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COUNTRY HIGHLIGHTS

CAMBODIA

GOVERNMENT PROJECTS SLOWER ECONOMIC GROWTH IN 2020

The Cambodian government has revised downward its forecast for the country's economic growth to 6.1% in 2020 from the previous projection of 6.5%, slower than the 7.1% GDP growth recorded in 2019, according to Phan Phalla, undersecretary of state of the Ministry of Economy and Finance, speaking at a public forum in late January.

The reasons for a potential economic slowdown in Cambodia include slow global economic growth, the China-US trade war, the outbreak of the coronavirus disease 2019 (COVID-19) in China and the partial withdrawal of Everything But Arms (EBA) duty-free preferences by the EU, along with heightened geopolitical risks.

Economists and local businessmen said the Cambodian economy, particularly the construction and real estate sectors, would be hit hard due to a possible slowdown of the Chinese economy resulting from the COVID-19 outbreak. Data from the National Bank of Cambodia shows that China accounted for 43% of the US$3.59 billion foreign direct investment (FDI) that Cambodia received last year. Nget Chou, a Cambodian economist, said 50% of the investors in Cambodia's four critical economic sectors, namely agriculture, tourism, apparel, and construction, came from China. He added that the economic impacts of the virus outbreak would depend on its severity and duration.

In its *Global Economic Prospects* released in January 2020, the World Bank predicted that GDP growth of Cambodia would reach 6.8% in 2020, supported by strong domestic demand and robust capital inflows amid low inflation.

CAMBODIA

EU PARTIALLY WITHDRAWS CAMBODIA'S DUTY-FREE PREFERENCES UNDER EBA SCHEME

After twelve months of investigations and in-depth engagement with the Cambodian authorities, the European Commission (EC) announced on 12 February to partially withdraw the duty-free and quota-free preferences granted to Cambodia under the Everything But Arms (EBA) trade scheme due to the country's serious and systematic violations of human rights principles, with particular regard to civil and political rights.

Products that will be affected by the decision include selected garment and footwear products, and all travel goods and sugar, and they will be subject to standard most-favoured-nation (MFN) tariff rates when entering the EU market, according to a statement released by the EC. The decision, which is expected to take effect on 12 August this year, will impact roughly one-fifth or 1 billion euros of Cambodia's annual exports to the EU.

Generally, the EU's MFN tariff rate for apparel products is set at 12%, while MFN tariff rates for footwear products range from 3% to 17% and those for travel goods range from 2.7% to 9.7%, according to the World Trade Organisation. T-shirts, underwear and hosiery are among the items expected to take a hit due to the withdrawal.

To continue its support for Cambodia's economic development and export diversification, the EC decided to maintain duty-free and quota-free preferences to high value-added garments and certain types of footwear. Besides, all emerging industries in the country will continue to enjoy preferential access to the EU market.

Commenting on the EC's decision, the Cambodian government's spokesman Phay Siphan said the government had been prepared for the EU's withdrawal of trade preferences and believed that the country would not lose the EU market. Over the last year, the government has launched structural reforms to reduce costs for the private sector and improve trade facilitation.

The Garment Manufacturers Association in Cambodia (GMAC) was disappointed about the announcement, warning that the partial loss of trade preferences will lead to job losses and affect workers' livelihoods, as these sectors are employing more than 750,000 people in the country.

CAMBODIA

GARMENT FACTORIES MAY FACE SHUTDOWN DUE TO SHORTAGE OF CHINESE RAW MATERIALS AMID COVID-19 OUTBREAK

At least four garment factories in Cambodia may suspend operations for two or three weeks in March as imports of raw materials from China are facing delays due to the COVID-19 outbreak, Heng Sour, spokesman for the Ministry of Labour and Vocational Training, told *Reuters* on 10 February.

Those four factories, which employ around 3,000 workers in total, had expressed their concerns to the government. Heng said that the ministry was working with factory owners to explore sourcing raw materials from other suppliers within or outside China. He added that Cambodia was not the only country facing the problem, as many factories or sectors around the globe are reliant on China for supply of raw materials or components.

The COVID-19 has spread across China since last December, causing the deaths of over 2,200 people and infecting more than 75,000 in China as of 21 February. All levels of Chinese authorities have implemented unprecedentedly tough measures to prevent and control the epidemic, including city lockdowns, transport restrictions and factory closures. While some Chinese manufacturers in different parts of the country have gradually resumed operations since 10 February, it is still not known when factory capacity will fully resume.

More than 60% of raw materials used in Cambodian textile and garment factories are imported from China, according to the Garment Manufacturers Association of Cambodia (GMAC). It is estimated that 5% of factories in Cambodia could face fabric shortage by the second week of March and 10% by the end of that month. In 2019, there were 823 textile and garment factories in the country, according to a recent report by the Ministry of Industry and Handicraft.

Cambodia exported garments, footwear and travel goods worth US$9.35 billion in 2019, up by 11% from the previous year, according to the Ministry of Industry and Handicraft. ■

INDONESIA

PARLIAMENT'S DELIBERATIONS ON DRAFT OMNIBUS BILLS START

The Indonesian government submitted the Omnibus Bill on Taxation and the Omnibus Bill on Job Creation to the parliament on 28 January and 12 February, respectively, to officially start deliberations. The parliament is set to finish debating both bills in 100 days and to decide on all the proposed regulatory reforms in one single vote.

The Omnibus Bill on Taxation is expected to simplify tax regulations and boost investment in Indonesia. According to a report by *The Jakarta Post*, which obtained a copy of the draft bill, the bill covers: (1) reduction of corporate income tax rate from the current 25% to 20%; (2) taxation on the digital economy; (3) power to the central government to overrule regional policies; (4) easing of tax requirements for expatriates and overseas Indonesians; (5) abolition of tax on dividends as long as they are reinvested in Indonesia; and (6) tax incentives.

The Omnibus Bill on Job Creation seeks to amend more than 1,000 provisions in some 80 prevailing laws, with an aim to streamline business permits, investment requirements and labour laws. The draft, which was published on 15 February, covers a wide range of issues from business and education to halal certification and regional government powers. Major reforms include: (1) relaxation of environmental standards for business activities; (2) revocation of permit requirements for the construction of certain buildings; (3) streamlined business license regime; (4) lowering restrictions on foreign investments; and (5) relaxation of labour regulations; (6) power for the central government to change prevailing laws for the sake of job creation; and (7) establishment of a sovereign wealth fund.

The business community in Indonesia generally welcome the bills as the reforms are expected to cut regulatory red tape. However, the Omnibus Bill on Job Creation was met with strong resistance. Labour groups protested over potential reductions in their rights, remuneration and job security under the bill. Others criticized the stronger role of central government, which could potentially pose risks to the checks and balances mechanism of Indonesia's democracy. Environmentalists criticized that the less stringent Environment Impact Analysis and building permit requirements would result in unsustainable growth.

INDONESIA

INDONESIA RATIFIES INDONESIA−AUSTRALIA CEPA

The Indonesian parliament ratified the Indonesia−Australia Comprehensive Economic Partnership Agreement (IA−CEPA) on 6 February.

Following the ratification, President Joko Widodo made a state visit to Australia, where he met with Australian Prime Minister Scott Morrison. Subsequently, the two sides announced on 10 February a 100-day plan to implement the IA−CEPA.

Widodo and Morrison also oversaw the signing of two memorandums of understanding (MoUs) on the action plan of the Indonesia−Australia Comprehensive Strategic Partnership as well as on Transportation Security Cooperation by the two countries' ministers following the bilateral meeting.

The IA−CEPA was signed between the two countries in March last year and ratified by Australia in November. The trade deal eliminates tariffs on all Indonesian exports to Australia, while 99% of Australian goods (by value) will enter Indonesia duty-free or under significantly improved preferential arrangements.

INDONESIA

INDONESIA'S LARGEST VISCOSE RAYON FACTORY BEGINS PRODUCTION

Indonesia-based viscose producer Asia Pacific Rayon opened what it claimed to be Indonesia's largest integrated viscose rayon facility in February, a move that will help the country's garment industry reduce its dependency on imported textiles.

Inaugurated by President Widodo on 21 February, the US$1.1 billion facility has an annual production capacity of 240,000 tonnes. It is located in the same production complex as pulp manufacturer APRIL Group in Riau province, Sumatra, allowing raw materials from the latter to feed directly to the production of viscose rayon.

The facility is expected to strengthen the country's textile and textile product industry and reduce the industry's dependence on imported textile materials, particularly cotton. It is estimated that the facility may generate foreign exchange revenues exceeding US$130 million annually and reduce dependence on imported raw materials by about US$149 million annually.

Asia Pacific Rayon produces sustainable viscose rayon fibre from renewable, traceable and biodegradable raw materials. Currently, the company's products are exported to 15 countries including Turkey, Pakistan, Bangladesh, Vietnam, Brazil, and various parts of Europe. The products also support Indonesia's apparel industry. ■

PHILIPPINES

INFLATION ACCELERATES TO EIGHT-MONTH HIGH IN JANUARY

The country's inflation, as measured by the consumer price index (CPI), accelerated from 2.5% yoy last December to 2.9% yoy in January, the highest rate in the past eight months, according to data released by the Philippine Statistics Authority (PSA).

A higher inflation in January was mainly attributed to the food and non-alcoholic beverages group, which is heavily weighted in the CPI basket and posted a higher price increase of 2.2% yoy in January compared to 1.7% yoy in December. Besides, more than half of the commodity groups in the CPI basket recorded inflation accelerations in January, including alcoholic beverages and tobacco, with an inflation rate of 19.2% yoy, housing and public utilities, with an inflation rate of 2.5% yoy, and transport, with an inflation rate of 3.0% yoy.

According to PSA's chief Dennis Mapa, inflation acceleration in food and non-alcoholic beverages was caused by supply disruptions stemming from the explosion of Taal Volcano in Batangas as well as the continued substitution of pork with fish and other meat amid the prevalence of African swine fever (ASF).

In early February, the Bangko Sentral ng Pilipinas (BSP), the country's central bank, projected nationwide inflation to average 3.0% in 2020 and 2.9% in 2021, within the government's target range of 2.0%−4.0%.

PHILIPPINES

THE COUNTRY BRACES FOR SHORT-TERM BLOW TO ECONOMY AMID COVID-19 OUTBREAK

A prolonged COVID-19 outbreak could affect the tourism sector and shave less than 1% off the country's GDP, according to the National Economic and Development Authority (NEDA), the state planning agency for the Philippines.

More than a fifth of the country's inbound tourists came from China last year, but Chinese visitors have been barred from entering the Philippines due to the COVID-19 outbreak.

According to *The Philippine Daily Inquirer*, based on preliminary estimates made by the NEDA in early February, the Philippines will lose 0.3% of its GDP if the outbreak persists until June, while it could cost 0.7% of the country's GDP if the epidemic lasts until December. These estimates were based on assumptions of 100% reduction in the number of tourists coming from China and a 10% reduction in the number of tourists coming from other countries.

Tourism sector aside, the country's electronics sector, which accounted for 56.9% of the country's total exports last year, is also grappling with supply chain disruptions caused by the COVID-19 outbreak. According to Dan Lachica, president of the Semiconductor and Electronics Industries in the Philippines Foundation Inc. (SEIPI), the country's largest organisation of foreign and local semiconductor and electronics companies, 40% of supply of components in the local semiconductor industry come from the Chinese Mainland and Taiwan. Lachica added that sourcing parts and components from alternative suppliers requires months of qualification.

On 6 February, the Philippine central bank cut key policy rates by 25 basis points as a pre-emptive move to support economic growth and ward off potential repercussions associated with increased external headwinds. The central bank noted that the COVID-19 "could have an adverse impact on economic activity and market sentiment in the coming months".

PHILIPPINES

TEN-YEAR ROADMAP LAUNCHED TO REVIVE TEXTILE AND GARMENT SECTOR

The Philippine Board of Investments (BOI) unveiled a ten-year roadmap for the textile and garment sector during the Philippine Garment, Leather Industries and Textile Expo 2019 held in December. The BOI sees opportunities in niche segments, such as sustainable fashion, where the Philippine manufacturers can actively participate.

Covering a ten-year period from 2020 to 2029, the roadmap was divided into three milestones, namely short-term (2020−2022), medium term (2023−2025) and long-term (2026−2029). It outlines initiatives to address issues about production capabilities, human resource development, and the ease of doing business.

By 2022, the roadmap envisages the Philippines to be among the world's top 20 garment exporting countries, with annual growth of 12.3% in garment exports and 3%−5% annual increase in textile exports. Short-term strategies to achieve this target include addressing smuggling and the proliferation of ukay-ukay or second-hand imported apparel, promoting the utilisation of natural and synthetic textiles, incentivising the adoption of innovative production processes that promote sustainability and green environment, and enhancing market access by entering into free trade agreements, particularly with the US.

In the medium term, infrastructure and logistics bottlenecks should be tackled to support the revival of the textile and garment sector, while at the same time diversifying export markets and establishing industrial clusters and agglomeration.

For the long term, the roadmap sets an ambitious target of achieving 45.8% annual increase in garment exports during 2026−2029, which will make the country one of the top ten garment exporting countries globally by the end of that period.

In 2019, the Philippines exported US$906.29 million worth of apparel and garment accessories, down 7.0% compared to a year ago, according to data released by the PSA. ■

THAILAND

GDP GROWTH SLOWS TO FIVE-YEAR LOW IN 2019

The Thai economy grew by 2.4% in 2019, the slowest growth since 2014, weighed on by sluggish exports and weak public investment. The country's GDP posted year-on-year growth of 2.9%, 2.4%, 2.6% and 1.6%, respectively, in the four quarters of 2019, according to data released by the National Economic and Social Development Council (NESDC), the state planning agency.

The trade-dependent country saw its exports decline by 2.7% yoy in 2019, attributed mainly to the strong baht and the protracted China−US trade war.

The NESDC predicted that the country's economic growth will further decelerate in 2020, due to negative impacts of the COVID-19 outbreak on Thailand's tourism and trade. The state planning agency lowered its GDP growth forecast for 2020 to 1.5%−2.5% from the previous 2.7%−3.7% and cut export growth forecast to 1.4% from 2.3% projected last November.

Earlier this month, the Bank of Thailand cut its policy rate by 25 basis points to a record-low rate of 1% to shield the economy from the downside risks associated with the COVID-19 outbreak, the delayed budget disbursement and severe drought conditions.

THAILAND

EXPORTS REBOUND IN JANUARY

Thailand's exports rose by 3.3% yoy to US$19.63 billion in January, ending a five-month sequence of decline, according to data released by the Commerce Ministry. The rebound in export performance was largely driven by higher exports of gold and oil products. Nonetheless, excluding gold and oil products, the country's exports contracted by 0.6% yoy in January.

Commenting on the export figures, Pimchanok Vonkorpon, director general of the Trade Policy and Strategy Office under the Commerce Ministry, said the rebound in exports reflected positive sentiment from the phase one trade deal signed by China and the US. Thailand's exports to China and the US rose by 5.2% yoy and 9.9% yoy, respectively, in January. Besides, exports of products involved in China–US tariff measures such as computers and components expanded in both the China and US markets.

Even though the phase one trade deal between China and the US has improved business sentiment, Thailand's exports are still facing downside risk stemming from the COVID-19 outbreak. According to a joint estimate released recently by the Thai National Shippers' Council (TNSC) and the Commerce Ministry, the outbreak is likely to cut Thai exports to China by 1% in the first quarter of this year; however, exports to China are likely to rebound steadily in the remaining quarters once the epidemic is contained.

Thailand's key export products to China include computers and parts, plastic pellets, gems and jewellery, electrical circuits, rubber products, chemicals, rubber, tapioca products, automobiles and parts, and fresh, frozen and dried fruits. In 2019, China accounted for 11.8% of Thailand's total export value.

THAILAND

CABINET APPROVES MORE THAN 100-BILLION-BAHT PACKAGE TO SUPPORT SMES

The Cabinet on 7 January approved a relief package worth more than 100 billion baht to tackle liquidity problem facing small and medium-sized enterprises (SMEs) amid the economic slowdown. The package includes credit guarantees, loan schemes, debt restructuring and tax exemption.

According to local media *The Bangkok Post*, the package includes a 60-billion-baht credit guarantee facility provided by the state-owned Thai Credit Guarantee Corporation (TCG) for SMEs that need more liquidity to run their business.

Besides, the Government Savings Bank (GSB) will offer soft loans to commercial banks worth up to 15 billion baht at an annual rate of 0.1%. Then those banks will charge SMEs at an interest rate lower than the market rate, or at 4% for a seven-year loan. The GSB will also launch an SMEs Extra Liquidity scheme with loans of 50 billion baht.

A member of the Thai Bankers' Association will help SMEs with debt restructuring.

Taxes that SMEs can apply for exemption include income tax, value-added tax, and specific business tax which is applied to transaction of assets or services involved in debt restructuring.

Local SMEs have been exposed to high risks stemming from the China–US trade war, uncertainty of the global economy, sluggish external demand and the strengthening of the Thai baht, said Lavaron Sangsnit, director general of the Fiscal Policy Office, at a press conference. ■

VIETNAM

EUROPEAN PARLIAMENT RATIFIES EVFTA AND EVIPA

The European Parliament (EP) ratified the EU−Vietnam Free Trade Agreement (EVFTA) and the EU−Vietnam Investment Protection Agreement (EVIPA) on 12 February.

The EVFTA and the EVIPA were signed on 30 June last year after eight years of negotiation. Vietnam is expected to ratify the two agreements in the upcoming session of the Vietnam's Nation Assembly in April−May. They are likely to come into effect from July this year, according to Vietnamese Minister of Industry and Trade Tran Tuan Anh.

Under the EVFTA, nearly 100% of Vietnamese goods entering the EU will see their import tariffs eliminated in the short term. This is the highest level of commitment that a partner has given to Vietnam among the free trade agreements the country had signed so far, said Tran.

65% of EU exports to Vietnam will be tariff free immediately as the EVFTA comes into effect, with the rest gradually eliminated over a ten-year period. Meanwhile, 70% of Vietnamese exports to the EU will be duty free immediately when the deal takes effect, while tariffs on the rest will be abolished over the seven subsequent years.

The EVIPA will replace bilateral investment agreements between Vietnam and EU members, helping the country continue to reform its economic structure, perfect business environment and institutions, and facilitate EU investors' business in Vietnam.

According to research by the Ministry of Planning and Investment, the two deals will help boost Vietnam's GDP by 4.6% and its exports to the EU by 42.7% by 2025. Meanwhile, the European Commission has projected that the deals would boost the EU's GDP by US$29.5 billion and its exports to Vietnam by 29% by 2035.

The International Labour Organisation (ILO)'s Vietnam country director Chang-Hee Lee commented that Vietnam's entry to the EVFTA and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will make it easier for the country to modernise labour laws and industrial relations systems. In particular, Vietnam's adoption of the revised Labour Code in November 2019 brought its legal framework closer to ILO fundamental conventions.

VIETNAM

SURVEY SHOWS 800 VIETNAMESE FIRMS SUSPEND OPERATIONS OR SCALE DOWN AMID COVID-19 OUTBREAK

More than 800 businesses and 8,700 employees in Vietnam have been affected by the novel coronavirus (COVID-19) epidemic, according to a survey conducted by the Ministry of Labour, Invalids and Social Affairs (MOLISA).

The survey, which covered 30 provinces and cities, showed that 322 out of 181,597 enterprises had suspended operations, while 553 enterprises had reduced or narrowed their production and business scale. 8,773 workers had been affected, of which 1,027 had been made unemployed, in 22 provinces and cities.

Vietnam's manufacturing sector faces disruption as it is heavily reliant on components imported from China. Most of the technical materials used by the country's apparel and footwear industry to produce athletic apparel, for instance, are imported from Guangdong province. The temporary suspension of production in China has caused huge uncertainty in the continuous availability of production input.

That said, the Vietnamese government announced on 14 February that it would not lower its economic growth target for 2020.

VIETNAM

VNPOLY AND TAIWAN'S SHINKONG SIGN AGREEMENT ON YARN PRODUCTION

On 20 January, Vietnam Petrochemical and Fiber Joint Stock Company (VNPOLY) signed an agreement with Taiwan-based Shinkong Synthetic Fibers Company (SSFC) to collaborate on producing drawn textured yarn (DTY) in Vietnam.

SSFC, which has a 50-year history and specialises in the production of plastic, is a member of Shin Kong Group, a Taiwan-based conglomerate.

Under the agreement, SSFC will be in charge of providing raw materials and selling products, while VNPOLY will undertake yarn production. SSFC will also provide VNPOLY with technical assistance so that VNPOLY can improve product quality and expand into high-end markets.

Speaking at the signing ceremony, VNPOLY general director Le Manh Hung said that the agreement would help both sides promote their strengths and take full advantage of the existing DTY fiber manufacturing facilities of the plant.

Initially, the collaboration will take up at least ten DTY production lines at VNPOLY's facilities. It is envisaged that all of VNPOLY's DTY lines will operate under the agreement in the future. ■

OTHER HIGHLIGHTS

US REVISES LIST OF DEVELOPING COUNTRIES UNDER COUNTERVAILING DUTY LAW

On 10 February, the Office of the United States Trade Representative (USTR) updated its list of countries designated as developing or least-developed under its countervailing duty laws.

Under the WTO Agreement on Subsidies and Countervailing Measures, governments are required to terminate their countervailing duty investigations — investigations into whether another country is harming their industries with unfairly subsidised exports — if the amount of subsidy is de minimis, or less than 1% of the value of goods. However, developing countries enjoy a higher de minimis threshold at 2% while least-developed countries are subject to a 3% threshold, giving them more leeway to subsidise their exports without triggering countervailing investigations.

Based on gross national income (GNI) per capita, share of world trade and other factors including membership of the OECD, the EU or the G20, the revision has led to the removal of some 20 economies from the USTR's list of developing countries. Among the countries removed are China, India, Vietnam, Indonesia, Thailand, Malaysia and Singapore. This makes it easier for the US to undertake countervailing investigations into these countries, potentially leading to more products from these countries being subject to countervailing duties when exported to the US.

The change will not impact eligibility for the US' Generalized System of Preference (GSP) facilities. ■

MAJOR ECONOMIC INDICATORS

CAMBODIA

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
Consumer price index (yoy growth %)	2.1	2.0	1.4	2.2	2.1	–
Exports (yoy growth %)	19.8	20.4	4.3	23.2	17.9	-3.4
Exports (fob, in Cambodian riel billion)	3,562.5	4,845.5	5,299.4	5,934.5	6,648.4	4,838.0
Of which:						
Garments (in Cambodian riel billion)	2,245.5	3,193.6	3,516.2	3,841.3	4,498.5	3,206.3
Footwear (in Cambodian riel billion)	307.6	470.3	511.8	461.9	492.9	344.0
Bicycles (in Cambodian riel billion)	96.0	96.6	122.8	162.2	173.9	127.4
Imports (yoy growth %)	36.3	29.4	23.4	33.1	17.2	9.0
Imports (fob, in Cambodian riel billion)	6,959.3	7,737.7	7,084.1	7,802.0	7,269.5	6,260.4

Note: September 2019 figures are the most up-to-date as of the date of publishing.
Source: National Bank of Cambodia

INDONESIA

	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Quarterly GDP (real yoy growth %)	5.02 (3Q19)			4.97 (4Q19)		
Production index of large and medium manufacturing (yoy growth %)	4.0	4.5	6.7	3.3	1.5	–
Manufacturing PMI (IHS Markit)	49.0	49.1	47.7	48.2	49.5	49.3
Real retail sales index (yoy growth %)	1.1	0.7	3.6	1.3	-0.5	-3.1
Consumer price index (yoy growth %) *	3.1	3.2	2.9	2.7	2.6	2.7
Exports (yoy growth %)	-10.0	-5.7	-6.1	-6.1	1.1	-3.7
Exports (FOB, US$ mn)	14,281.7	14,099.5	14,931.6	13,947.6	14,445.1	13,411.0
Of which:						
Textile and textile products (US$ mn)	1,139.9	1,010.3	1,001.8	988.6	1,078.6	–
Footwear (US$ mn)	347.4	313.4	411.1	381.7	366.9	–
Furniture (US$ mn)	145.1	134.6	155.0	149.0	163.2	–
Sports requisites (US$ mn)	57.9	58.0	54.5	43.5	39.7	–
Imports (yoy growth %)	-15.7	-2.4	-16.5	-9.2	-5.6	-4.8
Imports (US$ mn)	14,169.3	14,263.4	14,759.1	15,340.5	14,506.8	14,275.2

** The base year of the consumer price index has been adjusted to 2018.*
Source: Statistics Indonesia, Bank Indonesia, IHS Markit PMI reports

PHILIPPINES

	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Quarterly GDP (real yoy growth %)	6.0 (3Q19)			6.4 (4Q19)		
Value of production index, manufacturing (yoy growth %)	-11.1	-6.4	-5.8	-7.4	-9.5	–
Volume of production index, manufacturing (yoy growth %)	-12.4	-6.4	-5.0	-7.8	-10.1	–
Manufacturing PMI (IHS Markit)	51.9	51.8	52.1	51.4	51.7	52.1
Producer price index (yoy growth %)	1.6	0.0	-0.9	0.4	0.6	–
Consumer price index (yoy growth %)	1.7	0.9	0.8	1.3	2.5	2.9
Exports (yoy growth %)	0.8	-1.2	0.3	-0.4	21.4	–
Exports (FOB, US$ mn)	6,267.7	5,982.4	6,327.5	5,615.2	5,742.3	–
Of which:						
Woodcrafts and furniture (US$ mn)	44.3	53.7	54.1	50.5	54.3	–
Garments (US$ mn)	87.4	70.6	66.1	65.1	70.0	–
Travel goods and handbags (US$ mn)	62.3	63.7	129.3	54.5	77.7	–
Imports (yoy growth %)	-8.8	-10.5	-10.8	-8.0	-7.6	–
Imports (FOB, US$ mn)	8,946.4	9,017.5	9,567.7	8,938.3	8,220.0	–
Balance of trade (US$ mn)	-2,678.7	-3,035.1	-3,240.3	-3,323.2	-2,477.7	–

Source: Philippine Statistics Authority, IHS Markit PMI reports

THAILAND

	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Quarterly GDP (real yoy growth %)	2.6 (3Q19)			1.6 (4Q19)		
Industrial production index (value added weight, not seasonally adjusted, yoy growth %)	-4.4	-5.0	-8.0	-8.0	-4.4	-4.6
Manufacturing PMI (IHS Markit)	50.0	50.6	50.0	49.3	50.1	49.9
Producer price index (yoy growth %)	-1.7	-1.9	-2.5	-2.1	-0.3	0.8
Consumer price index (yoy growth %)	0.5	0.3	0.1	0.2	0.9	1.1
Exports (yoy growth %)	-4.0	-1.4	-4.5	-7.4	-1.3	3.3
Exports (US$ mn)	21,914.9	20,481.3	20,757.8	19,656.9	19,154.2	19,625.7
Of which:						
Textiles and apparel (US$ mn)	619.6	580.7	612.6	569.4	554.6	–
Furniture (US$ mn)	116.6	119.0	122.9	130.7	122.9	–
Footwear (US$ mn)	52.9	43.9	54.3	55.5	58.0	–
Imports (yoy growth %)	-14.6	-4.2	-7.6	-13.8	2.5	-7.9
Imports (US$ mn)	19,862.4	19,206.1	20,251.3	19,108.1	18,558.5	21,181.4
Trade balance (US$ mn)	2,052.6	1,275.2	506.5	548.8	595.7	-1,555.7

Source: National Economic and Social Development Council, Office of Industrial Economics, Ministry of Commerce, IHS Markit PMI reports

VIETNAM

	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Quarterly GDP (real yoy growth %)	7.48 (3Q19)			6.97 (4Q19)		
Industrial production index (yoy growth %)	10.5	10.2	9.2	5.4	6.2	-5.5
Manufacturing PMI (IHS Markit)	51.4	50.5	50.0	51.0	50.8	50.6
Retail sales of consumer goods and services (year-to-date, yoy growth %)	11.5	11.6	11.8	11.8	11.8	10.2
Price index of materials used for production (yoy growth %)	2.9 (3Q19)			1.6 (4Q19)		
Producer price index for industrial products (yoy growth %)	1.0 (3Q19)			0.5 (4Q19)		
Consumer price index (yoy growth %)	2.3	2.0	2.2	3.5	5.2	6.4
Exports (year-to-date, yoy growth %)	8.1	8.4	8.3	7.9	8.4	-17.4
Exports (US$ mn)	25,884.7	23,357.0	24,232.8	22,792.9	22,560.8	18,323.4
Of which:						
Textiles & garments (US$ mn)	3,371.2	2,845.1	2,686.9	2,581.9	2,971.3	2,470.4
Footwear (US$ mn)	1,578.2	1,323.8	1,593.3	1,703.9	1,773.4	1,400.6
Wood & wooden products (US$ mn)	935.2	862.2	1,037.3	958.2	1,115.1	835.0
Toys and sports requisites (US$ mn)	217.6	215.9	236.0	219.9	230.7	156.9
Imports (year-to-date, yoy growth %)	8.0	8.4	7.7	6.6	6.8	-13.7
Imports (US$ mn)	22,449.9	21,749.0	22,372.9	21,339.1	22,301.6	18,599.8

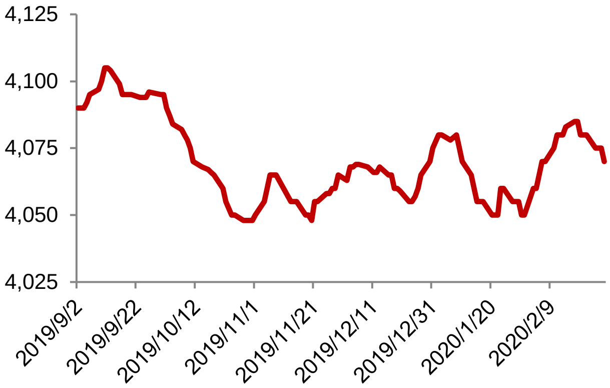
Source: General Statistics Office of Vietnam, General Department of Vietnam Customs, IHS Markit PMI reports

DAILY EXCHANGE RATES

SEPTEMBER 2019 – FEBRUARY 2020

CAMBODIAN RIEL

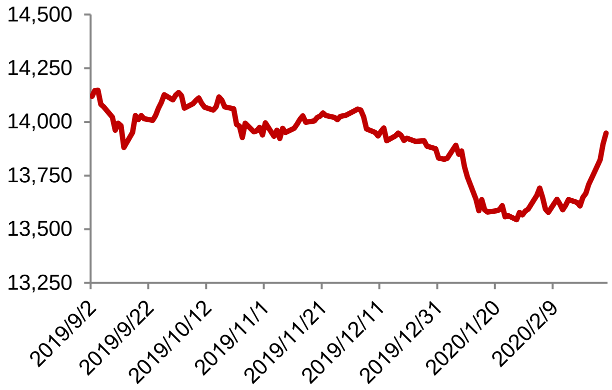
USD:KHR official exchange rate



Source: National Bank of Cambodia

INDONESIAN RUPIAH

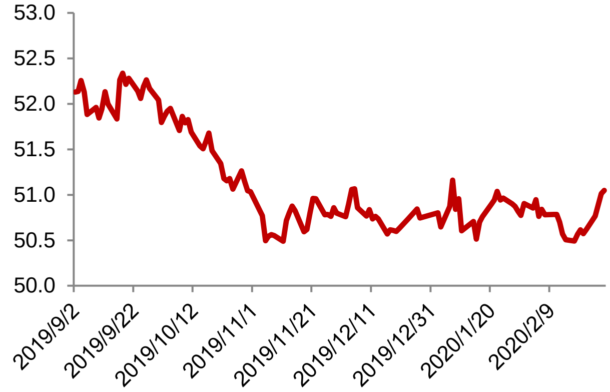
USD:IDR buy rate



Source: Bank Indonesia

PHILIPPINE PESO

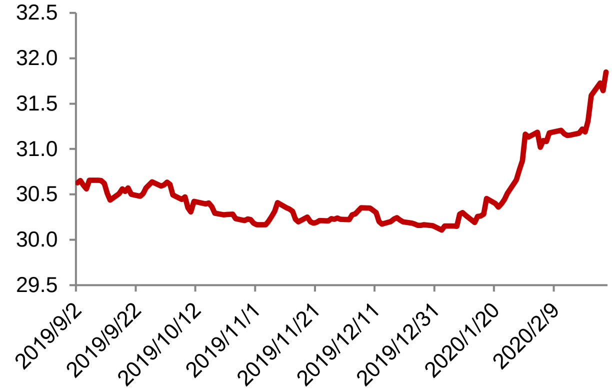
USD:PHP BSP reference rate



Source: Bangko Sentral ng Pilipinas (BSP)

THAI BAHT

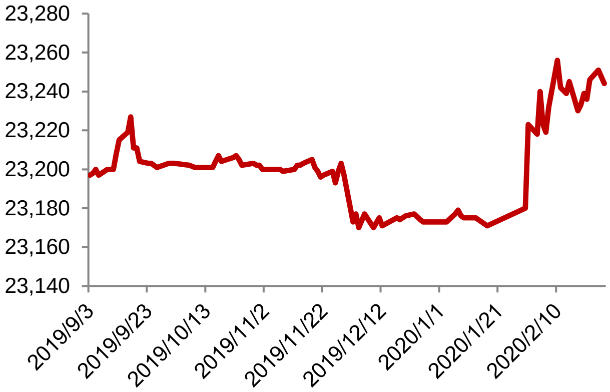
USD:THB mid-rate



Source: Bank of Thailand

VIETNAMESE DONG

USD:VND spot rate



Source: Bloomberg

FUNG BUSINESS INTELLIGENCE

Fung Business Intelligence collects, analyses and interprets global market data on sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to monitor, research and report on these global issues with a particular focus on business trends and developments in China. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments through regular research reports and business publications.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational corporation, Fung Business Intelligence also provides expertise, advice and consulting services to the Group and its business partners on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

Fung Business Intelligence was established in the year 2000.

About Fung Group

Fung Holdings (1937) Limited, a privately-held business entity headquartered in Hong Kong, is the major shareholder of the Fung Group of companies, whose core businesses operate across the entire global supply chain for consumer goods including trading, logistics, distribution and retail. The Fung Group comprises 42,000 people working in more than 40 economies worldwide. We have a rich history and heritage in export trading and global supply chain management that dates back to 1906 and traces the story of how Hong Kong and the Pearl River Delta emerged as one of the world's foremost manufacturing and trading regions. We are focused on both creating the Supply Chain of the Future to help brands and retailers navigate the digital economy as well as creating new opportunities, product categories and market expansion for brands on a global scale.

For more information, please visit www.funggroup.com.

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