

Impact of the Border Closure on the Cambodian Economy

A Dynamic CGE Analysis

James Giesecke, So Hengvotey, Milan Thomas, and Robert Waschik

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List of abbreviations

ADB	Asian Development Bank
CGE	Computable General Equilibrium
GDP	Gross Domestic Product
GNE	Gross National Expenditure
GTAP-FIN	Global Trade Analysis Project with Financial Linkages
IMF	International Monetary Fund
UN	United Nations
US	United States

Executive summary

The Cambodia-Thailand border conflict and subsequent border closure in 2025 created a significant economic shock by disrupting trade, tourism, labour migration, and investment. The crisis led to the return of approximately 900,000 Cambodian migrant workers from Thailand, placing pressure on domestic labour markets while reducing remittance inflows and cross-border economic activity. These disruptions highlighted Cambodia's vulnerability to external shocks and its reliance on a relatively narrow range of external sources of income and growth.

This study assesses the economy-wide effects of the border closure using the Global Trade Analysis Project with Financial Linkages (GTAP-FIN) computable general equilibrium model. The model captures interactions among households, firms, labour markets, government, trade, tourism, and financial flows, allowing multiple interconnected shocks to be assessed simultaneously. The study set three scenarios, such as light, moderate, and severe, to reflect different assumptions regarding return migration, remittance losses, trade disruptions, tourism declines, and investor confidence.

The results indicate that the border closure affects Cambodia through five main channels: labour migration, remittances, bilateral trade, tourism, and investment. The return of migrant workers increases the domestic labour supply, supporting aggregate employment and output. As more workers enter the labour force, production capacity expands, and investment responds to increased demand for capital. These effects support aggregate gross domestic product (GDP) growth.

However, these gains are more than offset by losses from lower remittances, tourism activity, export demand, and investment. Lower remittance inflows reduce household income and consumption, contributing to lower living standards. Weaker tourism demand reduces employment and economic activity in labour-intensive sectors, particularly accommodation, food services, and transport.

Trade disruptions further weaken economic activity. Although lower imports from Thailand encourage some substitution towards alternative suppliers, reduced Thai demand for Cambodian exports lowers export earnings and weakens the terms of trade. The resulting decline in export demand also reduces incentives for investment. At the same time, uncertainty associated with the border conflict reduces investor confidence, limiting foreign investment, slowing capital accumulation, and constraining future economic growth.

When all transmission channels are combined, the border closure has a net negative impact on the Cambodian economy. Although aggregate GDP increases due to an expanded labour supply, real GDP per capita and real consumption per capita remain below baseline levels. The decline in household welfare reflects lower remittances and tourism receipts, weaker export performance, and reduced investment inflows. Overall, the results indicate that labour-force expansion alone is insufficient to offset losses in household income and purchasing power.

These findings also underscore the challenge of achieving Cambodia's long-term development ambitions, including the strategic vision of becoming a high-income country by 2050. Greater exposure to external shocks could constrain progress towards these goals if economic growth remains dependent on a limited range of external sources of income and demand. Strengthening economic resilience should therefore be an integral part of Cambodia's development strategy, with greater emphasis on diversification, productivity growth, domestic income generation, and the capacity of households and businesses to withstand external shocks.

The study highlights five policy priorities to strengthen Cambodia's capacity to absorb external shocks and turn the post-crisis period into an opportunity for economic resilience and growth:

- **Accelerate structural transformation and domestic job creation:** Cambodia should anticipate and expand higher-productivity activities in manufacturing, agribusiness, and modern services to increase domestic employment opportunities and absorb returning workers.
- **Leverage the return of migrant workers as a development opportunity:** The productive reintegration of returnees should be advanced by recognising skills and qualifications acquired abroad and providing targeted training, job-matching services, entrepreneurship support, and access to finance. This can help convert returning workers' skills and experience into higher productivity, innovation, and enterprise development.
- **Strengthen human capital and labour market diversification:** Reskilling, upskilling, and vocational training programmes should expand to improve worker mobility and productivity. Stronger labour-market institutions and job-matching mechanisms can facilitate the movement of workers into emerging and higher-productivity sectors.
- **Diversify export markets, tourism sources, and investment partners:** Government strategy should expand export destinations, diversify tourism source markets, and attract a broader range of international investors. Therefore, explore new trade destinations and core strengths of supply goods. Improving infrastructure, trade facilitation, regulatory quality, and the business environment will be critical to strengthening Cambodia's competitiveness and resilience.
- **Strengthen economic resilience:** Cambodia's development strategy should look up to economic resilience strategy in raising productivity, expanding domestic opportunities, and diversifying growth drivers. These priorities will reduce vulnerability to external shocks and support Cambodia's goals of achieving the vision in 2050.

1. Introduction

The Cambodia-Thailand border conflict of 2025 generated one of the most significant economic shocks Cambodia has faced in recent years. The disruption of cross-border trade, tourism, and economic activities, combined with the large-scale return of an estimated 900,000 Cambodian migrant workers from Thailand, created substantial economic pressure. The impacts were particularly pronounced in border provinces where livelihoods, businesses, and local economies depend heavily on cross-border mobility and commerce. The return migration accommodation with issue of skill match, livelihood change, and debt repayment (Roth, et.al. 2026).

The sudden return of migrant workers placed considerable pressure on Cambodia's labour market and local economies. While an expanded labour force can contribute to domestic production, it also intensifies competition for employment, reduces remittance inflows, and increases demand for public services and social support. These pressures have posed significant challenges to economies in the border provinces, highlighting the need to diversify local economic activities and strengthen economic linkages between border provinces and the country's central economic zones (CDRI and ERIA 2026). At the same time, declining trade volumes, weaker tourism activity, and reduced investor confidence have further constrained economic growth. Together, these interconnected shocks raise important questions regarding Cambodia's economic resilience and the extent to which different sectors, regions, and households are affected.

Given the economy-wide nature of these impacts, conventional sector-specific analyses are insufficient to capture their full consequences. This study therefore applies the Global Trade Analysis Project with Financial Linkages (GTAP-FIN) computable general equilibrium (CGE) model to assess the economic effects of the Cambodia–Thailand border closure. The model captures interactions among households, firms, government, labour markets, trade, tourism, and investment, enabling the analysis to quantify both the overall economic impacts and the contribution of individual transmission channels.

The study evaluates three scenarios, light, moderate, and severe, based on alternative assumptions regarding labour movements, remittance inflows, bilateral trade, tourism demand, and investment. The findings provide evidence to inform policy responses aimed at facilitating labour market adjustment, protecting household welfare, supporting economic recovery, and strengthening Cambodia's resilience to future geopolitical and cross-border disruptions.

2. Method and analytical model: The GTAP-FIN model

This study employed the Global Trade Analysis Project with Financial Linkages (GTAP-FIN), a dynamic CGE model, to assess the impact of the Cambodia-Thailand border closure. CGE models combine detailed data on production, consumption, trade, factor markets, and income flows to capture interactions among households, firms, governments, and international markets (Dixon and Jorgenson 2013). The model provides a disciplined way of analysing the counterfactual question: how would the Cambodian economy evolve relative to the baseline in the presence of the border-closure shocks described in Section 4.

GTAP-FIN builds on the standard GTAP framework (Hertel 1997; Corong et al. 2017) and is calibrated to the GTAP v.11c 2017 database (Aguilar et al. 2022). We aggregate the model's

160 regions to 31 and condense 65 industries to 55. GTAP-FIN extends the standard GTAP framework in three main ways: wage rigidity, sector-specific capital, and financial flows.¹

A GTAP-FIN simulation comprises two components: a counterfactual baseline simulation and a policy simulation. The policy simulation replicates the baseline except for the inclusion of policy shocks. Results are reported as deviations from baseline values. The rest of this section briefly outlines the baseline simulation spanning 2018–2040.² More detail is available in Giesecke et al. (2026).

The baseline reflects observed data to 2023 and forecasts, thereafter, incorporating real GDP data from the International Monetary Fund (IMF) up to 2023 and forecast data up to 2029. No forecasts are available after 2029, so real GDP is then set endogenously with regional labour productivity growth set exogenously. The baseline also reflects real private consumption, government consumption, and investment up to 2022, using data from the UN Department of Economic and Social Affairs.³ The baseline also reflects forecast changes in regional population and labour supply using historical and projected working-age (ages 16–65) population data from the UN Department of Economic and Social Affairs (UN 2024).

The model’s initial solution reflects applied tariffs from the International Trade Centre’s MAcMap database,⁴ and the baseline reflects tariff changes arising from trade agreements and preferential arrangements over the simulation period, including the 2018–2020 US-China trade war. The baseline also reflects changes in the US import volume shares by source up to 2024.⁵

3. Calculating the border closure shocks

3.1. Overview

The study models the effects of the Cambodia-Thailand border closure through five channels: (i) return migration from Thailand, (ii) lower remittances, (iii) reduced bilateral trade, (iv) lower tourism, and (v) reduced investment. Three scenarios are considered: light, moderate, and severe. Scenario values are based on information provided by the Cambodia Development Resource Institute (CDRI) reported in Table 1. Because the disruptions began in mid-2025 and continued into early 2026, shocks are phased in equally across the two years.

Table 1: Elements of the border closure scenario

	Light scenario	Moderate scenario	Severe scenario
Returned labourers	5% increase in Cambodian labour force (headcount). 3.95% increase in hours. 2.31% increase in population.	5.5% increase in Cambodian labour force (headcount). 4.35% increase in hours. 2.54% increase in population.	6% increase in Cambodian labour force (headcount). 4.74% increase in hours. 2.77% increase in population.

¹ We solve GTAP-FIN using GEMPACK (Horridge et al. 2018) via the Runge-Kutta method. For more detail on the GTAP-FIN model, see Dixon and Rimmer (2002), Dixon et al. (2019) and Dixon et al. (2021).

² We choose 2040 as the terminal year to provide a sufficiently long horizon for capital accumulation, wage adjustment and financial reallocation to occur following the border-closure shocks.

³ See <https://unstats.un.org/unsd/snaama/Basic>.

⁴ See <https://www.macmap.org/>.

⁵ See <https://usatrade.census.gov/index.php>.

Remittances	40% reduction in remittances from Thailand (i.e., a 32% reduction in total remittances).	60% reduction in remittances from Thailand (i.e., a 48% reduction in total remittances).	84% reduction in remittances from Thailand (i.e., a 67% reduction in total remittances).
Cambodian trade with Thailand	20% reduction in exports to Thailand, 20% reduction in imports from Thailand.	30% reduction in exports to Thailand, 30% reduction in imports from Thailand.	35% reduction in exports to Thailand, 35% reduction in imports from Thailand.
Cambodian tourist arrivals	10% reduction in overall tourist arrivals (together with 80% reduction in Thai tourists).	20% reduction in overall tourist arrivals (together with 87.5% reduction in Thai tourists).	30% reduction in overall tourist arrivals (together with 95% reduction in Thai tourists).
Foreign investment	1.25% increase in required rate of return for investors.	2.5% increase in required rate of return for investors.	5% increase in required rate of return for investors.

Note: Inputs based on government data from the second half of 2025.

4. Labour movement

The border closure is assumed to increase Cambodia's labour force through the return of migrant workers from Thailand. Returned-worker numbers increase by 5 percent, 5.5 percent, and 6 percent under the light, moderate, and severe scenarios, respectively. These headcount changes are converted into labour-supply and population shocks using adjustments for seasonal migration.

Headcount figures to shocks to employment measured in hours, and implied movements in population, via the following equations:

$$h = SS * ST * 1 + (1-SS)*rw$$

$$p = (L/P) * (PNS/LNS) * (1-SS) * rw.$$

where:

- h is the percentage change in employment measured in hours of labour supply;
- p is the percentage change in population;
- rw is the percentage change in the number of returned workers in headcount terms;
- SS denotes the share of returned workers who are seasonal;
- ST denotes the share of annual labour supplied by a seasonal worker to Thailand prior to the closure;
- PNS/LNS is the population-to-worker ratio for returning non-seasonal workers;
- L/P is the general worker-to-population ratio.

We assume that $SS = 0.28$, $ST = 0.25$, $L/P = 0.59$, and $PNS/LNS = 1.087$.

4.1. Remittances

Remittances from Thailand accounted for an estimated 4 percent of Cambodia's GDP in 2024. Given the loss of employment and income among returning migrant workers, remittances from Thailand are assumed to decline by 40 percent, 60 percent, and 84 percent under the light, moderate, and severe scenarios, respectively. The income of migrant workers declined by approximately 37 percent after returning to Cambodia compared to the income they previously earned in Thailand (Roth, So, and Sim 2026). In addition, remittance inflows declined as returning migrant workers were no longer able to send income back to their households and instead had to rely on resources at their home base.

4.2. Thailand-Cambodia trade volumes

To capture disruptions to cross-border commerce, bilateral Cambodia-Thailand trade volumes are reduced by 20 percent, 30 percent, and 35 percent under the light, moderate, and severe scenarios, based on observed trade declines during the second half of 2025.

These reductions in bilateral trade volumes between Thailand and Cambodia are modelled with cost-neutral preference “twists” to the commodity-specific international sourcing decisions of economic agents within Thailand and Cambodia.⁶

4.3. Tourism

Tourism is an important transmission channel because the border closure disrupts cross-border travel and may weaken Cambodia's broader tourism appeal. Since tourism is not represented as a separate sector in GTAP, tourism losses are modelled as reductions in demand for tourism-related exports, including accommodation, food services, transport, trade, and other services. Tourism-export shares are calibrated to generate approximately USD4 billion in Cambodian tourism exports in 2025.⁷

The scenarios assume declines in tourist arrivals from Thailand and weaker overall tourism demand, implemented as lower demand for Cambodia's tourism-related exports, capturing both the direct impact of reduced Thai visitation and wider spillover effects on the tourism sector.

4.4. Investment

We model a reduction in willingness to invest in Cambodia via an increase in the return that investors require to hold Cambodian investments of 1.25, 2.5, and 5.0 basis points under the light, moderate, and severe scenarios, respectively. In GTAP-FIN, each region adjusts the composition of its holdings of the liabilities of other regions in response to movements in relative rates of return across these assets. Hence, the penalties in willingness to hold Cambodian assets reduce capital inflows into Cambodia, reducing investment, and with it, Cambodia's capital stock. This shock is intended to capture the possibility that conflict-related uncertainty raises the compensation investors require to hold Cambodian assets. Such effects are not directly

⁶ See Dixon and Rimmer (2002, 176) for a discussion of import / domestic twists.

⁷ UNWTO Tourism Statistics reports tourism expenditure in Cambodia for 2018–2022 (UNWTO 2020). Annual expenditure by “personal” travellers was USD3.4 billion in both 2018 and 2019, before collapsing during the pandemic years 2020–2022. The Mekong Tourism Coordinating Office reported that Cambodia's tourism earned USD3.63 billion in 2024, up 18 percent from a year earlier (MTCO 2025). Given these figures, we think USD4 billion for 2025 is a plausible estimate. We assume the following commodity-specific proportions of Cambodia's exports represent tourism sales: trd (0.10); afs (1.0); TranStoreWh (0.17); OthServ (0.56); cmt, omt, vol, mil, pcr, sgr, ofd, b_t, tex, wap, lea (0.016).

observed, but related studies have represented heightened perceived risk through increases in required rates of return. We include this channel explicitly so that the investment-risk response can be assessed separately from the other border-closure shocks. If further evidence becomes available on the size of the Cambodia-specific investment-risk effect, results can be scaled accordingly.

5. Economic consequences of Cambodia border closure

5.1. Policy closure

The policy simulations retain the baseline macroeconomic framework while allowing economic activity to adjust to the border-closure shocks. Household and government consumption remain linked to national income, while investment responds to changes in expected rates of return and is financed through international capital flows. Capital stocks evolve with investment, and labour markets transition from short-run wage rigidity and employment adjustment to long-run full employment.

As described in Section 4, the border closure affects Cambodia through six channels: (i) return migration from Thailand, (ii) reduced remittances, (iii) lower Cambodian exports to Thailand, (iv) lower Cambodian imports from Thailand, (v) reduced tourism, and (vi) weaker investor confidence. To assess both the individual and combined effects of these channels, we conduct 21 simulations comprising three scenarios (light, moderate, and severe) and seven simulations per scenario. For each scenario, six simulations apply each shock individually, while a seventh applies all shocks simultaneously.

The result for any given variable in the three joint simulations will be close to, but not exactly equal to, the simple sum of the results for the variable across the six individual simulations, because the model is non-linear and captures interactions between the shocks. Nevertheless, the results for the joint simulations are sufficiently close to the outcome of the simple sum of the six individual simulations that we can use the latter as a convenient way of decomposing the outcomes in any of the joint simulations.

5.2. Border closure consequences

5.2.1 Remittances

Table 2 reports the economic impact of a reduction in remittances from Thailand to Cambodia under the light, moderate, and severe scenarios. Under the moderate scenario, the shock is a 60 percent reduction in the flow of remittances from Thailand, with the size of the flow initially valued at 4 percent of Cambodian GDP. A reduction in remittances directly lowers real net national income. This accounts for the sharp and sustained drop in real consumption (-3.0 percent, moderating to -2.7 percent by 2030). The sharp drop in real consumption spending, together with the attendant fall in real investment, causes real GNE to fall relative to real GDP. This causes the Cambodian balance of trade to move towards surplus, causing an expansion in exports and contraction in imports. Exported Cambodian goods are relatively labour-intensive, so their expansion improves Cambodian employment, which gradually attenuates over the simulation period through real wage adjustment.

Table 2: Impact on Cambodian macroeconomic variables of a reduction in remittances from Thailand to Cambodia (% deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
<i>Light Scenario</i>									
Real GDP	0.00	0.03	0.00	-0.08	-0.12	-0.13	-0.13	-0.06	-0.01
Employment	0.00	0.13	0.16	0.00	-0.07	-0.09	-0.08	0.00	0.00
Capital	0.00	0.00	-0.05	-0.14	-0.20	-0.24	-0.26	-0.24	-0.17
Real consumer wage	0.00	0.10	0.22	0.22	0.17	0.10	0.04	-0.11	-0.10
Real private consumption	0.00	-1.00	-2.02	-2.03	-1.96	-1.88	-1.80	-1.39	-1.08
Real investment	0.00	-0.61	-1.12	-0.93	-0.71	-0.52	-0.37	-0.06	-0.02
Real public consumption	0.00	-1.00	-2.02	-2.03	-1.96	-1.88	-1.80	-1.39	-1.08
Export volumes	0.00	0.63	1.15	0.98	0.85	0.76	0.70	0.53	0.41
Import volumes	0.00	-0.29	-0.57	-0.56	-0.50	-0.44	-0.39	-0.20	-0.13
GDP deflator	0.00	-0.57	-1.00	-0.81	-0.65	-0.52	-0.44	-0.25	-0.20
Private consumption deflator	0.00	-0.53	-0.93	-0.73	-0.54	-0.40	-0.30	-0.09	-0.03
Terms of trade	0.00	-0.12	-0.22	-0.19	-0.16	-0.14	-0.13	-0.10	-0.07
Investment price deflator	0.00	-0.15	-0.25	-0.17	-0.12	-0.08	-0.05	-0.01	-0.01
Real GDP per capita	0.00	0.03	0.00	-0.08	-0.12	-0.13	-0.13	-0.06	-0.01
Real consumption per capita	0.00	-1.00	-2.02	-2.03	-1.96	-1.88	-1.80	-1.39	-1.08
<i>Moderate Scenario</i>									
Real GDP	0.00	0.04	0.01	-0.11	-0.17	-0.19	-0.18	-0.08	-0.02
Employment	0.00	0.20	0.25	0.01	-0.10	-0.13	-0.13	0.00	0.00
Capital	0.00	0.00	-0.07	-0.20	-0.30	-0.36	-0.39	-0.36	-0.26
Real consumer wage	0.00	0.15	0.34	0.34	0.26	0.16	0.07	-0.16	-0.14
Real private consumption	0.00	-1.50	-3.04	-3.04	-2.94	-2.82	-2.70	-2.09	-1.61
Real investment	0.00	-0.90	-1.64	-1.38	-1.06	-0.79	-0.56	-0.09	-0.03
Real public consumption	0.00	-1.50	-3.04	-3.04	-2.94	-2.82	-2.70	-2.09	-1.61
Export volumes	0.00	0.95	1.73	1.47	1.28	1.14	1.05	0.80	0.61
Import volumes	0.00	-0.44	-0.85	-0.83	-0.75	-0.66	-0.58	-0.30	-0.19
GDP deflator	0.00	-0.85	-1.49	-1.22	-0.97	-0.79	-0.66	-0.39	-0.30
Private consumption deflator	0.00	-0.79	-1.39	-1.09	-0.82	-0.61	-0.45	-0.13	-0.05
Terms of trade	0.00	-0.18	-0.32	-0.28	-0.24	-0.21	-0.20	-0.15	-0.11
Investment price deflator	0.00	-0.22	-0.37	-0.26	-0.18	-0.12	-0.08	-0.02	-0.01
Real GDP per capita	0.00	0.04	0.01	-0.11	-0.17	-0.19	-0.18	-0.08	-0.02
Real consumption per capita	0.00	-1.50	-3.04	-3.04	-2.94	-2.82	-2.70	-2.09	-1.61
<i>Severe Scenario</i>									
Real GDP	0.00	0.05	0.01	-0.15	-0.23	-0.25	-0.25	-0.10	-0.02
Employment	0.00	0.28	0.35	0.02	-0.14	-0.19	-0.18	0.00	0.00
Capital	0.00	0.00	-0.10	-0.28	-0.41	-0.49	-0.54	-0.50	-0.36
Real consumer wage	0.00	0.21	0.47	0.49	0.38	0.24	0.11	-0.22	-0.20
Real private consumption	0.00	-2.11	-4.26	-4.25	-4.11	-3.94	-3.77	-2.92	-2.25
Real investment	0.00	-1.24	-2.24	-1.91	-1.48	-1.11	-0.79	-0.13	-0.05
Real public consumption	0.00	-2.11	-4.26	-4.25	-4.11	-3.94	-3.77	-2.92	-2.25
Export volumes	0.00	1.33	2.41	2.07	1.79	1.60	1.47	1.12	0.85
Import volumes	0.00	-0.61	-1.19	-1.15	-1.05	-0.92	-0.81	-0.42	-0.27
GDP deflator	0.00	-1.18	-2.07	-1.70	-1.37	-1.12	-0.93	-0.55	-0.43
Private consumption deflator	0.00	-1.10	-1.93	-1.53	-1.16	-0.86	-0.64	-0.18	-0.07
Terms of trade	0.00	-0.25	-0.45	-0.39	-0.34	-0.30	-0.27	-0.20	-0.15
Investment price deflator	0.00	-0.31	-0.51	-0.36	-0.25	-0.17	-0.12	-0.03	-0.02
Real GDP per capita	0.00	0.05	0.01	-0.15	-0.23	-0.25	-0.25	-0.10	-0.02
Real consumption per capita	0.00	-2.11	-4.26	-4.25	-4.11	-3.94	-3.77	-2.92	-2.25

5.2.2 Labour and population movement

Table 3 reports the effects of a movement of labour from Thailand to Cambodia under each scenario. Under the moderate scenario, the quantity of the labour movement is equal to 5.5 percent of the Cambodian workforce in headcount terms. As discussed in Section 4.2, this

is associated with a labour supply increase of 4.35 percent and a population increase of 2.54 percent.

Table 3: Impact on Cambodian macroeconomic variables of labour movement from Thailand to Cambodia (% deviation from baseline)

Real GDP	2024	2025	2026	2027	2028	2029	2030	2035	2040
<i>Light Scenario</i>									
Real GDP	0.00	0.41	1.04	1.39	1.59	1.70	1.77	1.87	1.90
Employment	0.00	0.97	2.45	3.22	3.62	3.83	3.93	3.96	3.96
Capital	0.00	0.00	0.03	0.10	0.18	0.27	0.34	0.57	0.66
Real consumer wage	0.00	-0.74	-1.83	-2.36	-2.60	-2.69	-2.72	-2.64	-2.65
Real private consumption	0.00	0.37	0.89	1.15	1.30	1.39	1.45	1.55	1.58
Real investment	0.00	0.35	0.89	1.16	1.23	1.22	1.16	0.91	0.80
Real public consumption	0.00	0.37	0.89	1.15	1.30	1.39	1.45	1.55	1.58
Export volumes	0.00	0.45	1.14	1.54	1.77	1.90	1.98	2.10	2.14
Import volumes	0.00	0.39	0.99	1.31	1.47	1.56	1.61	1.67	1.71
GDP deflator	0.00	-0.08	-0.20	-0.27	-0.33	-0.38	-0.42	-0.49	-0.52
Private consumption deflator	0.00	0.03	0.09	0.11	0.09	0.07	0.04	-0.02	-0.02
Terms of trade	0.00	-0.07	-0.19	-0.26	-0.30	-0.32	-0.33	-0.35	-0.36
Investment price deflator	0.00	-0.06	-0.13	-0.16	-0.18	-0.19	-0.19	-0.19	-0.18
Real GDP per capita	0.00	-0.73	-1.23	-0.89	-0.70	-0.59	-0.52	-0.42	-0.39
Real consumption per capita	0.00	-0.77	-1.38	-1.13	-0.98	-0.90	-0.84	-0.74	-0.71
<i>Moderate Scenario</i>									
Real GDP	0.00	0.45	1.15	1.53	1.74	1.87	1.95	2.06	2.09
Employment	0.00	1.07	2.69	3.54	3.98	4.20	4.31	4.35	4.35
Capital	0.00	0.00	0.03	0.11	0.20	0.29	0.37	0.62	0.72
Real consumer wage	0.00	-0.81	-2.00	-2.58	-2.85	-2.95	-2.98	-2.89	-2.91
Real private consumption	0.00	0.41	0.98	1.26	1.42	1.52	1.59	1.70	1.73
Real investment	0.00	0.38	0.97	1.27	1.35	1.34	1.28	0.99	0.88
Real public consumption	0.00	0.41	0.98	1.26	1.42	1.52	1.59	1.70	1.73
Export volumes	0.00	0.49	1.25	1.69	1.94	2.09	2.17	2.30	2.35
Import volumes	0.00	0.43	1.09	1.43	1.62	1.72	1.77	1.84	1.88
GDP deflator	0.00	-0.09	-0.22	-0.30	-0.36	-0.42	-0.46	-0.54	-0.57
Private consumption deflator	0.00	0.04	0.10	0.12	0.10	0.08	0.05	-0.02	-0.02
Terms of trade	0.00	-0.08	-0.21	-0.28	-0.32	-0.35	-0.36	-0.39	-0.40
Investment price deflator	0.00	-0.06	-0.14	-0.18	-0.20	-0.21	-0.21	-0.21	-0.20
Real GDP per capita	0.00	-0.81	-1.36	-0.98	-0.77	-0.65	-0.57	-0.47	-0.44
Real consumption per capita	0.00	-0.85	-1.52	-1.25	-1.09	-0.99	-0.93	-0.82	-0.79
<i>Severe Scenario</i>									
Real GDP	0.00	0.49	1.25	1.67	1.90	2.04	2.12	2.24	2.28
Employment	0.00	1.16	2.93	3.86	4.35	4.59	4.71	4.74	4.74
Capital	0.00	0.00	0.03	0.12	0.22	0.32	0.41	0.68	0.79
Real consumer wage	0.00	-0.88	-2.18	-2.81	-3.10	-3.21	-3.24	-3.15	-3.16
Real private consumption	0.00	0.44	1.07	1.37	1.55	1.66	1.73	1.85	1.88
Real investment	0.00	0.42	1.06	1.38	1.47	1.46	1.39	1.08	0.96
Real public consumption	0.00	0.44	1.07	1.37	1.55	1.66	1.73	1.85	1.88
Export volumes	0.00	0.53	1.37	1.84	2.12	2.28	2.37	2.51	2.56
Import volumes	0.00	0.47	1.18	1.56	1.76	1.87	1.93	2.00	2.05
GDP deflator	0.00	-0.09	-0.24	-0.32	-0.40	-0.45	-0.50	-0.59	-0.62
Private consumption deflator	0.00	0.04	0.11	0.13	0.11	0.09	0.05	-0.02	-0.02
Terms of trade	0.00	-0.09	-0.23	-0.31	-0.35	-0.38	-0.40	-0.42	-0.43
Investment price deflator	0.00	-0.07	-0.16	-0.20	-0.22	-0.23	-0.23	-0.23	-0.21
Real GDP per capita	0.00	-0.88	-1.49	-1.08	-0.85	-0.72	-0.64	-0.52	-0.49
Real consumption per capita	0.00	-0.93	-1.67	-1.37	-1.20	-1.09	-1.02	-0.91	-0.87

Because real wages are sticky, it takes time for the workers who have returned from Thailand to find employment in Cambodia. Hence, over the first two years of the moderate scenario, employment rises by 2.69 percent, notwithstanding that the labour force has increased by 4.35 percent. Real wage adjustment gradually allows the additional labour supply to be absorbed by the labour market. This process is largely complete by 2030, by which point the employment deviation has reached 4.31 percent under the moderate scenario. The increase in employment causes the labour/ capital ratio to rise relative to baseline, causing the rate of return on capital and, therefore, real investment to increase.

Over time, the positive investment deviation generates a growing positive deviation in Cambodia's capital stock. Together, the positive deviations in employment and capital stock generate a growing positive deviation in Cambodia's real GDP. The associated general expansion in Cambodian economic activity creates an increased demand for imports, which accounts for the positive deviation in Cambodian import volumes. To finance these additional imports, export volumes must expand relative to baseline. The positive deviation in export volumes account for the negative deviation in Cambodia's terms of trade. The negative terms of trade deviation dampens real consumption relative to real GDP.

While return migration increases aggregate GDP and consumption, GDP per capita and consumption per capita fall relative to baseline. The additional workers expand economic activity, but they also increase pressure on capital, land, and other fixed resources. At the same time, stronger import demand and export supply weaken Cambodia's terms of trade, reducing purchasing power. As a result, the economy grows in aggregate, but average income and consumption per person decline. These findings highlight the importance of policies that support employment, investment, and productivity growth to help absorb returning workers and maintain living standards.

5.2.3 Reduced bilateral trade

As discussed in Section 4.4, we reduce bilateral trade between Cambodia and Thailand. For expository purposes, we divide the scenario into two components: a reduction in Cambodian demand for Thai products (30 percent under the moderate scenario); and a reduction in Thai demand for Cambodian products (30 percent under the moderate scenario). While there is some interaction between the two trade shocks, it is small, so the joint effect of the two components is very close to the sum of the two individual components.

a. Reduced Cambodian demand for Thai products

Table 4 reports the impact on Cambodian macroeconomic variables of a 20 percent (light scenario), 30 percent (moderate scenario), and a 35 percent (severe scenario) reduction in Cambodia's demand for Thai goods, matched by equivalent movements towards alternative sources of supply in each scenario. As discussed in Section 4.4, the shock shifts Cambodian sourcing preferences away from Thai goods and towards goods from alternative suppliers, without directly imposing a tax, quota, resource cost, or additional price wedge on Cambodian users. Instead, the preference shift away from Thai-sourced goods is due to nationalistic or patriotic reasons in response to the border dispute. The preference shift itself is cost neutral as it does not introduce an additional resource cost, tax wedge or technical efficiency loss. In 2025, the average tariff rate applied by Cambodia to imports from Thailand is 0.8 percent, while the average rate applied on sources other than Thailand is 2.7 percent.

Table 4: Impact on Cambodian macroeconomic variables of reduced Cambodian demand for Thai products (% deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
<i>Light Scenario</i>									
Real GDP	0.00	0.10	0.20	0.21	0.21	0.22	0.22	0.21	0.22
Employment	0.00	0.01	0.02	0.03	0.03	0.03	0.03	0.00	0.00
Capital	0.00	0.00	0.01	0.03	0.05	0.07	0.08	0.14	0.18
Real consumer wage	0.00	0.00	0.02	0.04	0.06	0.09	0.11	0.20	0.24
Real private consumption	0.00	0.14	0.28	0.29	0.31	0.32	0.33	0.37	0.40
Real investment	0.00	0.14	0.27	0.26	0.25	0.25	0.25	0.27	0.29
Real public consumption	0.00	0.14	0.28	0.29	0.31	0.32	0.33	0.37	0.40
Export volumes	0.00	-0.06	-0.09	-0.07	-0.06	-0.05	-0.03	0.00	0.02
Import volumes	0.00	-0.02	-0.02	-0.01	0.00	0.02	0.03	0.07	0.11
GDP deflator	0.00	0.06	0.11	0.10	0.09	0.09	0.09	0.10	0.12
Private consumption deflator	0.00	0.05	0.08	0.05	0.03	0.01	0.00	-0.04	-0.05
Terms of trade	0.00	0.02	0.05	0.05	0.06	0.07	0.08	0.11	0.12
Investment price deflator	0.00	0.00	-0.02	-0.03	-0.05	-0.06	-0.06	-0.09	-0.09
Real GDP per capita	0.00	0.10	0.20	0.21	0.21	0.22	0.22	0.21	0.22
Real consumption per capita	0.00	0.14	0.28	0.29	0.31	0.32	0.33	0.37	0.40
<i>Moderate Scenario</i>									
Real GDP	0.00	0.15	0.30	0.31	0.32	0.32	0.32	0.31	0.32
Employment	0.00	0.01	0.03	0.04	0.04	0.05	0.04	0.00	0.00
Capital	0.00	0.00	0.02	0.05	0.07	0.10	0.12	0.20	0.27
Real consumer wage	0.00	0.01	0.03	0.06	0.09	0.13	0.16	0.30	0.36
Real private consumption	0.00	0.20	0.41	0.43	0.45	0.47	0.49	0.55	0.60
Real investment	0.00	0.20	0.39	0.37	0.37	0.37	0.37	0.40	0.43
Real public consumption	0.00	0.20	0.41	0.43	0.45	0.47	0.49	0.55	0.60
Export volumes	0.00	-0.08	-0.14	-0.11	-0.09	-0.07	-0.05	-0.01	0.03
Import volumes	0.00	-0.02	-0.03	-0.02	0.00	0.02	0.04	0.10	0.15
GDP deflator	0.00	0.09	0.16	0.14	0.13	0.13	0.13	0.16	0.18
Private consumption deflator	0.00	0.07	0.11	0.07	0.04	0.02	0.00	-0.06	-0.08
Terms of trade	0.00	0.03	0.07	0.08	0.09	0.10	0.11	0.16	0.18
Investment price deflator	0.00	0.00	-0.03	-0.05	-0.07	-0.08	-0.09	-0.13	-0.14
Real GDP per capita	0.00	0.15	0.30	0.31	0.32	0.32	0.32	0.31	0.32
Real consumption per capita	0.00	0.20	0.41	0.43	0.45	0.47	0.49	0.55	0.60
<i>Severe Scenario</i>									
Real GDP	0.00	0.18	0.35	0.36	0.36	0.37	0.37	0.36	0.38
Employment	0.00	0.01	0.03	0.05	0.05	0.05	0.05	0.00	0.00
Capital	0.00	0.00	0.02	0.05	0.08	0.11	0.14	0.23	0.31
Real consumer wage	0.00	0.01	0.03	0.07	0.11	0.15	0.19	0.35	0.43
Real private consumption	0.00	0.23	0.47	0.50	0.52	0.55	0.57	0.64	0.70
Real investment	0.00	0.23	0.45	0.43	0.42	0.42	0.43	0.46	0.50
Real public consumption	0.00	0.23	0.47	0.50	0.52	0.55	0.57	0.64	0.70
Export volumes	0.00	-0.10	-0.16	-0.13	-0.10	-0.08	-0.06	-0.01	0.04
Import volumes	0.00	-0.03	-0.04	-0.02	0.00	0.02	0.04	0.12	0.18
GDP deflator	0.00	0.11	0.18	0.16	0.15	0.15	0.15	0.18	0.21
Private consumption deflator	0.00	0.08	0.13	0.08	0.05	0.02	0.00	-0.07	-0.09
Terms of trade	0.00	0.04	0.08	0.09	0.10	0.12	0.13	0.18	0.21
Investment price deflator	0.00	0.00	-0.03	-0.05	-0.07	-0.09	-0.11	-0.15	-0.16
Real GDP per capita	0.00	0.18	0.35	0.36	0.37	0.37	0.37	0.36	0.38
Real consumption per capita	0.00	0.23	0.47	0.50	0.52	0.55	0.57	0.64	0.70

Hence, the switch in demand away from Thai goods and towards goods sourced from other regions represents a movement towards goods with relatively higher rates of indirect taxation. Though the sourcing twist is cost-neutral, it increases imports that carry higher tariffs. This generates an allocative efficiency gain, because it promotes demand for goods with relatively higher rates of indirect taxation and thus larger wedges between use values and supply costs. This accounts for the gain in Cambodian real GDP in 2026 (0.30 percent under the moderate scenario), despite little change in employment (+0.03 percent under the moderate scenario) and the capital stock (+0.02 percent under the moderate scenario). The allocative efficiency gain increases the marginal product of both labour and capital, generating a temporary positive deviation in employment, which is gradually attenuated by a rise in the real wage relative to baseline. The increase in the marginal product of capital stimulates investment, generating a growing positive deviation in capital over the simulation period and augmenting the positive deviation in real GDP.

b. Reduced Thai demand for Cambodian products

Table 5 reports the effects of reduced Thai demand for Cambodian goods (20 percent under the light scenario, 30 percent under the moderate scenario, 35 percent under the severe scenario). The reduction in Thai demand for Cambodian goods generates a term of trade loss for Cambodia (-0.22 percent in 2026 under the moderate scenario). This reduces Cambodian real net national income, because it reduces the relative price at which the nation can exchange exports for imports. The negative deviation in Cambodia's real net national income explains why the real consumption deviation is negative and lies below the real GDP deviation. The terms of trade loss reduce the value of the marginal product of capital and the rate of return on capital, generating a negative deviation in real investment which, over time, translates into a negative deviation in Cambodia's capital stock. This accounts for the negative deviation in Cambodia's real GDP over the medium term.

Table 5: Impact on Cambodian macroeconomic variables of reduced Thai demand for Cambodian products (% deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
<i>Light Scenario</i>									
Real GDP	0.00	-0.01	-0.01	-0.02	-0.03	-0.03	-0.03	-0.02	-0.01
Employment	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	0.00	0.00
Capital	0.00	0.00	-0.01	-0.03	-0.04	-0.06	-0.06	-0.08	-0.09
Real consumer wage	0.00	0.00	0.01	0.00	-0.01	-0.01	-0.02	-0.05	-0.06
Real private consumption	0.00	-0.08	-0.17	-0.19	-0.20	-0.20	-0.20	-0.20	-0.20
Real investment	0.00	-0.12	-0.24	-0.22	-0.19	-0.16	-0.14	-0.10	-0.11
Real public consumption	0.00	-0.08	-0.17	-0.19	-0.20	-0.20	-0.20	-0.20	-0.20
Export volumes	0.00	-0.05	-0.10	-0.11	-0.12	-0.12	-0.13	-0.12	-0.12
Import volumes	0.00	-0.13	-0.27	-0.27	-0.27	-0.27	-0.26	-0.25	-0.25
GDP deflator	0.00	-0.22	-0.42	-0.40	-0.38	-0.37	-0.36	-0.33	-0.33
Private consumption deflator	0.00	-0.17	-0.32	-0.30	-0.28	-0.26	-0.24	-0.21	-0.19
Terms of trade	0.00	-0.08	-0.15	-0.15	-0.14	-0.14	-0.14	-0.14	-0.15
Investment price deflator	0.00	-0.05	-0.10	-0.08	-0.07	-0.06	-0.06	-0.04	-0.04
Real GDP per capita	0.00	-0.01	-0.01	-0.02	-0.03	-0.03	-0.03	-0.02	-0.01
Real consumption per capita	0.00	-0.08	-0.17	-0.19	-0.20	-0.20	-0.20	-0.20	-0.20
<i>Moderate Scenario</i>									
Real GDP	0.00	-0.01	-0.02	-0.03	-0.04	-0.04	-0.04	-0.03	-0.02
Employment	0.00	0.01	0.01	-0.01	-0.02	-0.02	-0.02	0.00	0.00
Capital	0.00	0.00	-0.02	-0.04	-0.07	-0.08	-0.10	-0.12	-0.13

	2024	2025	2026	2027	2028	2029	2030	2035	2040
Real consumer wage	0.00	0.00	0.01	0.01	-0.01	-0.02	-0.03	-0.08	-0.09
Real private consumption	0.00	-0.12	-0.26	-0.29	-0.29	-0.30	-0.30	-0.30	-0.30
Real investment	0.00	-0.18	-0.36	-0.33	-0.28	-0.24	-0.21	-0.15	-0.16
Real public consumption	0.00	-0.12	-0.26	-0.29	-0.29	-0.30	-0.30	-0.30	-0.30
Export volumes	0.00	-0.08	-0.15	-0.16	-0.17	-0.18	-0.19	-0.18	-0.17
Import volumes	0.00	-0.20	-0.39	-0.40	-0.40	-0.39	-0.39	-0.37	-0.37
GDP deflator	0.00	-0.32	-0.63	-0.60	-0.57	-0.55	-0.53	-0.50	-0.49
Private consumption deflator	0.00	-0.25	-0.48	-0.45	-0.42	-0.39	-0.37	-0.31	-0.29
Terms of trade	0.00	-0.11	-0.22	-0.22	-0.22	-0.21	-0.21	-0.22	-0.22
Investment price deflator	0.00	-0.08	-0.15	-0.13	-0.11	-0.09	-0.09	-0.07	-0.06
Real GDP per capita	0.00	-0.01	-0.02	-0.03	-0.04	-0.04	-0.04	-0.03	-0.02
Real consumption per capita	0.00	-0.12	-0.26	-0.29	-0.29	-0.30	-0.30	-0.30	-0.30
<i>Severe Scenario</i>									
Real GDP	0.00	-0.01	-0.02	-0.04	-0.04	-0.04	-0.04	-0.03	-0.02
Employment	0.00	0.01	0.01	-0.01	-0.02	-0.02	-0.02	0.00	0.00
Capital	0.00	0.00	-0.02	-0.05	-0.08	-0.10	-0.11	-0.14	-0.15
Real consumer wage	0.00	0.01	0.01	0.01	-0.01	-0.02	-0.04	-0.09	-0.11
Real private consumption	0.00	-0.14	-0.30	-0.33	-0.34	-0.34	-0.35	-0.35	-0.35
Real investment	0.00	-0.21	-0.41	-0.38	-0.33	-0.28	-0.25	-0.18	-0.18
Real public consumption	0.00	-0.14	-0.30	-0.33	-0.34	-0.34	-0.35	-0.35	-0.35
Export volumes	0.00	-0.09	-0.17	-0.19	-0.20	-0.21	-0.22	-0.21	-0.20
Import volumes	0.00	-0.23	-0.46	-0.47	-0.46	-0.46	-0.45	-0.43	-0.43
GDP deflator	0.00	-0.38	-0.73	-0.70	-0.67	-0.64	-0.62	-0.58	-0.57
Private consumption deflator	0.00	-0.29	-0.56	-0.52	-0.48	-0.45	-0.43	-0.37	-0.34
Terms of trade	0.00	-0.13	-0.26	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
Investment price deflator	0.00	-0.09	-0.17	-0.15	-0.12	-0.11	-0.10	-0.08	-0.07
Real GDP per capita	0.00	-0.01	-0.02	-0.04	-0.04	-0.04	-0.04	-0.03	-0.02
Real consumption per capita	0.00	-0.14	-0.30	-0.33	-0.34	-0.34	-0.35	-0.35	-0.35

5.2.4 Reduced international tourism to Cambodia

As discussed in Section 4.5, we model reductions in international tourism to Cambodia. Under the moderate scenario, this is represented as a 20 percent reduction in overall visitor numbers, including an 87.5 percent reduction in Thai visitors. Under the light and severe scenarios, these reductions are 10 percent overall and 80 percent for Thai visitors (light scenario) and 30 percent overall and 95 percent for Thai visitors (severe scenario).

Table 6 reports the impact of the three scenarios. The sectors that supply the services used by tourists are particularly labour-intensive. Hence, the reduction in international tourism demand causes a substantial negative deviation in employment in 2026 (-1.1 percent under the moderate scenario). This is compounded by the terms of trade decline generated by the reduction in export demand that the fall in tourism represents (-1.1 percent under the moderate scenario). In the presence of sticky real consumer wages, the terms of trade decline cause a positive deviation in the real producer wage, adding to the employment loss generated by output contraction in labour-intensive sectors servicing tourists. Over time, the negative employment deviation is attenuated by a reduction in the real wage. This accounts for why, by 2030, the real wage is materially lower than baseline (-2.6 percent under the moderate scenario). The negative terms of trade and employment deviations cause the rate of return on the Cambodian capital stock to fall relative to baseline, accounting for the negative deviation in real investment and translating into a negative deviation in Cambodia's capital stock. Together with the short-run negative deviation in Cambodia's employment, this accounts for the negative deviation in Cambodia's real GDP. The negative real GDP deviation, augmented by the negative terms of

trade deviation, generates a negative deviation in real net national income, accounting for the negative deviation in real consumption.

Table 6: Impact on Cambodian macroeconomic variables of reduced tourism to Cambodia (% deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
<i>Light Scenario</i>									
Real GDP	0.00	-0.17	-0.30	-0.25	-0.25	-0.25	-0.26	-0.32	-0.42
Employment	0.00	-0.36	-0.56	-0.35	-0.23	-0.17	-0.12	0.00	0.00
Capital	0.00	0.00	-0.06	-0.17	-0.26	-0.33	-0.39	-0.57	-0.70
Real consumer wage	0.00	-0.27	-0.69	-0.95	-1.12	-1.25	-1.34	-1.64	-1.82
Real private consumption	0.00	-0.42	-0.85	-0.87	-0.87	-0.88	-0.90	-0.99	-1.12
Real investment	0.00	-0.75	-1.42	-1.27	-1.14	-1.06	-1.00	-0.95	-1.04
Real public consumption	0.00	-0.42	-0.85	-0.87	-0.87	-0.88	-0.90	-0.99	-1.12
Export volumes	0.00	0.09	0.25	0.35	0.38	0.39	0.40	0.45	0.44
Import volumes	0.00	-0.25	-0.42	-0.31	-0.22	-0.16	-0.11	0.05	0.10
GDP deflator	0.00	-0.79	-1.55	-1.52	-1.48	-1.45	-1.43	-1.46	-1.53
Private consumption deflator	0.00	-0.55	-1.05	-0.99	-0.93	-0.89	-0.86	-0.83	-0.87
Terms of trade	0.00	-0.29	-0.57	-0.58	-0.57	-0.56	-0.56	-0.54	-0.52
Investment price deflator	0.00	-0.23	-0.43	-0.41	-0.38	-0.36	-0.34	-0.31	-0.32
Real GDP per capita	0.00	-0.17	-0.30	-0.25	-0.25	-0.25	-0.26	-0.32	-0.42
Real consumption per capita	0.00	-0.42	-0.85	-0.87	-0.87	-0.88	-0.90	-0.99	-1.12
<i>Moderate Scenario</i>									
Real GDP	0.00	-0.33	-0.57	-0.48	-0.46	-0.47	-0.48	-0.58	-0.77
Employment	0.00	-0.70	-1.08	-0.66	-0.45	-0.32	-0.23	0.00	0.00
Capital	0.00	0.00	-0.12	-0.34	-0.51	-0.65	-0.76	-1.11	-1.36
Real consumer wage	0.00	-0.53	-1.34	-1.83	-2.17	-2.40	-2.57	-3.14	-3.50
Real private consumption	0.00	-0.83	-1.64	-1.68	-1.68	-1.69	-1.72	-1.89	-2.15
Real investment	0.00	-1.50	-2.79	-2.49	-2.24	-2.07	-1.95	-1.83	-2.01
Real public consumption	0.00	-0.83	-1.64	-1.68	-1.68	-1.69	-1.72	-1.89	-2.15
Export volumes	0.00	0.18	0.49	0.67	0.74	0.77	0.79	0.89	0.89
Import volumes	0.00	-0.50	-0.83	-0.61	-0.44	-0.31	-0.21	0.09	0.21
GDP deflator	0.00	-1.56	-3.03	-2.98	-2.90	-2.84	-2.81	-2.85	-2.97
Private consumption deflator	0.00	-1.09	-2.07	-1.95	-1.83	-1.75	-1.68	-1.62	-1.68
Terms of trade	0.00	-0.57	-1.12	-1.13	-1.12	-1.10	-1.09	-1.06	-1.02
Investment price deflator	0.00	-0.46	-0.85	-0.79	-0.73	-0.69	-0.66	-0.61	-0.61
Real GDP per capita	0.00	-0.33	-0.57	-0.48	-0.46	-0.47	-0.48	-0.58	-0.77
Real consumption per capita	0.00	-0.83	-1.64	-1.68	-1.68	-1.69	-1.72	-1.89	-2.15
<i>Severe Scenario</i>									
Real GDP	0.00	-0.49	-0.82	-0.68	-0.65	-0.65	-0.66	-0.79	-1.04
Employment	0.00	-1.04	-1.55	-0.95	-0.64	-0.45	-0.33	0.00	0.00
Capital	0.00	0.00	-0.18	-0.50	-0.75	-0.95	-1.12	-1.63	-1.98
Real consumer wage	0.00	-0.78	-1.94	-2.65	-3.13	-3.46	-3.71	-4.53	-5.05
Real private consumption	0.00	-1.22	-2.37	-2.42	-2.42	-2.44	-2.47	-2.71	-3.08
Real investment	0.00	-2.22	-4.07	-3.64	-3.28	-3.03	-2.85	-2.66	-2.90
Real public consumption	0.00	-1.22	-2.37	-2.42	-2.42	-2.44	-2.47	-2.71	-3.08
Export volumes	0.00	0.26	0.69	0.97	1.07	1.12	1.16	1.33	1.35
Import volumes	0.00	-0.75	-1.22	-0.90	-0.64	-0.46	-0.31	0.14	0.32
GDP deflator	0.00	-2.32	-4.45	-4.37	-4.26	-4.18	-4.12	-4.17	-4.35
Private consumption deflator	0.00	-1.62	-3.05	-2.88	-2.70	-2.57	-2.48	-2.37	-2.44
Terms of trade	0.00	-0.85	-1.64	-1.65	-1.64	-1.62	-1.61	-1.57	-1.52
Investment price deflator	0.00	-0.68	-1.24	-1.16	-1.07	-1.01	-0.96	-0.88	-0.89
Real GDP per capita	0.00	-0.49	-0.82	-0.68	-0.65	-0.65	-0.66	-0.79	-1.04
Real consumption per capita	0.00	-1.22	-2.37	-2.42	-2.42	-2.44	-2.47	-2.71	-3.08

5.2.5 Reduced international willingness to invest in Cambodia

Table 7 reports the effects of a decline in foreign willingness to invest in Cambodia implemented as an increase in the required rates of return by investors in Cambodia (an additional 1.25, 2.5 and 5.0 basis points under the light, moderate, and severe scenarios respectively). Under the moderate scenario, the direct effect is a fall in Cambodian real investment of 0.06 percent relative to baseline in 2026, stabilising at around 0.05 percent below baseline in subsequent years. The negative deviation in Cambodia's investment generates a gradual contraction in Cambodia's capital stock, with the deviation widening over time as the stock adjusts downwards in response to the permanently lower level of real investment. The effect on real consumption is modest. The GTAP database shows that Cambodian taxation of capital income is light. Hence, the reduction in foreign-supplied capital has only a limited effect on Cambodian real net national income and, therefore, on real consumption.

Table 7: Impact on Cambodian macroeconomic variables of reduced willingness to invest in Cambodia (% deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
<i>Light Scenario</i>									
Real GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01
Employment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.02	-0.02
Real consumer wage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
Real private consumption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
Real investment	0.00	-0.02	-0.03	-0.03	-0.03	-0.03	-0.03	-0.03	-0.03
Real public consumption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
Export volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01
Import volumes	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
GDP deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private consumption deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Terms of trade	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investment price deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Real GDP per capita	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01
Real consumption per capita	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
<i>Moderate Scenario</i>									
Real GDP	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.02
Employment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital	0.00	0.00	0.00	-0.01	-0.01	-0.02	-0.02	-0.03	-0.04
Real consumer wage	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01
Real private consumption	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Real investment	0.00	-0.03	-0.06	-0.06	-0.06	-0.05	-0.05	-0.05	-0.05
Real public consumption	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Export volumes	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.02
Import volumes	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02
GDP deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Private consumption deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Terms of trade	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investment price deflator	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00
Real GDP per capita	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.02
Real consumption per capita	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
<i>Severe Scenario</i>									
Real GDP	0.00	0.00	-0.01	-0.01	-0.01	-0.02	-0.02	-0.03	-0.03
Employment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital	0.00	0.00	-0.01	-0.02	-0.02	-0.03	-0.04	-0.06	-0.07
Real consumer wage	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02

	2024	2025	2026	2027	2028	2029	2030	2035	2040
Real private consumption	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02
Real investment	0.00	-0.07	-0.13	-0.11	-0.11	-0.11	-0.11	-0.11	-0.11
Real public consumption	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02
Export volumes	0.00	0.01	0.01	0.00	0.00	-0.01	-0.01	-0.03	-0.03
Import volumes	0.00	-0.01	-0.02	-0.02	-0.03	-0.03	-0.03	-0.04	-0.04
GDP deflator	0.00	-0.01	-0.01	0.00	0.00	0.00	0.00	0.01	0.01
Private consumption deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01
Terms of trade	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Investment price deflator	0.00	-0.01	-0.01	-0.01	-0.01	0.00	0.00	0.00	0.00
Real GDP per capita	0.00	0.00	-0.01	-0.01	-0.01	-0.02	-0.02	-0.03	-0.03
Real consumption per capita	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02

5.2.6 Joint effect of the border closure shocks

Table 8 reports the joint effects of the individual elements of the border closure scenario under both the moderate and severe scenarios. The results for each scenario reported in Table 8 are close to the simple sum of the results for each of the scenario elements reported in Tables 2–9.

Table 8: Total impact on Cambodian macroeconomic variables of the border closure (i.e. the joint impact of the scenario elements) (% deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
<i>Light Scenario</i>									
Real GDP	0.00	0.31	0.85	1.18	1.35	1.44	1.51	1.60	1.55
Employment	0.00	0.64	1.90	2.80	3.27	3.54	3.70	3.96	3.96
Capital	0.00	0.00	-0.10	-0.25	-0.34	-0.39	-0.40	-0.35	-0.33
Real consumer wage	0.00	-0.98	-2.47	-3.30	-3.80	-4.10	-4.28	-4.64	-4.85
Real private consumption	0.00	-1.12	-2.11	-1.87	-1.65	-1.48	-1.35	-0.93	-0.72
Real investment	0.00	-1.22	-2.00	-1.36	-0.89	-0.58	-0.39	-0.21	-0.38
Real public consumption	0.00	-1.12	-2.11	-1.87	-1.65	-1.48	-1.35	-0.93	-0.72
Export volumes	0.00	1.12	2.49	2.86	3.00	3.08	3.12	3.16	3.10
Import volumes	0.00	-0.34	-0.31	0.18	0.52	0.77	0.95	1.45	1.67
GDP deflator	0.00	-1.76	-3.35	-3.20	-3.04	-2.92	-2.84	-2.74	-2.78
Private consumption deflator	0.00	-1.28	-2.34	-2.05	-1.81	-1.64	-1.53	-1.35	-1.35
Terms of trade	0.00	-0.60	-1.19	-1.23	-1.22	-1.21	-1.20	-1.14	-1.09
Investment price deflator	0.00	-0.55	-1.01	-0.94	-0.87	-0.82	-0.78	-0.72	-0.71
Real GDP per capita	0.00	-0.83	-1.42	-1.10	-0.93	-0.84	-0.78	-0.68	-0.73
Real consumption per capita	0.00	-2.24	-4.31	-4.08	-3.87	-3.70	-3.57	-3.16	-2.96
<i>Moderate Scenario</i>									
Real GDP	0.00	0.22	0.76	1.14	1.33	1.43	1.50	1.60	1.50
Employment	0.00	0.43	1.70	2.81	3.39	3.73	3.94	4.34	4.34
Capital	0.00	0.00	-0.19	-0.49	-0.69	-0.81	-0.89	-0.97	-1.02
Real consumer wage	0.00	-1.28	-3.18	-4.28	-4.96	-5.40	-5.69	-6.36	-6.71
Real private consumption	0.00	-2.03	-3.87	-3.61	-3.33	-3.11	-2.95	-2.38	-2.12
Real investment	0.00	-2.30	-3.85	-2.99	-2.29	-1.80	-1.45	-1.03	-1.26
Real public consumption	0.00	-2.03	-3.87	-3.61	-3.33	-3.11	-2.95	-2.38	-2.12
Export volumes	0.00	1.52	3.33	3.77	3.91	3.97	4.00	4.04	3.95
Import volumes	0.00	-0.81	-1.07	-0.43	0.05	0.41	0.68	1.45	1.79
GDP deflator	0.00	-2.99	-5.56	-5.32	-5.05	-4.84	-4.69	-4.49	-4.55
Private consumption deflator	0.00	-2.21	-4.00	-3.57	-3.18	-2.89	-2.69	-2.35	-2.34
Terms of trade	0.00	-1.01	-1.94	-1.97	-1.95	-1.92	-1.90	-1.79	-1.71
Investment price deflator	0.00	-0.91	-1.63	-1.50	-1.37	-1.28	-1.21	-1.10	-1.09
Real GDP per capita	0.00	-1.03	-1.74	-1.36	-1.18	-1.08	-1.01	-0.91	-1.01
Real consumption per capita	0.00	-3.26	-6.25	-5.99	-5.72	-5.51	-5.35	-4.79	-4.54

	2024	2025	2026	2027	2028	2029	2030	2035	2040
<i>Severe Scenario</i>									
Real GDP	0.00	0.12	0.65	1.10	1.31	1.42	1.49	1.63	1.49
Employment	0.00	0.24	1.58	2.88	3.54	3.94	4.19	4.74	4.74
Capital	0.00	0.00	-0.28	-0.72	-1.03	-1.24	-1.38	-1.60	-1.71
Real consumer wage	0.00	-1.56	-3.83	-5.16	-6.02	-6.59	-6.99	-7.98	-8.48
Real private consumption	0.00	-3.06	-5.81	-5.48	-5.14	-4.86	-4.66	-3.90	-3.56
Real investment	0.00	-3.42	-5.65	-4.60	-3.71	-3.04	-2.55	-1.84	-2.11
Real public consumption	0.00	-3.06	-5.81	-5.48	-5.14	-4.86	-4.66	-3.90	-3.56
Export volumes	0.00	2.02	4.33	4.81	4.94	4.98	5.00	5.03	4.89
Import volumes	0.00	-1.25	-1.76	-0.96	-0.36	0.10	0.45	1.50	1.95
GDP deflator	0.00	-4.21	-7.67	-7.34	-6.96	-6.66	-6.44	-6.13	-6.21
Private consumption deflator	0.00	-3.14	-5.62	-5.05	-4.50	-4.09	-3.78	-3.24	-3.21
Terms of trade	0.00	-1.41	-2.65	-2.67	-2.64	-2.59	-2.56	-2.43	-2.33
Investment price deflator	0.00	-1.25	-2.20	-2.01	-1.83	-1.70	-1.60	-1.43	-1.41
Real GDP per capita	0.00	-1.25	-2.07	-1.63	-1.43	-1.32	-1.25	-1.12	-1.25
Real consumption per capita	0.00	-4.39	-8.36	-8.04	-7.70	-7.43	-7.23	-6.50	-6.17

This is made clear by the results for real GDP, real GDP per capita, real consumption, and real consumption per capita reported in Tables 10–21. These twelve tables report the total deviations in real GDP, real GDP per capita, real consumption, and real consumption per capita, in terms of the individual contributions made by each of the six shock elements (remittances, employment, Cambodian demand for Thai goods, Thai demand for Cambodian goods, tourism, and willingness to invest). When these shocks are applied jointly, there are interactions that are not captured when the shocks are applied individually. This accounts for the small “residual” term in each table. The results in Tables 10–21 are supplemented by Figures 1–12.

6. Conclusion

This study applied the GTAP-FIN computable general equilibrium (CGE) model to assess the economy-wide impacts of the 2025 Cambodia-Thailand border closure. The border disruption affected Cambodia through multiple transmission channels, including labour mobility, remittance flows, trade, tourism, and investment. Although the return of Cambodian migrant workers increased the domestic labour supply and contributed positively to aggregate employment and GDP, these benefits were insufficient to offset the losses associated with declining remittances, reduced tourism activity, lower trade volumes, and weakened investor confidence. Consequently, household welfare declined, with both real GDP per capita and real consumption per capita falling below baseline levels.

The results demonstrate that the economic consequences of border disruptions extend well beyond the labour market. While public attention often focuses on returning migrant workers, the broader impacts arise from reduced cross-border economic activity and external income flows. These effects are transmitted throughout the economy, influencing national growth, household incomes, and business performance across multiple sectors.

The analysis also highlights important structural vulnerabilities in Cambodia’s growth model. The economy remains highly dependent on external drivers of growth, including labour migration, tourism receipts, and international trade. While these linkages have contributed significantly to economic development, they also increase exposure to external shocks originating beyond Cambodia’s borders. The findings underscore the importance of building a more diversified and resilient economic structure capable of sustaining growth and protecting household welfare during periods of external disruption.

More broadly, the experience of the 2025 border closure illustrates that economic resilience is not merely a crisis-management objective but a fundamental requirement for Cambodia's long-term development. Achieving the country's ambitions in Cambodia's Vision 2050 will depend not only on maintaining strong growth but also on strengthening the capacity to absorb, adapt to, and recover from external shocks.

7. Policy recommendations

The findings suggest several policy priorities to reduce vulnerability to future shocks and strengthen Cambodia's long-term economic resilience.

- **Accelerate structural transformation and domestic job creation:** This could be achieved by supporting high-productivity offset in manufacturing, agribusiness, and modern services to expand domestic employment opportunities. A stronger and more diversified productive base would improve the economy's ability to absorb labour and generate sustainable income growth domestically.
- **Leverage the return of migrant workers as a development opportunity:** Return labour should be transformed into an opportunity to harness valuable skills, experience, and knowledge acquired abroad. Building on lessons from international experiences, the return labour should support the productive reintegration of returnees through skills recognition, certification systems, targeted training, job-matching services, entrepreneurship support, and access to finance. Such measures can help transform returning workers into a source of productivity enhancement, innovation, and enterprise development.
- **Strengthen human capital and labour market diversification:** Government should promote reskilling and upskilling for skills development, vocational training, and workforce upgrading is essential to improve labour mobility across sectors and increase productivity. Strengthening labour market institutions and matching mechanisms can facilitate the transition of workers into emerging industries and reduce dependence on a narrow range of employment opportunities.
- **Diversify export markets, tourism sources, and investment partners:** Cambodia should continue expanding export destinations, attracting a broader range of international investors, and diversifying tourism source markets to reduce exposure to disruptions involving any single country or market, enhancing competitiveness through improvements in infrastructure, regulatory quality, trade facilitation, identifying strengths and production growth, and the business environment.
- **Strengthen economic resilience:** Government should consider integrating economic resilience into Cambodia's development strategy to strengthen the capacity to withstand and adapt to external shocks. Achieving Cambodia's vision 2050 will require sustained productivity growth, stronger domestic economic opportunities, and greater diversification of growth drivers. Policies should therefore focus on reducing dependence on external sources of income and demand while strengthening the capacity of households, firms, and the broader economy to adapt to future shocks.

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Annex 1: Tables and figures

Table 9: Impact on Cambodian macroeconomic variables of reduced willingness to invest in Cambodia (% deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
	Light Scenario								
Real GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01
Employment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.02	-0.02
Real consumer wage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
Real private consumption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
Real investment	0.00	-0.02	-0.03	-0.03	-0.03	-0.03	-0.03	-0.03	-0.03
Real public consumption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
Export volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01
Import volumes	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
GDP deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private consumption deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Terms of trade	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investment price deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Real GDP per capita	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01
Real consumption per capita	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
	Moderate Scenario								
Real GDP	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.02
Employment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital	0.00	0.00	0.00	-0.01	-0.01	-0.02	-0.02	-0.03	-0.04
Real consumer wage	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01
Real private consumption	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Real investment	0.00	-0.03	-0.06	-0.06	-0.06	-0.05	-0.05	-0.05	-0.05
Real public consumption	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Export volumes	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.02
Import volumes	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02
GDP deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Private consumption deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Terms of trade	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investment price deflator	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00
Real GDP per capita	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.02
Real consumption per capita	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
	Severe Scenario								
Real GDP	0.00	0.00	-0.01	-0.01	-0.01	-0.02	-0.02	-0.03	-0.03
Employment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital	0.00	0.00	-0.01	-0.02	-0.02	-0.03	-0.04	-0.06	-0.07
Real consumer wage	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02
Real private consumption	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02
Real investment	0.00	-0.07	-0.13	-0.11	-0.11	-0.11	-0.11	-0.11	-0.11
Real public consumption	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02
Export volumes	0.00	0.01	0.01	0.00	0.00	-0.01	-0.01	-0.03	-0.03
Import volumes	0.00	-0.01	-0.02	-0.02	-0.03	-0.03	-0.03	-0.04	-0.04
GDP deflator	0.00	-0.01	-0.01	0.00	0.00	0.00	0.00	0.01	0.01
Private consumption deflator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01
Terms of trade	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Investment price deflator	0.00	-0.01	-0.01	-0.01	-0.01	0.00	0.00	0.00	0.00
Real GDP per capita	0.00	0.00	-0.01	-0.01	-0.01	-0.02	-0.02	-0.03	-0.03
Real consumption per capita	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02

Table 10: Real GDP decomposition, Light Scenario (contributions to deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
Remittances	0.00	0.03	0.00	-0.08	-0.12	-0.13	-0.13	-0.06	-0.01
Returned labor and population	0.00	0.41	1.04	1.39	1.59	1.70	1.77	1.87	1.90
Cambodian switch from Thai goods	0.00	0.10	0.20	0.21	0.21	0.22	0.22	0.21	0.22
Thai switch from Cambodian goods	0.00	-0.01	-0.01	-0.02	-0.03	-0.03	-0.03	-0.02	-0.01
Tourism	0.00	-0.17	-0.30	-0.25	-0.25	-0.25	-0.26	-0.32	-0.42
Willingness to invest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01
Residual	0.00	-0.06	-0.09	-0.07	-0.06	-0.07	-0.07	-0.08	-0.11
Real GDP deviation	0.00	0.31	0.85	1.18	1.35	1.44	1.51	1.60	1.55

Table 11: Real GDP per capita decomposition, Light Scenario (contributions to deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
Remittances	0.00	0.03	0.00	-0.08	-0.12	-0.13	-0.13	-0.06	-0.01
Returned labor and population	0.00	-0.73	-1.23	-0.89	-0.70	-0.59	-0.52	-0.42	-0.39
Cambodian switch from Thai goods	0.00	0.10	0.20	0.21	0.21	0.22	0.22	0.21	0.22
Thai switch from Cambodian goods	0.00	-0.01	-0.01	-0.02	-0.03	-0.03	-0.03	-0.02	-0.01
Tourism	0.00	-0.17	-0.30	-0.25	-0.25	-0.25	-0.26	-0.32	-0.42
Willingness to invest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01
Residual	0.00	-0.06	-0.09	-0.06	-0.06	-0.06	-0.06	-0.08	-0.10
Real GDP p.c. deviation	0.00	-0.83	-1.42	-1.10	-0.93	-0.84	-0.78	-0.68	-0.73

Table 12: Real GDP decomposition, Moderate Scenario (contributions to deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
Remittances	0.00	0.04	0.01	-0.11	-0.17	-0.19	-0.18	-0.08	-0.02
Returned labor and population	0.00	0.45	1.15	1.53	1.74	1.87	1.95	2.06	2.09
Cambodian switch from Thai goods	0.00	0.15	0.30	0.31	0.32	0.32	0.32	0.31	0.32
Thai switch from Cambodian goods	0.00	-0.01	-0.02	-0.03	-0.04	-0.04	-0.04	-0.03	-0.02
Tourism	0.00	-0.33	-0.57	-0.48	-0.46	-0.47	-0.48	-0.58	-0.77
Willingness to invest	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.02
Residual	0.00	-0.08	-0.11	-0.07	-0.06	-0.06	-0.06	-0.07	-0.09
Real GDP deviation	0.00	0.22	0.76	1.14	1.33	1.43	1.50	1.60	1.50

Table 13: Real GDP per capita decomposition, Moderate Scenario (contributions to deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
Remittances	0.00	0.04	0.01	-0.11	-0.17	-0.19	-0.18	-0.08	-0.02
Returned labor and population	0.00	-0.81	-1.36	-0.98	-0.77	-0.65	-0.57	-0.47	-0.44
Cambodian switch from Thai goods	0.00	0.15	0.30	0.31	0.32	0.32	0.32	0.31	0.32
Thai switch from Cambodian goods	0.00	-0.01	-0.02	-0.03	-0.04	-0.04	-0.04	-0.03	-0.02
Tourism	0.00	-0.33	-0.57	-0.48	-0.46	-0.47	-0.48	-0.58	-0.77
Willingness to invest	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.02
Residual	0.00	-0.08	-0.10	-0.06	-0.05	-0.05	-0.05	-0.05	-0.08
Real GDP p.c. deviation	0.00	-1.03	-1.74	-1.36	-1.18	-1.08	-1.01	-0.91	-1.01

Table 14: Real GDP decomposition, Severe Scenario (contributions to deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
Remittances	0.00	0.05	0.01	-0.15	-0.23	-0.25	-0.25	-0.10	-0.02
Returned labor and population	0.00	0.49	1.25	1.67	1.90	2.04	2.12	2.24	2.28
Cambodian switch from Thai goods	0.00	0.18	0.35	0.36	0.36	0.37	0.37	0.36	0.38
Thai switch from Cambodian goods	0.00	-0.01	-0.02	-0.04	-0.04	-0.04	-0.04	-0.03	-0.02
Tourism	0.00	-0.49	-0.82	-0.68	-0.65	-0.65	-0.66	-0.79	-1.04
Willingness to invest	0.00	0.00	-0.01	-0.01	-0.01	-0.02	-0.02	-0.03	-0.03
Residual	0.00	-0.10	-0.11	-0.05	-0.03	-0.03	-0.03	-0.03	-0.05
Real GDP deviation	0.00	0.12	0.65	1.10	1.31	1.42	1.49	1.63	1.49

Table 15: Real GDP per capita decomposition, Severe Scenario (contributions to deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
Remittances	0.00	0.05	0.01	-0.15	-0.23	-0.25	-0.25	-0.10	-0.02
Returned labor and population	0.00	-0.88	-1.49	-1.08	-0.85	-0.72	-0.64	-0.52	-0.49
Cambodian switch from Thai goods	0.00	0.18	0.35	0.36	0.37	0.37	0.37	0.36	0.38
Thai switch from Cambodian goods	0.00	-0.01	-0.02	-0.04	-0.04	-0.04	-0.04	-0.03	-0.02
Tourism	0.00	-0.49	-0.82	-0.68	-0.65	-0.65	-0.66	-0.79	-1.04
Willingness to invest	0.00	0.00	-0.01	-0.01	-0.01	-0.02	-0.02	-0.03	-0.03
Residual	0.00	-0.10	-0.10	-0.04	-0.02	-0.01	-0.01	-0.01	-0.03
Real GDP p.c. deviation	0.00	-1.25	-2.07	-1.63	-1.43	-1.32	-1.25	-1.12	-1.25

Table 16: Real consumption decomposition, Light Scenario (contributions to deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
Remittances	0.00	-1.00	-2.02	-2.03	-1.96	-1.88	-1.80	-1.39	-1.08
Returned labor and population	0.00	0.37	0.89	1.15	1.30	1.39	1.45	1.55	1.58
Cambodian switch from Thai goods	0.00	0.14	0.28	0.29	0.31	0.32	0.33	0.37	0.40
Thai switch from Cambodian goods	0.00	-0.08	-0.17	-0.19	-0.20	-0.20	-0.20	-0.20	-0.20
Tourism	0.00	-0.42	-0.85	-0.87	-0.87	-0.88	-0.90	-0.99	-1.12
Willingness to invest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
Residual	0.00	-0.12	-0.23	-0.22	-0.22	-0.22	-0.23	-0.26	-0.30
Real consumption deviation	0.00	-1.12	-2.11	-1.87	-1.65	-1.48	-1.35	-0.93	-0.72

Table 17: Real consumption per capita decomposition, Light Scenario (contributions to deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
Remittances	0.00	-1.00	-2.02	-2.03	-1.96	-1.88	-1.80	-1.39	-1.08
Returned labor and population	0.00	-0.77	-1.38	-1.13	-0.98	-0.90	-0.84	-0.74	-0.71
Cambodian switch from Thai goods	0.00	0.14	0.28	0.29	0.31	0.32	0.33	0.37	0.40
Thai switch from Cambodian goods	0.00	-0.08	-0.17	-0.19	-0.20	-0.20	-0.20	-0.20	-0.20
Tourism	0.00	-0.42	-0.85	-0.87	-0.87	-0.88	-0.90	-0.99	-1.12
Willingness to invest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
Residual	0.00	-0.11	-0.16	-0.15	-0.15	-0.16	-0.17	-0.20	-0.24
Real consumption p.c. deviation	0.00	-2.24	-4.31	-4.08	-3.87	-3.70	-3.57	-3.16	-2.96

Table 18: Real consumption decomposition, Moderate Scenario (contributions to deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
Remittances	0.00	-1.50	-3.04	-3.04	-2.94	-2.82	-2.70	-2.09	-1.61
Returned labor and population	0.00	0.41	0.98	1.26	1.42	1.52	1.59	1.70	1.73
Cambodian switch from Thai goods	0.00	0.20	0.41	0.43	0.45	0.47	0.49	0.55	0.60
Thai switch from Cambodian goods	0.00	-0.12	-0.26	-0.29	-0.29	-0.30	-0.30	-0.30	-0.30
Tourism	0.00	-0.83	-1.64	-1.68	-1.68	-1.69	-1.72	-1.89	-2.15
Willingness to invest	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Residual	0.00	-0.19	-0.32	-0.29	-0.29	-0.29	-0.30	-0.33	-0.38
Real consumption deviation	0.00	-2.03	-3.87	-3.61	-3.33	-3.11	-2.95	-2.38	-2.12

Table 19: Real consumption per capita decomposition, Moderate Scenario (contributions to deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
Remittances	0.00	-1.50	-3.04	-3.04	-2.94	-2.82	-2.70	-2.09	-1.61
Returned labor and population	0.00	-0.85	-1.52	-1.25	-1.09	-0.99	-0.93	-0.82	-0.79
Cambodian switch from Thai goods	0.00	0.20	0.41	0.43	0.45	0.47	0.49	0.55	0.60
Thai switch from Cambodian goods	0.00	-0.12	-0.26	-0.29	-0.29	-0.30	-0.30	-0.30	-0.30
Tourism	0.00	-0.83	-1.64	-1.68	-1.68	-1.69	-1.72	-1.89	-2.15
Willingness to invest	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Residual	0.00	-0.16	-0.20	-0.17	-0.17	-0.18	-0.19	-0.23	-0.28
Real consumption p.c. deviation	0.00	-3.26	-6.25	-5.99	-5.72	-5.51	-5.35	-4.79	-4.54

Table 20: Real consumption decomposition, Severe Scenario (contributions to deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
Remittances	0.00	-2.11	-4.26	-4.25	-4.11	-3.94	-3.77	-2.92	-2.25
Returned labor and population	0.00	0.44	1.07	1.37	1.55	1.66	1.73	1.85	1.88
Cambodian switch from Thai goods	0.00	0.23	0.47	0.50	0.52	0.55	0.57	0.64	0.70
Thai switch from Cambodian goods	0.00	-0.14	-0.30	-0.33	-0.34	-0.34	-0.35	-0.35	-0.35
Tourism	0.00	-1.22	-2.37	-2.42	-2.42	-2.44	-2.47	-2.71	-3.08
Willingness to invest	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02
Residual	0.00	-0.27	-0.40	-0.34	-0.33	-0.34	-0.35	-0.39	-0.44
Real consumption deviation	0.00	-3.06	-5.81	-5.48	-5.14	-4.86	-4.66	-3.90	-3.56

Table 21: Real consumption per capita decomposition, Severe Scenario (contributions to deviation from baseline)

	2024	2025	2026	2027	2028	2029	2030	2035	2040
Remittances	0.00	-2.11	-4.26	-4.25	-4.11	-3.94	-3.77	-2.92	-2.25
Returned labor and population	0.00	-0.93	-1.67	-1.37	-1.20	-1.09	-1.02	-0.91	-0.87
Cambodian switch from Thai goods	0.00	0.23	0.47	0.50	0.52	0.55	0.57	0.64	0.70
Thai switch from Cambodian goods	0.00	-0.14	-0.30	-0.33	-0.34	-0.34	-0.35	-0.35	-0.35
Tourism	0.00	-1.22	-2.37	-2.42	-2.42	-2.44	-2.47	-2.71	-3.08
Willingness to invest	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02
Residual	0.00	-0.22	-0.22	-0.16	-0.15	-0.16	-0.18	-0.24	-0.29
Real consumption p.c. deviation	0.00	-4.39	-8.36	-8.04	-7.70	-7.43	-7.23	-6.50	-6.17

Figure 1: Real GDP, Light Scenario (contributions to deviation from baseline)

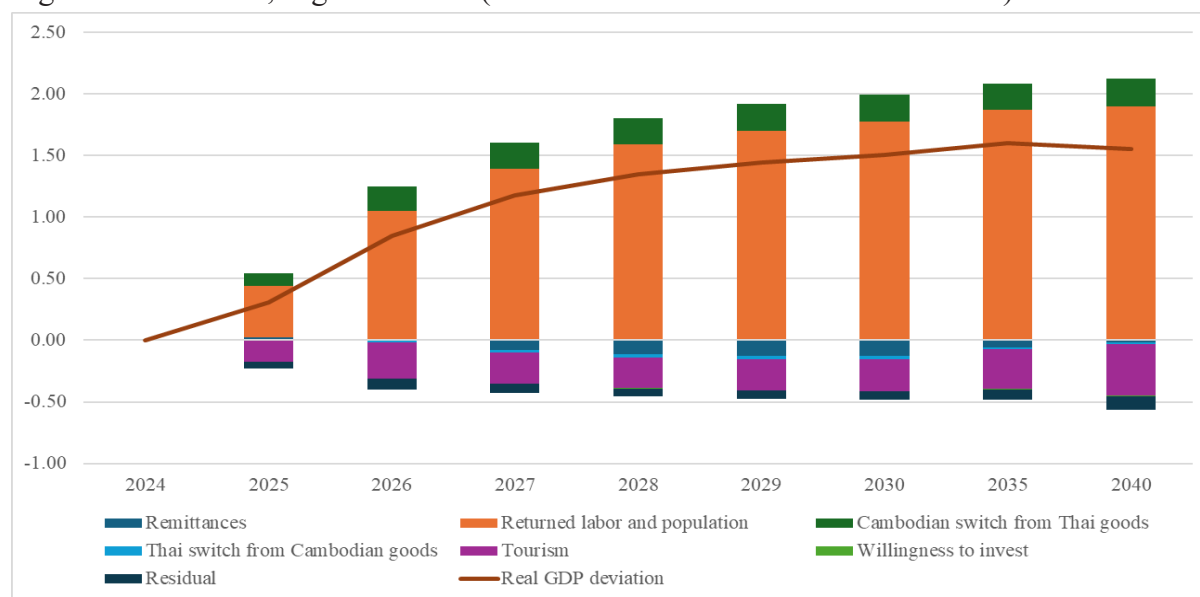


Figure 2: Real GDP per capita, Light Scenario (contributions to deviation from baseline)

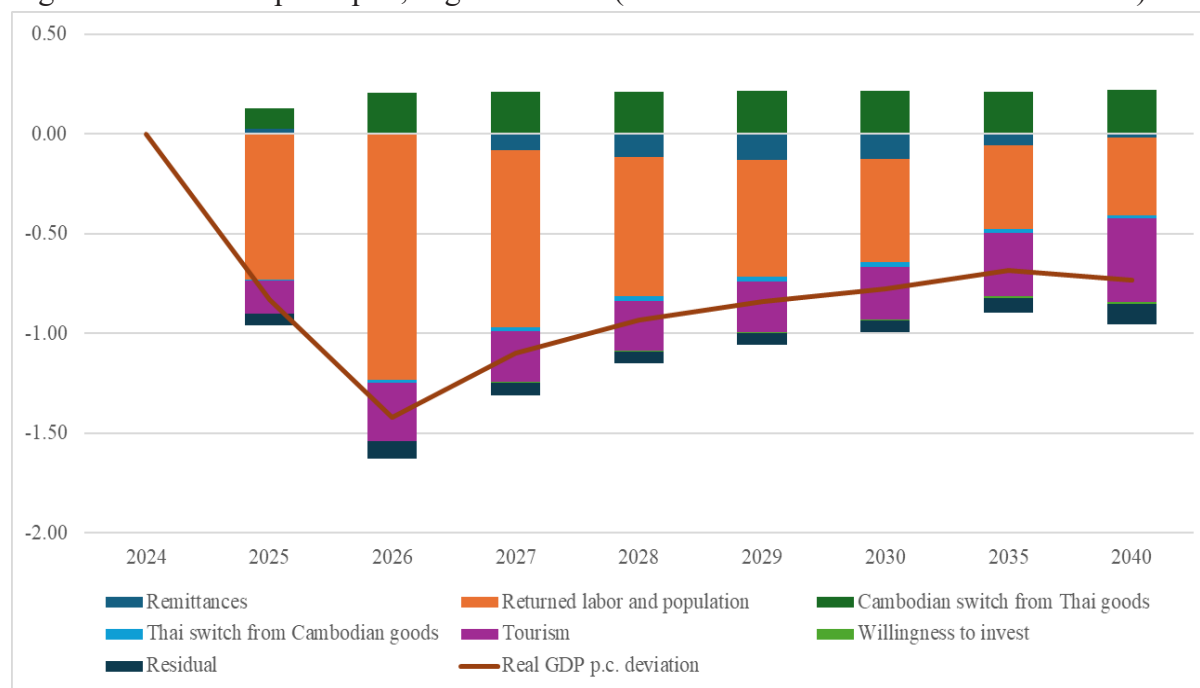


Figure 3: Real GDP, Moderate Scenario (contributions to deviation from baseline)

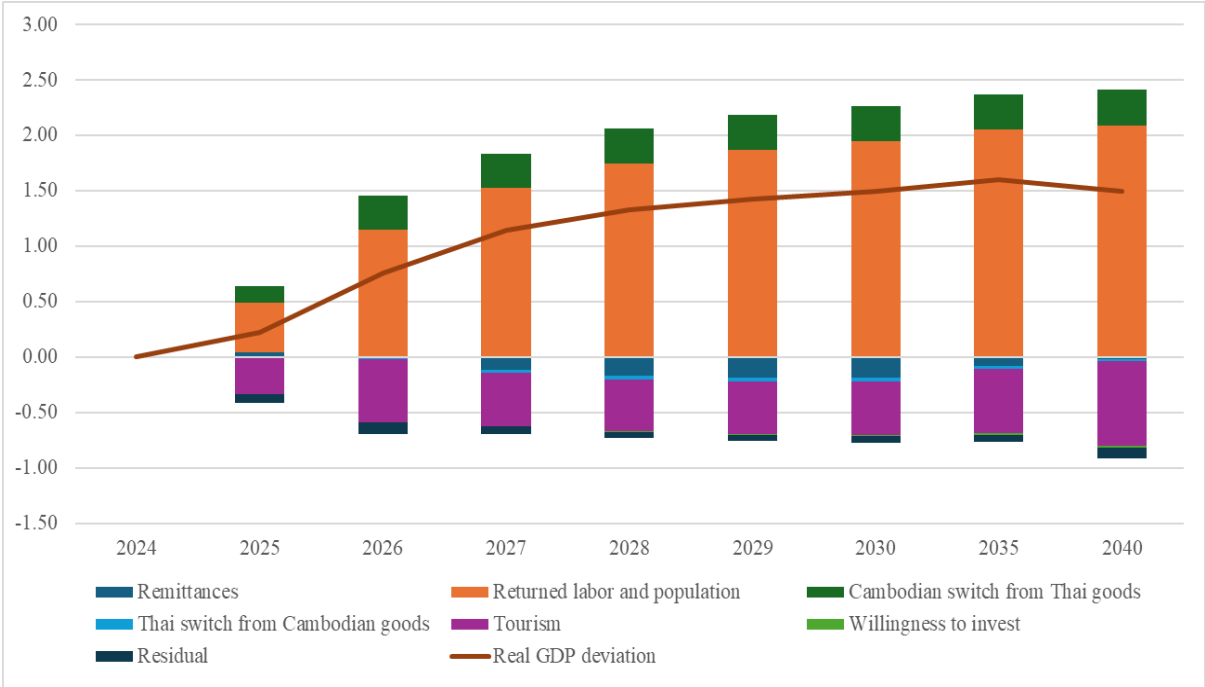


Figure 4: Real GDP per capita, Moderate Scenario (contributions to deviation from baseline)

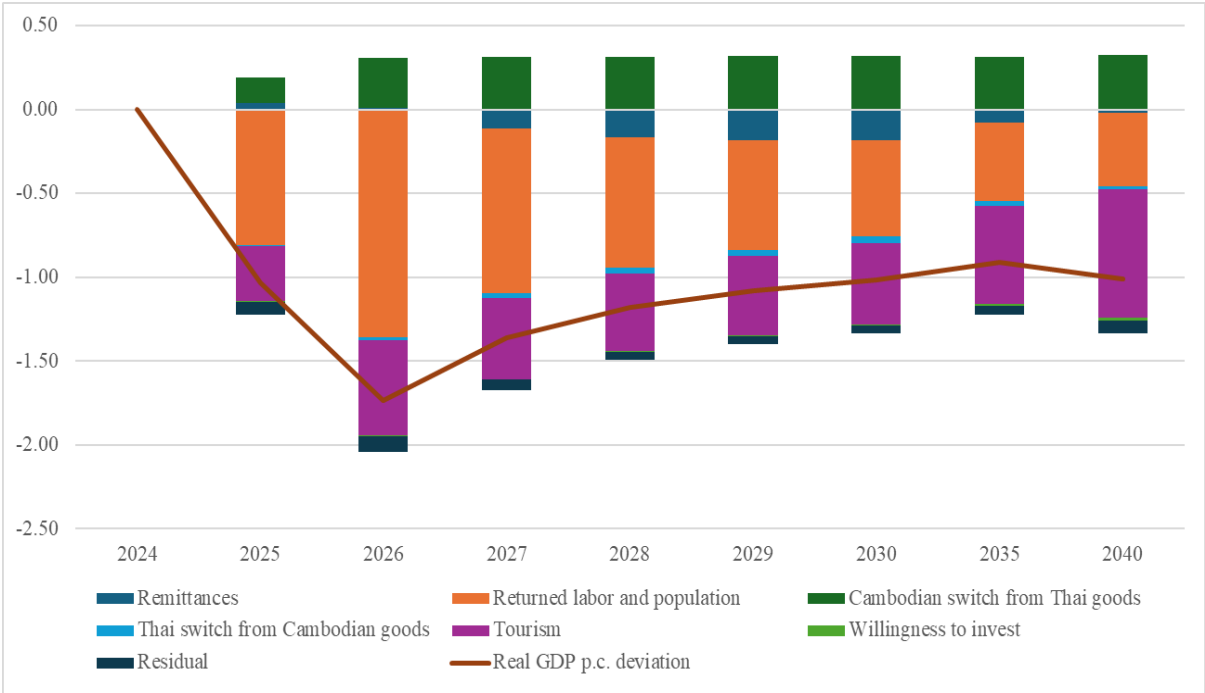


Figure 5: Real GDP, Severe Scenario (contributions to deviation from baseline)

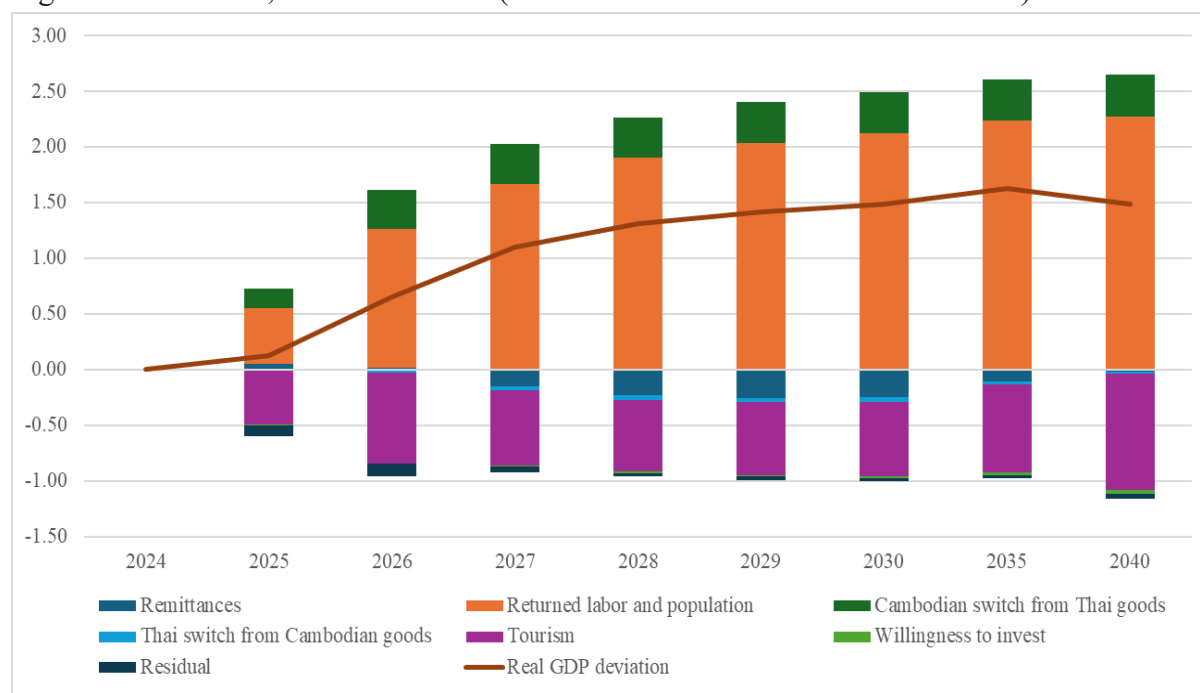


Figure 6: Real GDP per capita, Severe Scenario (contributions to deviation from baseline)

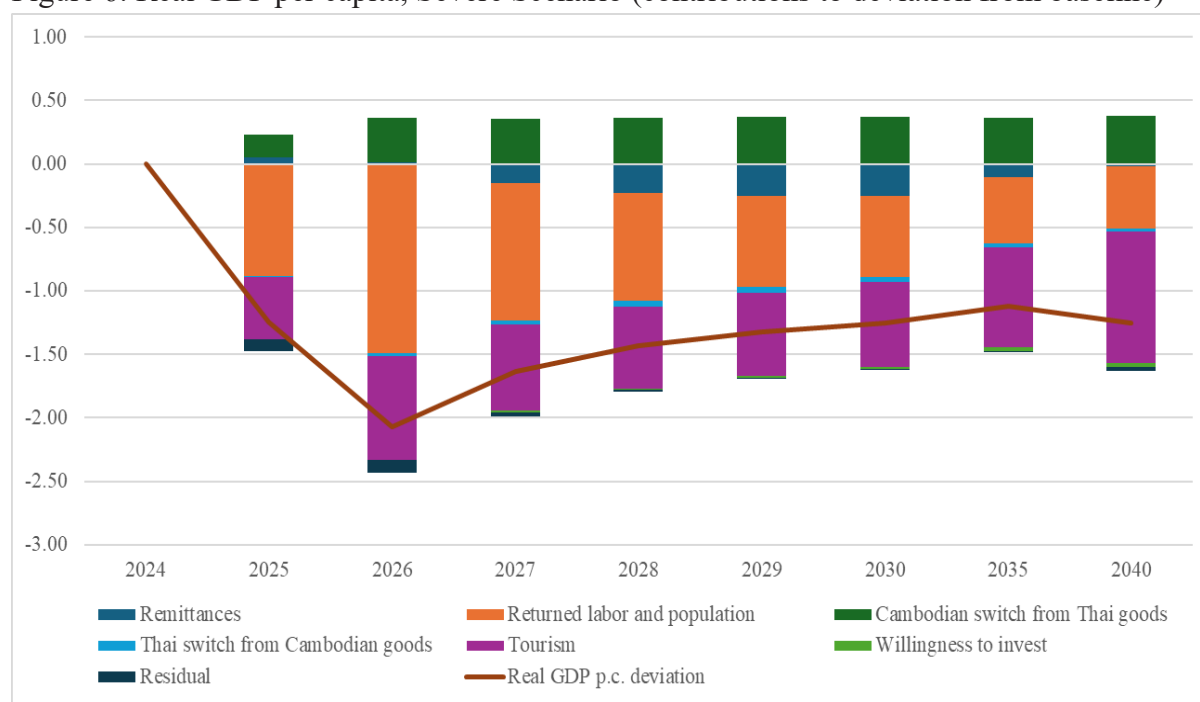


Figure 7: Real consumption, Light Scenario (contributions to deviation from baseline)

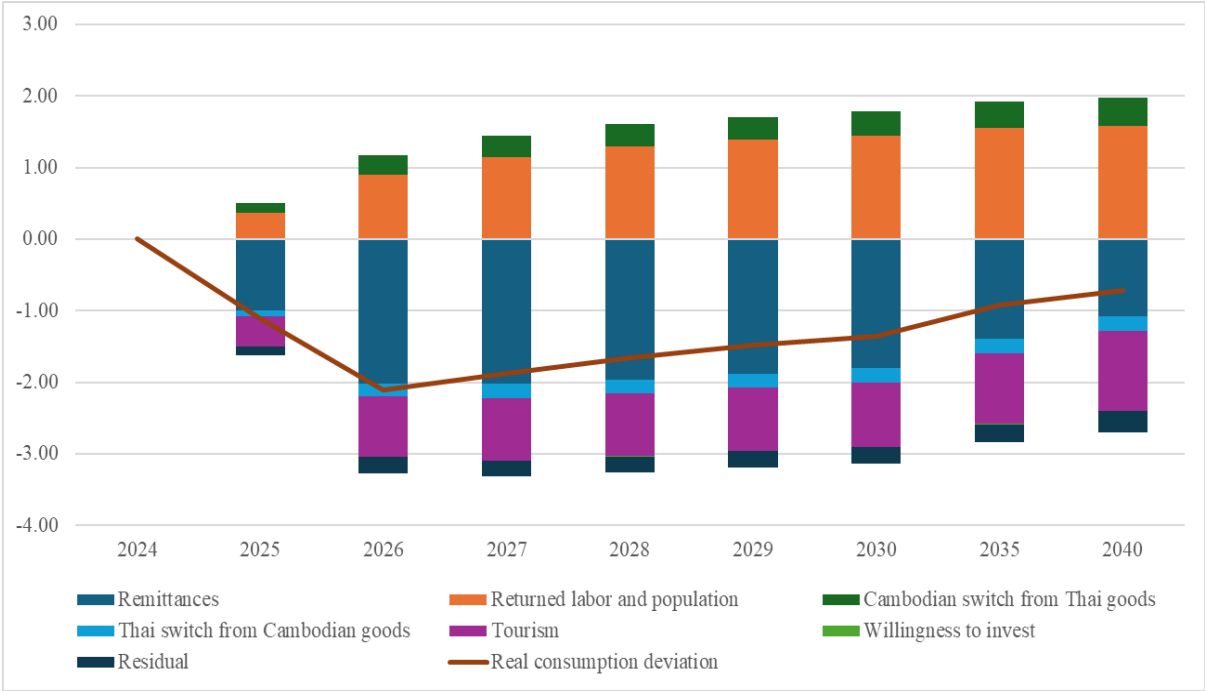


Figure 8: Real consumption per capita, Light Scenario (contributions to deviation from baseline)

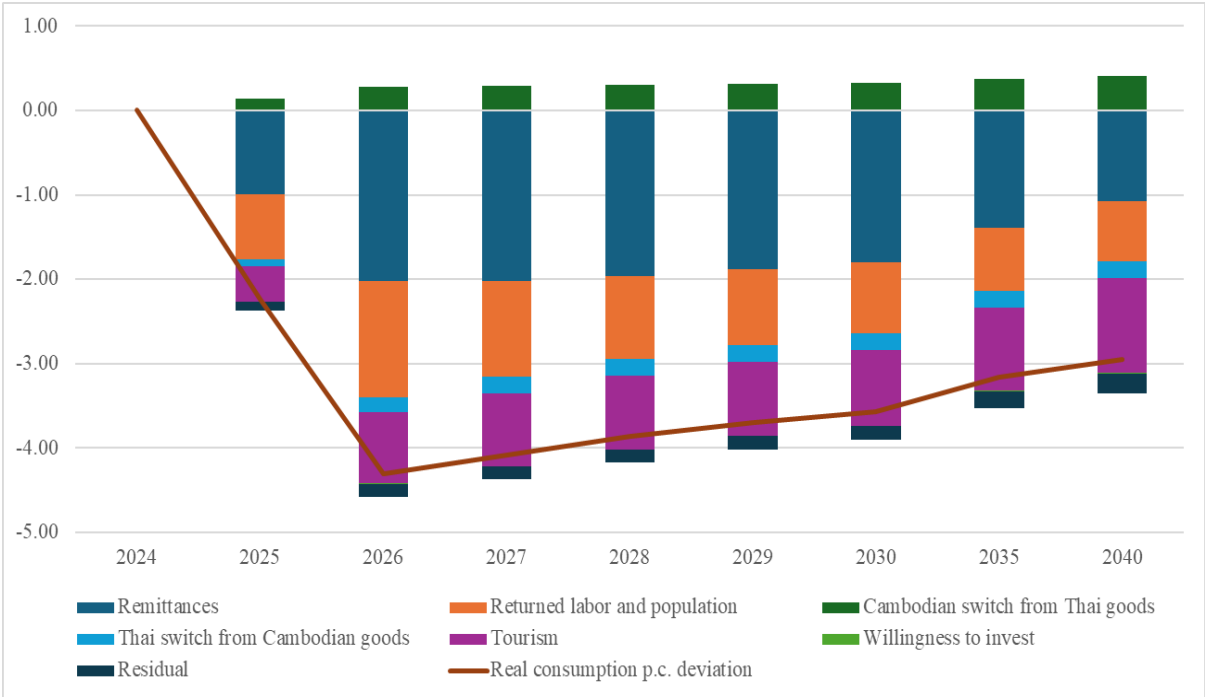


Figure 9: Real consumption, Moderate Scenario (contributions to deviation from baseline)

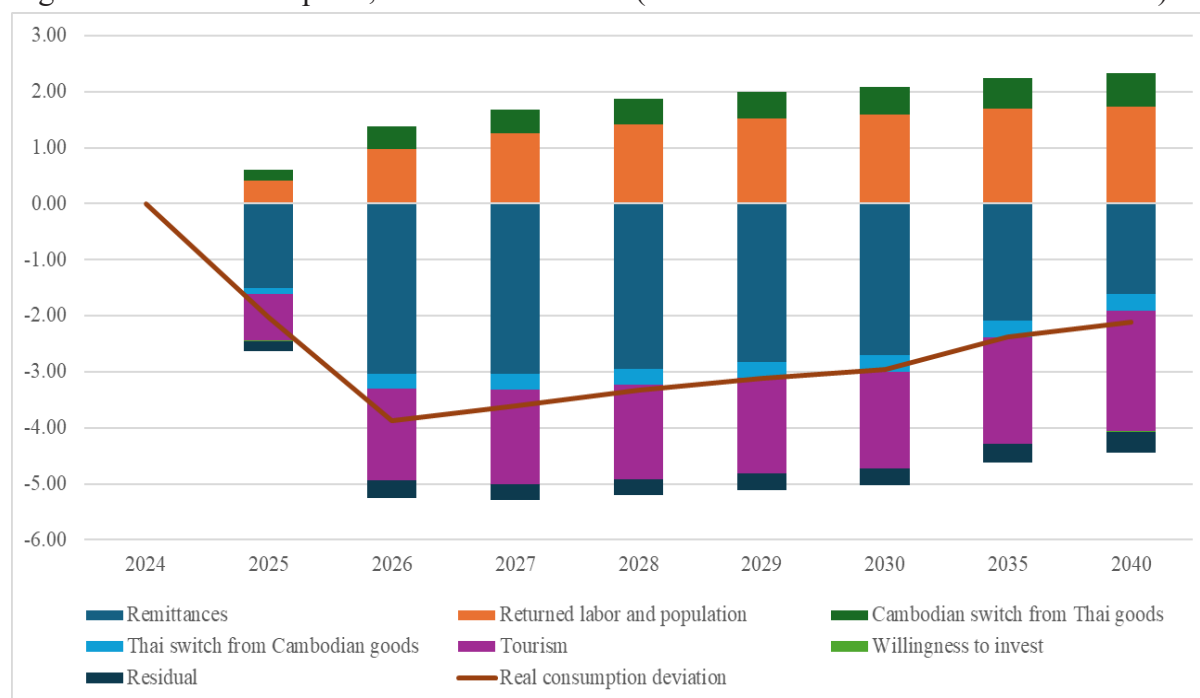


Figure 10: Real consumption per capita, Moderate Scenario (contributions to deviation from baseline)

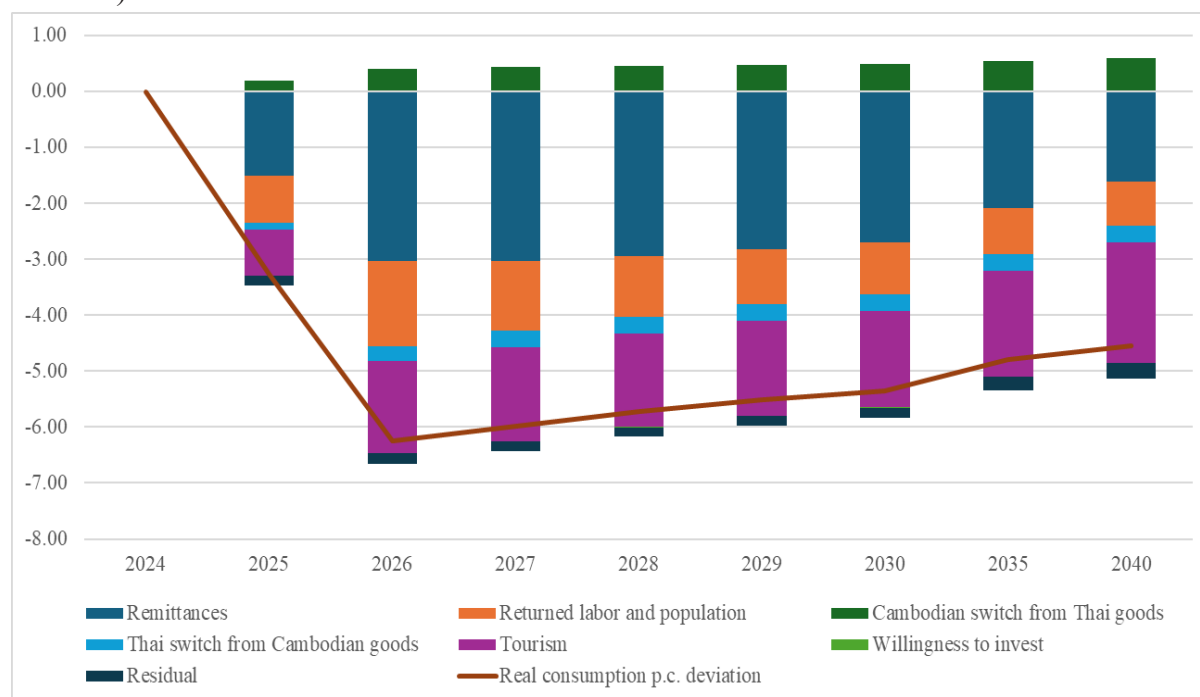


Figure 11: Real consumption, Severe Scenario (contributions to deviation from baseline)

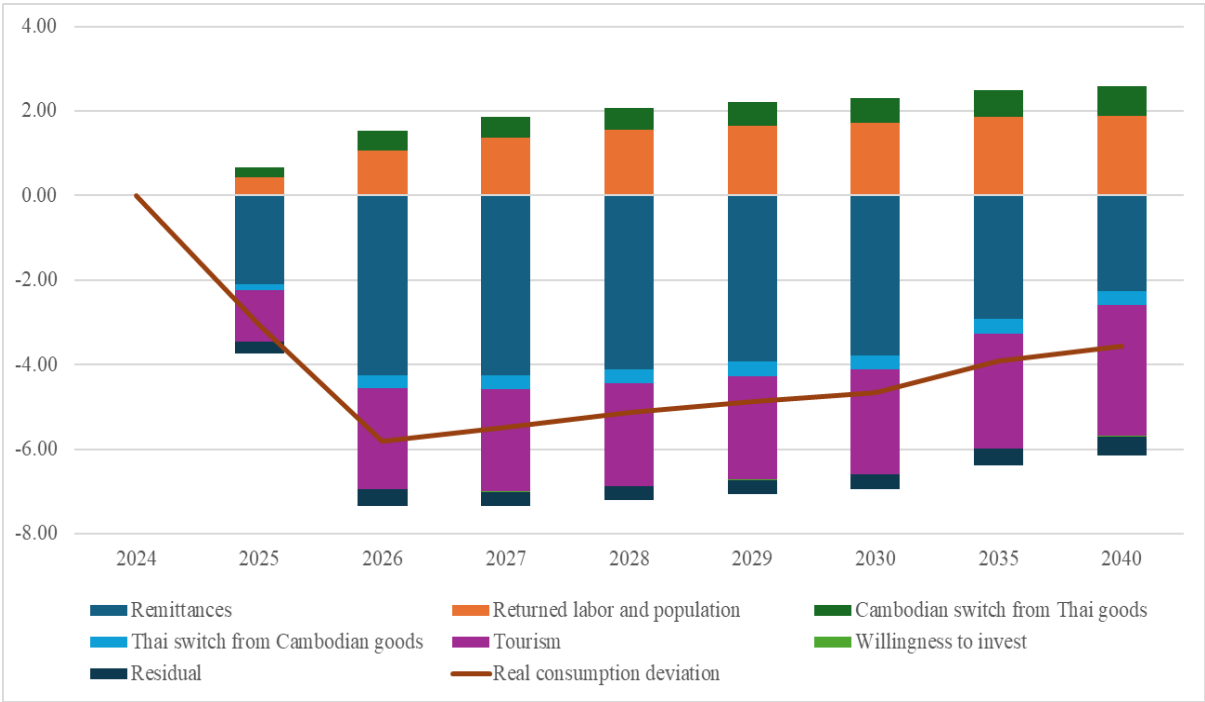
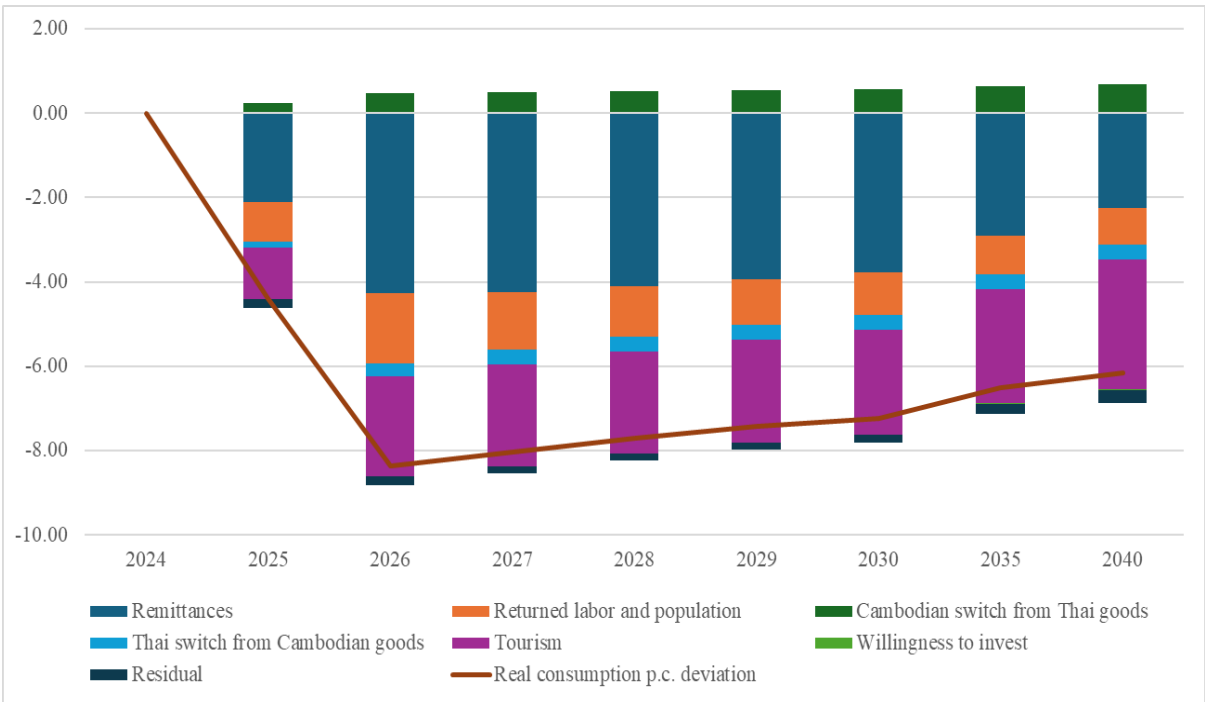


Figure 12: Real consumption per capita, Severe Scenario (contributions to deviation from baseline)



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