

# DIW Berlin

Deutsches Institut  
für Wirtschaftsforschung

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Monetary and Exchange Rate Policies in Cambodia, Lao PDR  
and Viet Nam: The Scope for Regional Cooperation

## **Study Implementation Process: Program and Assignments**

Regional Workshop, Siem Reap, 26-27 Sept. 2006

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# Proposed Structure

- Preliminary part
- Part I: Integration, Cooperation, and Development of ASEAN+3 Economies
- Part II: Lessons from International Experience
- Part III: Monetary and Exchange Rate Policies in Cambodia, Laos and Vietnam
- Part IV: Enhancing Monetary and Exchange Rate Stability in CLV
- Appendix and References

# Proposed Structure: Preliminary Part

- **Preliminary part**
  1. Introduction and Study Background
- Part I: Integration, Cooperation, and Development of East Asian Economies
- Part II: Lessons from International Experience
- Part III: Monetary and Exchange Rate Policies in CLV
- Part IV: Enhancing Monetary and Exchange Rate Stability in CLV
- Appendix and References

# Proposed Structure: Part I

- Preliminary part
- **Part I: Integration, Cooperation, and Development of ASEAN+3 Economies**
  2. Driving Forces for Monetary Cooperation: Integration of Markets for Goods, Services, Capital, and Labor
  3. Fiscal Implications for Monetary and Exchange Rate Policies
  4. Monetary Frameworks and Exchange Rate Regimes
  5. Monetary and Exchange Rate Policies in Multi-Currency Economies
  6. Incentives, Initiatives and Obstacles to Monetary Cooperation
- Part II: Lessons from International Experience
- Part III: Monetary and Exchange Rate Policies in CLV
- Part IV: Enhancing Monetary and Exchange Rate Stability in CLV
- Appendix and References

## Proposed Structure: Part II

- Preliminary part
- Part I: Integration, Cooperation, and Development of ASEAN+3 Economies
- **Part II: Lessons from International Experience**
  7. The European Monetary System and the ECU: The Role of Small Countries
  8. Dollarization and its Consequences for Monetary Stability
- Part III: Monetary and Exchange Rate Policies in CLV
- Part IV: Enhancing Monetary and Exchange Rate Stability in CLV
- Appendix and References

## Proposed Structure: Part III

- Preliminary part
- Part I: Integration, Cooperation, and Development of ASEAN+3 Economies
- Part II: Lessons from International Experience
- **Part III: Monetary and Exchange Rate Policies in CLV**
  - 9. Monetary and Exchange Rate Policy in Cambodia
  - 10. Monetary and Exchange Rate Policy in Lao PDR
  - 11. Monetary and Exchange Rate Policy in Viet Nam
  - 12. Common Ground and Alternative Approaches to Monetary and Exchange Rate Policies in CLV
- Part IV: Enhancing Monetary and Exchange Rate Stability in CLV
- Appendix and References

## Proposed Structure: Part IV

- Preliminary part
- Part I: Integration, Cooperation, and Development of ASEAN+3 Economies
- Part II: Lessons from International Experience
- Part III: Monetary and Exchange Rate Policies in CLV
- **Part IV: Enhancing Monetary and Exchange Rate Stability in CLV**
  - 13. Policy Options
  - 14. Regional and Sub-Regional Cooperation
- Appendix and References

## Key Issues for CLV-Studies in Part III

- (1) Status of the reform process (with focus on fiscal, monetary, and exchange rate policy) within the transitional process from central planning to market economy
- (2) Status (and performance review) of the adopted monetary policy framework and exchange rate regime, including a historical perspective explaining how the systems have evolved through the years and why
- (3) How the decision making process for monetary policy and exchange rate policy is structured and what's the role of different institutions
- (4) What is the degree of effective capital mobility? How are the domestic price level, the overall quantity of money and the effective exchange rate measured?
- (5) How to measure the degree of Multiple Currency Phenomenon (MCP) in addition to using standard indicators such as the share of foreign-currency denominated bank credit (qualitative analysis and case studies)



## Key Issues for CLV-Studies in Part III (cont.)

- (6) How the country could benefit from adopting a corner solution such as: (i) full adoption of an "external currency system" (i.e. with total abandonment of the domestic currency use) or a (ii) banning of use of external currencies (i.e. unique use of the domestic currency), or choosing an intermediary solution? And what could be an ideal degree of MCP? In addition, is it possible to design a road-map to achieve an ideal degree of MCP?
- (7) Actual meaning of "inflation targeting" given the fact that inflation is largely dependent on "imported" inflation due to the monetary policy framework and the exchange rate regime
- (8) Extent to which the reform process is addressing the symptoms (such as a high degree of MCP) or the root causes (such as improving the efficiency of the financial system and its institutions and enhancing market confidence, etc.)

## Key Issues for CLV-Studies in Part III (cont.)

- (9) How can regional and sub-regional cooperation help achieving monetary and exchange rate stability?
- (10) Is in particular an Asian Currency Index (ACI) or Regional Monetary Unit (RMU) useful?
- (11) What are the perspectives of joining the Chiang Mai Initiative (CMI) given the prospects for multi-lateralization of the CMI process?

*The chapters should be highly analytical  
Descriptive parts can be included in appendix*

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