

Cambodia, Laos and Myanmar Business Forecast Report Q2 2014

<https://marketpublishers.com/r/C658FE7C752EN.html>

Date: March 2014

Pages: 45

Price: US\$ 1,195.00 (Single User License)

ID: C658FE7C752EN

Abstracts

Political Risks The Key Concern

Cambodia

Cambodia's political scene has taken a turn for the worse over recent months. The crackdown by the government on protesting garment workers poses a risk to the sector's otherwise positive medium term outlook. Meanwhile, it also raises the stakes in the ongoing impasse between the ruling Cambodia People's Party (CPP) and the opposition Cambodia National Rescue Party (CNRP), with the opposition CNRP becoming increasingly emboldened by their growing support base, and Hun Sen's CPP facing a tough task in maintaining the country's stable business environment. On the economic front, while the tourism industry continues to show promise, the construction sector is likely to suffer over the coming quarters as the nation's credit boom winds down. The current lending boom is resembling that which came to a rapid end amid the global financial crisis, and we believe that the country's hot real estate sector could be in for a rude awakening.

Laos

Despite acknowledging that urgent fiscal reforms are needed, Vientiane has done little to alter its excessive spending patterns with the fiscal deficit widening substantially to 5.8% of GDP in FY2012/13 from 1.3% in the previous year. Public expenditures swelled as a result of a surge in the public sector wage bill owing to a rapid expansion in the civil servant headcount and substantial raises in civil service wages. Revenues, meanwhile, were hurt by a fall in mining income as commodity prices were subdued and gold production fell. We believe that fiscal reforms are likely to dominate Laos' political scene

as the government continues to struggle to arrest a deteriorating fiscal position.

While we have highlighted that Vientiane has not been able to alter its profligate spending patterns, some quarters of the government appear resolute to curb public spending. We also highlight that concerns towards the human rights situation in Laos are on the rise and further repressive acts by the government runs the risk of reversing the solid economic progress that has been made over the years. Unless Vientiane starts to make significant headway, it is unlikely to reverse a continued deterioration in its fiscal position.

Myanmar

Myanmar faces a key test of its nascent reform drive as suggestions for the amendment of its highly flawed constitution are set to be announced. Of particular interest will be the military (Tatmadaw)'s suggestions, which will be the culmination of a review process undertaken earlier in 2013. One of the key questions that may be answered is whether or not the military will agree to a smaller presence in the country's parliament, where it currently holds a mandated 25% of seats. Additionally, the constitutional review may provide the answer as to whether or not venerable opposition leader Aung San Suu Kyi will be allowed to run for president in the upcoming 2015 general election, which would be a major step towards the legitimisation of the elections as a free and fair process. While Myanmar's economic growth potential remains enormous, the country's entire development story will likely hinge upon the government's ability to maintain reform momentum through 2015's elections and beyond.

Contents

Executive Summary

Regional Outlook

Political Outlook

'Pivotal' States Facing Defining Moments In 2014

Several critically important countries are facing tests in 2014 that could determine their political and economic evolution for years to come. Iran perhaps offers the greatest opportunity for positive change, while the biggest systemic risk among 'pivotal' states is the Korean Peninsula.

TABLE: The World's Pivotal States

CHAPTER 1.1 POLITICAL OUTLOOK - CAMBODIA

Domestic Politics

Weighing Up The Positive And Negative Scenarios

As Cambodia's political deadlock continues, both the ruling Cambodia People's Party (CPP) and the opposition Cambodia National Rescue Party (CNRP) have tough choices to make, which could determine whether the country reverts back to a one party state or democracy is strengthened as reforms are undertaken.

Table : Cambodia Political Overview

Long-Term Political Outlook

Addressing Corruption And Inequality Will Be Key To Stability

Cambodia's long-term political outlook largely depends on the ruling Cambodian People's Party (CPP)'s ability to address widespread corruption and income inequality, which have been fuelling public dissent against the government in recent years.

CHAPTER 1.2 ECONOMIC OUTLOOK - CAMBODIA

Economic Activity

Credit Crunch Fears Continue To Grow

Cambodia's credit boom continues to roll on, and now exceeds the one that preceded the economic slump in 2009 by many measures. Inflation pressures are rising, which could force the National Bank of Cambodia (NBC) to tighten liquidity to cool the credit boom.

Table : ECONOMIC ACTIVITY

CHAPTER 1.3 KEY SECTOR OUTLOOK - CAMBODIA

Key Sector Outlook

Tourism Shrugging Off Political Unrest

Despite the heightened levels of social unrest in Cambodia's major cities following the disputed election result in July 2013, tourism inflows have continued apace, growing at 18.0% in 2013. We expect to see double digit increases in the country's crucial tourism industry in 2014 largely on the back of improved transport linkages.

CHAPTER 2.1 POLITICAL OUTLOOK - LAOS

Domestic Politics

Fiscal Deterioration, Human Rights Violations A Rising Concern

Fiscal reforms are likely to dominate Laos' political scene as the government continues to struggle to arrest a deteriorating fiscal position. While we have highlighted that Vientiane has not been able to alter its profligate spending patterns, some quarters of the government appear resolute to curb public spending.

Table : Political Overview

Long-Term Political Outlook

Growing Dissent Against LPRP Poses Risk Of Upheaval

Laos' long-term political outlook will depend heavily on how well the country balances the need to spur economic growth to achieve its millennium development goals and the need to address widespread corruption and dissent against the government.

CHAPTER 2.2 ECONOMIC OUTLOOK - LAOS

Economic Activity

Fiscal Deterioration Set To Continue

Despite acknowledging that urgent fiscal reforms are needed, Vientiane has done little to alter its excessive spending patterns with the fiscal deficit widening substantially to 5.8% of GDP in FY2012/13 from 1.3% in the previous year. Public expenditures swelled as a result of a surge in the public sector wage bill owing to a rapid expansion in the civil servant headcount and substantial raises in civil service wages.

Table : ECONOMIC ACTIVITY

CHAPTER 2.3 KEY SECTOR OUTLOOK - LAOS

Mining Sector Outlook

Tough Digging With Fading Boom

While the Lao government is reviewing a ban on new mining concessions that had been due to last until 2015, our sombre outlook on frontier mining continues to suggest

that the country's mining sector is set to suffer from falling investment over the coming years. In contrast to gold, we expect copper mining to prove more resilient as PanAust Ltd forges ahead with the expansion of its Phu Kham mine to 90ktpa by 2018.

Table: Copper & Gold Mine Production Forecasts

CHAPTER 3.1 POLITICAL OUTLOOK - MYANMAR

Domestic Politics

More Peril Seen In Constitutional Reform Process

Myanmar's Joint Constitutional Review Committee has received over 28,247 recommendations for amendments to the country's constitution, which was created by the former military junta and is riddled with extensive weaknesses. While we stress yet again that a genuine effort to amend the constitution would be a huge step in the right direction in terms of Myanmar's political maturation, we note that incipient signs of potential inaction or stalling have emerged. Should the amendment process fail to yield any substantive results, we see downside risks for not only Myanmar's political risk outlook, but also its already challenging business environment.

Table : Myan mar Political Overview

Long-Term Political Outlook

Regime Change From Within?

Myanmar remains one of very few Asian states to have withstood the tide of democratisation since the 1980s. Although Myanmar held its first elections in 20 years in November 2010, these were widely considered a sham, with the military-backed Union Solidarity and Development Party winning most of the seats.

CHAPTER 3.2 ECONOMIC OUTLOOK - MYANMAR

Economic Activity

Banking Sector Reform Faces Considerable Challenges

Myanmar's banking sector has made considerable progress over the past two years, with the provision of credit card and ATM services beginning to chip away at the economy's formerly cash-only nature. However, both structural and policy-related headwinds continue to weigh heavily on the sector's development potential, which in turn could limit the country's broader economic growth outlook.

Table : ECONOMIC ACTIVITY

CHAPTER 3.3 KEY SECTOR OUTLOOK - MYANMAR

Infrastructure Sector Outlook

Airport Viability Concerns Surface Again With Hanthawaddy

CHAPTER 4: BMI GLOBAL ASSUMPTIONS

Global Outlook

Global Growth Optimism Turning To Disappointment

Table: Global Assumptions

Table : De vel ope d States , Real GDP Growth , %

Table : BMI VERSUS BLOOM BERG CONSENSUS REAL GDP GRO WTH FOR
ECASTS, %

Table: Emerging Markets, Real GDP Growth, %

I would like to order

Product name: Cambodia, Laos and Myanmar Business Forecast Report Q2 2014

Product link: <https://marketpublishers.com/r/C658FE7C752EN.html>

Price: US\$ 1,195.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page <https://marketpublishers.com/r/C658FE7C752EN.html>