange reserves for September
- Brunei balance of trade for July
- Taiwan balance of trade for September

Tuesday, 08 October

- South Korea current account for August
- Japan household spending for August
- Japan current account for August
- U.S. producers price index for September

Wednesday, 09 October

- Philippines retail price index for August
- Japan machine tool orders for September
- Indonesia retail sales for August

Thursday, 10 October

- Australia inflation expectations for October
- Philippines balance of trade for August
- Thailand consumer confidence for September
- Japan machinery orders for October
- United Kingdom balance of trade for August
- United Kingdom GDP for August
- U.S. inflation for September

Friday, 11 October

- Singapore GDP growth for 2019Q3
- Singapore retail sales for August
- Malaysia unemployment for August
- U.S.-China trade talk