



## MALAYSIA

### Malaysia Headed for Recession in Six Months, Statistician Says<sup>1</sup>

The Malaysian economy is about to feel the full brunt of the coronavirus pandemic after posting its slowest growth since the global financial crisis. According to the Mohd Uzir Mahidin, Chief Statistician of Malaysia, the economy is set to slip into a recession in the next four to six months. He further said that the border closure and a standstill in commerce around the world, industries including tourism and aviation was crippled and presented an uncertainty to rebound in trade in the first quarter.

The expected decline comes as the country's gross domestic product grew marginally at 0.7% in the first three months of the year, the lowest since the third quarter of 2009. It is significantly less than the expansion of 3.9% to 4.2% expected as the country lost RM22.8 billion in economic output because of a countrywide lockdown. In March, as the world began the "Great Lockdown," a leading indicator recorded its steepest drop since November 1991.

It was reported the early indications in April and May 2020, the economic environment is foreseen to be unfavorable for Malaysian businesses. The global lockdown also saw a sharp contraction to the economy like never before based on this unprecedented situation.

## CAMBODIA

### Kingdom's GDP growth to narrow -1% to -2.9%, World Bank says<sup>2</sup>

Cambodia's latest economic update stated that the World Bank expects further recoil on the Kingdom's gross domestic product (GDP) growth to between negative one per cent and negative 2.9 per cent for 2020 as its main growth drivers - tourism, manufacturing exports and construction sector were heavily affected. Fiscal deficit could reach its highest level in 22 years and public debt is likely to rise to 35 per cent of GDP by 2022. It also said that the latest GDP forecast revised from 2.5 percent in April and slightly below seven per cent earlier this year is likely to register its slowest growth since 1994. The collapse of the three drivers, accounting for over 70 per cent of the country's growth and nearly 40 per cent of employment, has hurt economic expansion, which puts 1.8 million jobs at risk.

Poverty could rise among households involved in key sectors including garment and trade by between three to 11 percentage points higher than at baseline (-1 per cent), or in the absence of Covid-19. Capital inflows are tapering and could in turn trigger the easing of real estate market prices which might end the construction boom. As such, non-performing loans could rise on the back of large outstanding credit to

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<sup>1</sup>Malaysia Headed for Recession in Six Months, Statistician Says, Bloomberg, dated 30 May 2020, <https://www.bloomberg.com/news/articles/2020-05-30/malaysia-headed-for-recession-in-six-months-statistician-says?sref=5FDdlvTK>

<sup>2</sup> Kingdom's GDP growth to narrow -1% to -2.9%, World Bank says, The Phnom Penh Post, dated 29 May 2020, [https://www.phnompenhpost.com/business/kingdoms-gdp-growth-narrow-1-29-world-bank-says?\\_cf\\_chl\\_jschl\\_tk\\_=05e8387d7253149b7a5a3917e69abeb57d15141b-1590975169-0-AV15N-ejDo3SF18URzfZsgiatUPxuv\\_1aRzIXdYHRsvz\\_eIO\\_1LUny1nehQNKBir4iZVt-\\_X45wuUSR2LJhF61yTyFxzVAFq061ZwMdlHRYL4fWbYjAtZmZAn2vV9BO1PqmvZFUNFEJNLAYKEpDikInaMeWcJewTgi9y1RyfxwKl1gJz0miujede2pBJTBqciaAyl3d8LTnKXHKbUJNbyl0y5v8zr9OGBMbzHE5dr2cJSVgMSY3E8JBIZfxK0athIHs6ZqsZ4v9-oe0CEXBRf6D31neW4FIBp-ONcBms37s-r93ZyxX-Ei6Qkvi9EIhtlcCGu\\_01qVzB5hGsLYcTR\\_EOjSF5AY6GvpcwHL5nAP3w](https://www.phnompenhpost.com/business/kingdoms-gdp-growth-narrow-1-29-world-bank-says?_cf_chl_jschl_tk_=05e8387d7253149b7a5a3917e69abeb57d15141b-1590975169-0-AV15N-ejDo3SF18URzfZsgiatUPxuv_1aRzIXdYHRsvz_eIO_1LUny1nehQNKBir4iZVt-_X45wuUSR2LJhF61yTyFxzVAFq061ZwMdlHRYL4fWbYjAtZmZAn2vV9BO1PqmvZFUNFEJNLAYKEpDikInaMeWcJewTgi9y1RyfxwKl1gJz0miujede2pBJTBqciaAyl3d8LTnKXHKbUJNbyl0y5v8zr9OGBMbzHE5dr2cJSVgMSY3E8JBIZfxK0athIHs6ZqsZ4v9-oe0CEXBRf6D31neW4FIBp-ONcBms37s-r93ZyxX-Ei6Qkvi9EIhtlcCGu_01qVzB5hGsLYcTR_EOjSF5AY6GvpcwHL5nAP3w)





the construction, real estate and mortgage sector. World Bank country manager, Inguna Dobraja pledges its commitment to help Cambodia deal effectively with the crisis and strengthen the economy for recovery and future resilience.

The bank recommended policy options that are aimed at providing urgent economic relief and public health protection in the immediate term, underpinning an economic recovery in the short-term and fostering macro-fiscal and social resilience in the medium term. It also noted the emergency measures to contain the outbreak and provide fiscal assistance to affected households, workers and enterprises. The government will need to continue to ensure macroeconomic and financial sector stability and accelerate trade and investment reforms as well as encourage faster adoption of digital technologies to facilitate a robust recovery.

## THAILAND

### Thailand Passes \$58 Billion Economic Support Package Amid Pandemic<sup>3</sup>

The Thailand Parliament reportedly passed a 1.9 trillion Baht (RM251 billion) economic stimulus package to provide support to the vulnerable population amid the coronavirus pandemic on 31 May. Thailand's government listed out a plan to borrow 1 trillion Baht (RM136 billion) and central bank measures worth another 900 billion Baht (RM122 billion) in soft loans and support for corporate bonds among the three bills passed in the legislature. The bill was expected to be approved by the upper house Senate in early July after the commencement which would help the administration in the recovery of the economy in shackles due to the pandemic and looming recession.

The 1 trillion Baht (RM136 billion) of borrowing will see over 600 billion Baht (RM 81 billion) utilised for the relief from the pandemic and healthcare while the remaining will be used for job creation and uplifting the economy. The country would begin to resume businesses on 1 June as part of the third leg of four stages in easing of its lockdown. The country would ease restriction in order to kick start the economy. The government also announced that it was extending the overseas air travel ban for at least a month till 30 June to contain the spread of Covid-19 via travelling. The announcement comes after the country saw a single digit spike in newer infection. It also allows malls to reopen from 17 May onwards and also decided to shorten night-time curfew by one hour.

## PHILIPPINES

### PH foreign loans, grants for COVID-19 response reach \$4.86B as of mid-May<sup>4</sup>

The Department of Finance said that the Philippines has acquired a total of US\$4.858 billion (RM21 billion) from foreign institutions and commercial markets as of mid-May to help fund its response to the pandemic. From the total amount, US\$4.55 billion (RM19 billion) was made through newly contracted foreign loans extended by the Asian Development Bank (ADB) and the World Bank with the government's issue of US

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<sup>3</sup> Thailand Passes \$58 Billion Economic Support Package Amid Pandemic, Republic World, dated 31 May 2020, <https://www.republicworld.com/world-news/rest-of-the-world-news/thailand-proposes-58-dollars-billion-economic-package-as-response-to-covid-19.html>

<sup>4</sup> PH foreign loans, grants for COVID-19 response reach \$4.86B as of mid-May, CNN Philippines, dated 31 May 2020, [https://cnnphilippines.com/business/2020/5/31/PH-foreign-loans-grants-coronavirus-mid-May.html?fbclid=IwAR1SaFalkMxWmClhvAongc44pM186YNaWLyC8r6Y\\_ry8gZLbARYg9Cv-2b0](https://cnnphilippines.com/business/2020/5/31/PH-foreign-loans-grants-coronavirus-mid-May.html?fbclid=IwAR1SaFalkMxWmClhvAongc44pM186YNaWLyC8r6Y_ry8gZLbARYg9Cv-2b0)





dollar-denominated global bonds last months. ADB lent US\$1.7 billion (RM7.3 billion) while US\$ 500 million (RM2.1 billion) was lent to the country by the World Bank. The remaining US\$2.35 billion (RM 10.1 billion) was raised from the dual-tranche issuance of the Philippines' global bonds, which fetched coupon rates of 2.45 percent for the 10-year and 2.95 percent for the 25-year, the lowest ever for a Philippine dollar bond in both tenors.

These are on top of the US\$200 million (RM865 million) additional financing the World Bank had provided for the ongoing Social Welfare Development and Reform Project II to the Philippines which would bring the total amount for foreign sourced budgetary support financing for the government's Covid-19 response to US\$4,75 billion (RM20.5 billion). The Department of Finance also mentioned the US\$ 100 million (RM 432 million) loan the Philippine had signed with the World Bank last 28 April for the government's Covid-19 Emergency Response Project along with the US\$ 8 million (RM34.6 million) the agency had raised in grant financing from the ADB. This is in support of two projects implemented by the Department of Health and other agencies to handles the pandemic.

The World Bank and the ADB had approved another set of loans amounting to US\$ 25 million (RM 108 million) and US\$ 400 million (RM1.73 billion) respectively recently. On 29 May, the China-led Asian Infrastructure Investment Bank had approved a US\$ 750 million (RM3.24 billion) loan. Finance Secretary Carlos Dominguez III had cited President Rodrigo Duterte's "saving-for-a-rainy-day" economic management approach for gaining the trust and confidence of the world's most respected credit rating agencies and development partners, allowing the country "to borrow money at lower interest rates and longer repayment periods."

## **MYANMAR**

### **UN supports Myanmar government efforts to deal with the COVID-19 pandemic<sup>5</sup>**

United Nations agencies, funds and programmes are supporting the efforts of the Government of Myanmar and communities to prevent and respond to the pandemic. The United Nations Development Programme (UNDP) has been working closely with the Government to provide direct assistance. In recent weeks, more than 8,700 bottles of hand gel and 260 temperature screeners were handed over to the Union Parliaments, the Myanmar Anti-Corruption Commission, the Union Civil Service Board, the Union Attorney General's Office, the Office of the Supreme Court of the Union, the Myanmar National Human Rights Commission and other counterparts. A collaboration with 12 Civil Society Organisations (CSOs) in Kachin and Rakhine states provided similar assistance to its local communities. The Department of Disaster Management has provided about 100 loudspeakers are provided to assist community awareness building. UNDP will also be assisting nine state and regional governments in strengthening health support through providing personal protection equipment (PPE) and other necessary medical supplies, with the first batch of PPEs due to be handed over in the next two weeks.

UNDP continues to enhance the capacities of national institutions to operate effectively during the COVID-19 pandemic. Through its Support to Effective and Responsive Institutions Project (SERIP), UNDP organized a webinar for Union Hluttaw MPs, on the topic of the COVID-19 Economic Relief Plan (CERP) and the role of MPs with regard to this important national plan. UNDP's project on Strengthening

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<sup>5</sup> UN supports Myanmar government efforts to deal with the COVID-19 pandemic, Mizzima, dated 31 May 2020, <http://mizzima.com/article/un-supports-myanmar-government-efforts-deal-covid-19-pandemic>





Accountability and Rule of Law (SARL) is providing video conferencing equipment to the Myanmar Anti-Corruption Commission and the Myanmar National Human Rights Commission. This support will allow enhanced coordination and timely provision of services to general public. It will have a positive impact on the operations and activities of the Government institutions and CSOs to allow staff to continue ongoing coordination work while observing physical distancing measures.

UNDP collaborated with relevant Government entities at union and state levels to prepare and submit loan applications to the COVID-19 Fund set up by the Government of Myanmar earlier in April. A fund of 100 billion Myanmar Kyats (RM 308 million) was set up to provide immediate loans to enterprises in the socio-economic sector impacted by the COVID-19. UNDP facilitated over 180 applications to this fund.

## **VIETNAM**

### **Top diplomats of Vietnam, Russia talk strengthening bilateral cooperation<sup>6</sup>**

Deputy Prime Minister and Foreign Minister Pham Binh Minh held a phone talk with Russian Foreign Minister Sergei Lavrov on May 29 on ways to strengthen bilateral cooperation and the two countries' coordination at the United Nation (UN) Security Council. The two officials noted with satisfaction the deepened comprehensive strategic partnership between the two countries, and agreed to continue coordinating to promote the external activities of their high-ranking leaders in the time ahead and enhance bilateral cooperation in the framework of the Vietnam-Russia, Russia-Vietnam Years. They also exchanged advice on measures to contain the COVID-19 pandemic, and pledged to assist the citizens of the two countries as well as to coordinate for the timely settlement of problems as they arise.

Regarding collaboration on the UN Security Council, Deputy PM Minh appreciated the role, position and contributions of Russia in the international arena, particularly as a permanent member of the council. He thanked Russia for the valuable support that the country had given to Vietnam during the time the latter ran for a non-permanent seat in the UNSC and participated in the UNSC's activities, especially when Vietnam served as President of the council in January. He also expressed his hope that in difficult times, UNSC member countries, especially Russia and other major powers, will find a common voice, contributing to preserving and promote a peaceful and stable international environment.

The two officials exchanged views on the activities of the UNSC during the past six months, discussed and shared information on hotspots like Syria, Libya, Iran, Sudan and South Sudan. They vowed to continue working closely and sharing information on issues of common concern.

## **INDONESIA**

### **Indonesia Capital Gears Up for Post-Holiday Glow Amid Virus<sup>7</sup>**

Jakarta is anticipating 1 million vehicles to enter the city as people return from Eid a--Fitr holiday in the midst of coronavirus pandemic. According to a Cabinet Secretariat, traffic is projected to peak from Saturday to Monday. The figure may be lower compared to the 2.8 million vehicles recorded last year; the flow of so many travellers is raising concern as the number of coronavirus cases grow in the country.

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<sup>6</sup> Top diplomats of Vietnam, Russia talk strengthening bilateral cooperation, Nhan Dan, dated 30 May 2020, <https://en.nhandan.org.vn/politics/item/8717602-top-diplomats-of-vietnam-russia-talk-strengthening-bilateral-cooperation.html>

<sup>7</sup> Indonesia Capital Gears Up for Post-Holiday Flow Amid Virus, Bloomberg Quint, dated 1 June 2020, <https://www.bloombergquint.com/business/indonesia-capital-gears-up-for-post-holiday-return-amid-pandemic>





The Transport Ministry spokeswoman, Adita Irawati said that the government has called on citizens to delay their return to curb the spread of the pathogen and increase monitoring by setting up patrols at multiple checkpoints. The seaports and airports also implemented the same measures over fears of a new wave of infections. The Ministry also extended the post-holiday traffic management until 7 June following an instruction issued by the nation's Covid-19 task force.

Indonesia now has the highest coronavirus death toll in Southeast Asia with 1,673 people succumbing to the disease as of 30 May and the total infected case reached 25,773 people. Indonesia President Joko Widodo banned the annual ritual of citizens travelling in large numbers to their hometowns and villages ahead of the Muslim festival of Eid al-Fitr which took place on 24 to 25 May with people travelling back via unguarded back roads. Official data shows that an estimated 19.5 million people travelled to their hometowns from big cities like Jakarta during last year's Eid.

## **SINGAPORE**

### **Singapore, Malaysia suspend work on high-speed rail link until end of year for discussion of changes<sup>8</sup>**

Malaysia and neighboring Singapore said on Sunday they had agreed to suspend until December 31 a high-speed rail project between Malaysia's capital, Kuala Lumpur, and the city state, to allow discussion of changes. Analysts estimate the project, first announced by both nations in 2013, will cost about US\$17 billion (RM 73.49 billion), though the two have tried to renegotiate the terms of an initial pact. Malaysia's Minister of International Trade and Industry, Mohamed Azmin Ali said that both governments agreed to resume discussions on the Kuala Lumpur-Singapore high speed rail infrastructure project in the near future which will encompass some of the proposed changes in the commercial and technical aspect of the project.

Singapore's transport ministry said in a separate statement that it had agreed to a "final extension" and that it looked forward to receiving Malaysia's formal proposal on the changes soon. He further said that the extension should provide sufficient time for Malaysia to clarify its proposal and for both sides to assess the implication of the proposed changes. The key is joint commitment to the project's vision and mutual trust. Nevertheless, the [railway] is a complex project, and both sides have to be convinced that the changes do not undermine the original intent of the project.

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*Compiled by Kevin Lai*

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<sup>8</sup> Singapore, Malaysia suspend work on high-speed rail link until end of year for discussion of changes, South China Morning Post, dated 31 May 2020, <https://www.scmp.com/news/asia/southeast-asia/article/3086882/singapore-malaysia-suspend-work-high-speed-rail-link-until>

