

ECONOMY AND FINANCE

NEWS DIGEST - WEEKLY



By: **VANNAK Setheavin**

Date: **11.12.2023**

Issue **2023/No.47**

Content:

1. U.S. export controls need to 'change constantly' even if it's tough for businesses, Secretary Raimondo says
2. EU expected to issue veiled warning to China over supply of cut-cost goods
3. RCEP boosts Cambodia's striking export growth
4. Microfinance growth boosts financial stability
5. Cambodia, UAE chambers strengthen ties
6. China's economy has a 'steep hill to climb' despite positive export surprise, HSBC says
7. Cambodia's national budget revenue reached about \$4.9 billion in the first 10 months of 2023, down 2%
8. Ministry encourages Chinese investment in agro-industry

U.S. export controls need to 'change constantly' even if it's tough for businesses, Secretary Raimondo says

US Commerce Secretary Gina Raimondo has announced that more controls on tech exports to China will be implemented as needed, despite business concerns. In October 2022, the US Department of Commerce's Bureau of Industry and Security announced broad export controls, prohibiting companies from selling advanced computing semiconductors or related

manufacturing equipment to China. Because of the power of these semiconductors and the growing threat from China, the move was deemed necessary. Following the launch of OpenAI's ChatGPT, the United States is focusing on limiting China's military capabilities and developing artificial intelligence capabilities.

Source: [CNBC](#)

EU expected to issue veiled warning to China over supply of cut-cost goods

China is expected to receive a warning from the EU that its €400 billion trade imbalance is unsustainable in the long run because it could flood the EU with cheaply manufactured electric vehicles, solar panels, and medical equipment, endangering jobs and European manufacturing. At a summit on Thursday, the EU will warn Xi Jinping that if China doesn't take action to stop supplying low-cost goods to Europe, the bloc may respond with defensive measures like tariffs and a trade war. The EU will point out that the imbalance in the relationship results from the trade deficit, which has doubled in favour of China in just two years. The European Union has initiated

an inquiry concerning subsidies with the aim of resolving the matter beforehand.

Source: [The Guardian](#)

RCEP boosts Cambodia's striking export growth

Cambodia has seen a 25% increase in exports to RCEP members in the first 10 months of 2023, with goods worth \$6.45 billion exported to the top five RCEP members, including Vietnam, Thailand, Singapore, China, and Japan. This is an increase of 26.5% from the previous year. With 15 participating countries, the RCEP, an ASEAN initiative, is the largest free trade agreement in the world. Cambodia has gained a great deal from the RCEP's implementation, especially in the area of exporting to member states—a new area of potential growth for the country. Preferential tariffs, technology transfers, skill development, and job opportunities promoted by foreign direct investment are a few of the advantages the nation gains from the agreement.

Source: [The Phnom Penh Post](#)

Microfinance growth boosts financial stability

According to a sustainability report released by LOLC Plc, a microfinance institution in Cambodia, 90% of respondents were satisfied with the company's contribution to their well-being over the previous 12 months. The report discovered that 94% of clients who reported an increase in income did so because of the MFI's assistance and tailored financial solutions. 80% of the forty-nine clients who had savings saw an increase in their reserve's portfolio in the previous year. More than 1.5 million loan customers and a total loan

balance of more than \$5 billion were reported by the Cambodia Microfinance Association.

Source: [The Phnom Penh Post](#)

Cambodia, UAE chambers strengthen ties

The Cambodia Chamber of Commerce and the Dubai Chambers of Commerce of the United Arab Emirates (UAE) have signed a memorandum of understanding (MoU) to enhance trade and investment cooperation between the two countries. The MoU aims to promote direct flights, investment, and agricultural exports between the two countries. The meeting was held in Phnom Penh to assist UAE companies in finding business opportunities in Cambodia. The MoU also focuses on expanding bilateral trade in Cambodia's agricultural sector, particularly rice production, tourism, and food safety.

Source: [Khmer Times](#)

China's economy has a 'steep hill to climb' despite positive export surprise, HSBC says

HSBC's Chief Asia Economist Frederic Neumann warns that the Chinese economy still faces a "steep hill to climb" despite a surprise increase in exports. In November, exports in US dollars increased by 0.5% year on year, defying expectations of a 1.1% decline. However, imports fell by 0.6% year on year, well below the 3.3% increase predicted by economists. Economists note that external demand remains relatively weak, and Beijing's supply-side policy support will struggle to rekindle domestic demand to compensate. Neumann cautions that the positive export figure should be taken with a grain of salt, as there is still a long way to go before mainland

China's growth accelerates. As global growth slows, demand for Chinese goods has fallen this year, and policymakers must rely on domestic demand to restart the engine.

Source: [CNBC](#)

Cambodia's national budget revenue reached about \$4.9 billion in the first 10 months of 2023, down 2%

The Ministry of Economy and Finance reported a 2.02% decrease in national revenue collection in the first 10 months of 2023, compared to the same period in 2022. While non-tax revenue climbed by 24.08% to 1.986 billion riels, fiscal revenue fell by 4.2% to 18,141 billion riels. According to the Ministry of Economy and Finance, revenue collection will meet the goals outlined in the 2023 law. The total amount spent on national affairs came to 26,042 billion riels, or 74.95% of the 2023 budget bill, a 19.49% increase over 2022. Current spending climbed by 23.60% to 17,115 billion riels, while capital spending increased by 12.32% to 8,927 billion riels. Nonetheless, there is a 5,881-billion-riel overall deficit in the national budget's implementation. Nonetheless, there is a 5,881-billion-riel overall deficit in the national budget's implementation. The Royal Government provides enough funding

to meet the needs of state budget implementation while exercising careful management and effective use of national total financing.

Source: [Khmer Times](#)

Ministry encourages Chinese investment in agro-industry

Chinese investors are being urged to investigate the possibility of processing cashews, rice, and rubber for export to Chinese and foreign markets by the Ministry of Agriculture, Forestry, and Fisheries of Cambodia. Dith Tina, the minister of agriculture, underlined the value of bolstering bilateral cooperation while highlighting the Fish and Rice Corridor located in the provinces of Pursat, Battambang, Banteay Meanchey, and Pailin. Both sides are eager to sign a memorandum of understanding and have committed to enhancing their cooperation in agro-trade. Chinese investors and travellers have become more interested in Cambodia as a result of the government-to-government relationship; in the first nine months of 2023, Chinese investments accounted for more than 76% of all investments made in the Kingdom.

Source: [The Phnom Penh Post](#)

Centre for Governance Innovation and Democracy, AVI

Address: #24, Street 566, Boeung Kok 2, Toul Kok, Phnom Penh, Cambodia

• Email: cgid.avi@gmail.com • Tel: 086 727 657 / 092 964 141

• Facebook: Asian Vision Institute • Twitter: Asian Vision Institute • Telegram: AVI