

## ECONOMY WATCH – EXTERNAL ENVIRONMENT

The world economy continued to perform strongly in the first quarter of 2004, in spite of high-energy prices, leading to upward revision of growth projections for most developed and East Asian economies. The rate of inflation, however, remained low.

### World Economic Growth

The US economy expanded at an annualized rate of 5% in the year to March 2004, the biggest gain in 20 years. According to the Bureau of Economic Analysis, the major contributors to the increase in GDP were personal consumption expenditures, gross private domestic investment, government consumption expenditures, and exports. Personal consumption expenditure rose by 4.3%, year-on-year basis in the first quarter of 2004, 0.3 percentage point faster than in the previous quarter, boosted by increased spending on both durable goods (up 9.8%) and non-durable goods (up 5.1%).

Gross private domestic investment rose by 11.1% over a year earlier in the first three months of 2004, bolstered by a significant increase in investments in equipment and software (by 12.5%). Government consumption expenditures rose by 3% in the first three months of 2004 compared to the same period last year, reflecting a large rise (by 13%) in national defense spending. Exports surged to a 14-quarter high of 8.3% in the first quarter of 2004, with both goods and services exports performing well. Even though policy stimuli are unlikely to be as strong in 2004 as in the previous year, several factors should continue to ensure smooth growth in the US: better business performance, improvements in the corporate sector and the labor market, as well as stronger personal income growth. Consequently, the IMF has raised its latest projections for the US economy in 2004 by 0.6 percentage points to 4.6%, compared to the previous forecast made in September 2003. The forecast for 2005 is 3.9%.

Euro-area economies seemed to be recovering in the first three months of 2004 despite weak consumption growth in some countries (especially Germany). Economic growth is estimated at 1.5%, compared to 0.8% in first quarter of 2003. This was largely due to stronger performance of the German and French economies, led primarily (at least in the case of Germany) by strong export performance. Exports account for a third of the German GDP.

Quarterly growth in the first quarter of 2004 was the fastest in more than three years, in Germany according to Bloomberg News. Even though domestic demand has been weak, analysts are optimistic. The French economy grew by 0.8% quarter-on-quarter basis in the first quarter of 2004, its fastest pace since 2000, driven by both investment and consumer spending, according to the Economist (May 22-28). In the year to the first quarter, France's GDP expanded by 1.7%. However, the high unemployment rate (8.8%) may weaken consumption growth and a further sharp appreciation of the euro against the US dollar could dampen external demand,

and therefore growth.

Japan's economy grew at an annual rate of 5.6% in the first quarter of 2004, indicating that the recovery has continued to substantially exceed expectation. The recovery of the Japanese economy in the first quarter of 2004 primarily reflected improvements in the corporate spending sector, private consumption and exports. Despite the appreciation of the yen, a strong foreign demand for industrial machinery and consumer electronics, particularly from Asian economies such as China, South Korea and Taiwan, accelerated export growth by 15.1% in the first quarter of 2004, according to the government of Japan. The recent data released by the government of Japan also showed that private demand has grown significantly during the first quarter, up by 7% over the same period last year, the fastest pace in 12 years. The unemployment rate dropped to a three year low at 4.7% in March 2004, holding the key to making the recovery more sustainable. According to the Nippon Life Insurance Research Institute, the growth in the first quarter of 2004 was driven by domestic demand, as both corporate capital spending and private consumption remained solid, while exports maintained a rising trend on the back of the strong economic activity in key countries. There are increasing signs of a recovery in the Japanese economy, spreading from export-oriented demand to the domestic oriented sectors. Reflecting these developments, the IMF has revised Japan's 2004 GDP forecast from 2.2% to 3.4%.

China's GDP surged by 9.7% in the first quarter of 2004, raising further concerns over the overheating economy. This was mainly driven by investments in fixed assets. According to the National Bureau of Statistics of China, investments in fixed assets in the first quarter 2004 jumped sharply, by 43% compared to the same period last year. In addition, the growth of domestic market sales was supportive of GDP as well. In the first quarter of 2004, retail sales in China rose by 11% in real terms, led by rapid gains in the sales of automobiles and telecommunication equipment. However, China's economic growth in the following three quarters of 2004 is expected to slowdown, as the government tightens macroeconomic policies further such as raising central bank reserve requirements, and reducing lending to rapidly expanding sectors (i.e. steel, cars and property).

Stronger global economic growth, particularly in China, lifted the demand for exports of the Southeast. Thus, the Malaysian economy expanded at an annual rate of 7.6%, the highest growth recorded since the third quarter of 2000. Similarly, the Singapore economy expanded at a faster pace of 7.5% in the first quarter of 2004, led by a favorable external environment and improvement in wholesale and retail trade sectors, according to the Singapore Ministry of Trade and Industry. The manufacturing sector expanded by 12.2% in the first quarter of 2004. During the same period, the wholesale and retail trade grew by 13.6%, compared to the first quarter of 2003.

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In contrast, Thailand's economy decelerated by 6.5% year-on-year basis in the first quarter of 2004, down from 7.8% in the fourth quarter of 2003. This was caused by the Avian Influenza epidemic and prolonged drought, according to the Central Bank of Thailand. The contribution of agriculture to GDP contracted by 2.8% in the first quarter 2004, compared to the first quarter 2003 with the crop and livestock sector GDP contributions falling by 3.8% and 20.7%, respectively. The Malaysian and Singapore economies continue to gather momentum in the second quarter, while there are some concerns regarding Thailand's near term outlook, as the recent uncertain situation in southern Thailand could affect tourism, employment, and investor/consumer confidence. In addition, an expected slowdown in China is also some cause for worry for the export sector.

### World Inflation and Exchange Rates

Despite a significant increase in the crude oil price, the inflation rate in many countries remained relatively low. In the first quarter of 2004, consumer prices in the US rose at an annual rate of 1.7%, slightly below the 1.9% recorded in the fourth quarter of 2003, leading the US Federal Reserve Chairman, Alan Greenspan, to comment that *inflation is not likely to be a serious concern in the period ahead* in the US economy, according to the China Daily. In the Euro area, consumer prices rose at a slower pace of 1.6% in the first quarter of 2004 compared with a price increase of 1.9% in the previous quarter, while in Japan, deflationary pressures are still continuing with a price decline of 0.1% in the first quarter of 2004.

In Hong Kong, stronger private consumption has helped to ease the rate of decline in consumer prices to 1.2% in the first quarter of 2004, from a fall of 2.5% in the preceding quarter. Over the same period, consumer prices in Singapore increased by 1.4%, mainly due to an increase in almost all categories of consumer goods and services except clothing and housing costs. Consumer prices in Thailand increased by 1.9% year-on-year basis, largely reflecting rising food prices.

The most recent data shows that the US dollar weakened against both the major currencies and most Asian currencies. The US dollar continued to lose its value to a 19 quarter low against the Euro, trading at 0.79 Euro/US\$ in the first quarter of 2004. During the same period, the US dollar also continued to depreciate against the Japanese yen for the fourth consecutive quarter to 107.2 Yen/US\$. Against the Thai baht and Singapore dollar, the US dollar depreciated by 1.5% and 1.7% over the previous quarter, to 39.1 baht/US\$ and 1.69 S\$/US\$ in the first quarter of 2004. However, the US dollar is expected to rise if the US Federal Reserve raises interest rates in the near future.

### Commodity Prices in World Markets

In the first quarter of 2004, the price of first quality rice in Bangkok international market rose to US\$ 215.3/tonne, an increase of 9.8% from the preceding quarter. The price of rice is expected to continue to rise in 2004, as China, which used to export over 2 million tonnes of rice a year, has started to import rice from Thailand and Vietnam after a series of crop failures, according to VNANET. In contrast, the price of rubber in the Malaysian international market declined slightly by 1.2% to US\$ 1,246.4/tonne in the first three months of 2004, from US\$ 1,261.4/tonne in the last quarter of 2003. In the US market, the price of soybeans increased significantly by 8.5% to US\$ 238.5/tonne in the first quarter of 2004, up from US\$ 219.7/tonne in the fourth quarter of 2003. During the same period, the price of crude oil also rose to US\$ 29.3/barrel, an increase of 8.5% from the previous quarter. This was buoyed by a positive forecast for world economic recovery, despite tight US oil stocks, uncertainty in the Middle East, as well as the OPEC decision to cut official production quotas by 1 million barrels per day from April 1. However, the price of crude oil remained unchanged, compared to the first quarter of 2003.

*Prepared By Mr. Tong Kimsun*

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## ECONOMY WATCH—EXTERNAL ENVIRONMENT

**Table 1. Real GDP Growth of Selected Trading Partners, 2000–2004 (percentage increase over the previous year)**

	2000	2001	2002		2003				2004	2003
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Selected ASEAN countries										
Cambodia	7.3	6.7	-	-	-	-	-	-	-	5.0
Indonesia	4.4	3.8	3.9	3.8	3.4	3.8	3.9	4.3	4.5	4.1
Malaysia	8.7	0.5	5.6	5.4	4.0	4.4	3.5	6.4	7.6	5.3
Singapore	9.5	-2.3	3.7	3.0	1.6	-4.2	1.7	3.7	7.5	1.1
Thailand	4.4	1.9	5.8	6.0	6.7	5.8	6.6	7.8	6.5	6.7
Vietnam		6.0	6.7	-	-	6.9	-	-	-	7.0
Selected other Asian countries										
China	8.0	7.5	8.1	8.1	9.9	6.7	9.1	9.9	9.7	9.1
Hong Kong	10.2	0.5	3.0	4.8	4.4	-0.6	4.0	4.9	6.8	3.2
South Korea	9.1	3.0	5.8	6.8	3.7	1.9	2.3	3.9	5.3	3.1
Taiwan	5.8	-2.2	4.8	4.2	3.2	-0.4	4.2	5.4	6.3	3.2
Selected industrial countries										
Euro-12	3.5	1.4	0.8	1.3	0.8	0.2	0.3	0.6	1.5	0.6
Japan	2.8	0.4	1.0	1.7	2.7	2.1	1.9	3.1	5.6	2.5
United States	5.0	1.2	3.0	2.8	2.1	2.4	3.6	4.3	5.0	3.1

Source: *The Economist, Far Eastern Economic Review and Country's National Statistics offices and Central Banks*

**Table 2. Inflation Rate of Selected Trading Partners, 2000–2004 (percentage increase over the previous year – period average)**

	2000	2001	2002		2003				2004	2003
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Selected ASEAN countries										
Cambodia	-0.3	-0.4	3.5	3.0	1.8	1.6	0.7	0.5	0.8	1.5
Indonesia	3.7	11.3	10.2	10.3	7.7	6.5	5.6	3.7	4.8	5.8
Malaysia	1.5	1.4	2.1	1.9	1.3	0.9	1.0	1.1	0.9	1.0
Singapore	1.4	1.0	-0.4	0.1	0.7	0.1	0.5	0.7	1.4	0.5
Thailand	1.6	1.8	0.3	1.4	2.0	1.7	1.8	1.5	1.9	1.8
Vietnam	-1.7	0.0	2.9	3.7	2.2	2.3	3.5	2.2	-	3.1
Selected other Asian countries										
China	0.3	1.0	-0.8	-0.6	0.5	0.6	0.8	-	-	1.2
Hong Kong	-3.7	-1.5	-3.5	-2.9	-2.0	-2.5	-3.7	-2.5	-1.2	-2.5
South Korea	2.3	4.3	2.5	3.2	4.1	3.3	3.1	3.5	3.2	3.5
Taiwan	1.3	-0.01	-0.3	-0.5	0.3	-0.1	-	-	-	-0.3
Selected industrial countries										
Euro-12	2.3	2.6	2.0	2.3	2.4	2.0	2.0	1.9	1.6	2.1
Japan	-0.6	-0.5	-0.8	-0.5	-0.3	-0.2	-0.3	0	-0.1	-0.2
United States	3.4	2.9	1.6	2.2	2.9	2.1	2.2	1.9	1.7	2.3

Source: *The International Monetary Fund, the Economist and the National Institute of Statistics*

**Table 3. Exchange Rates of Selected Trading Partners Against the US Dollar, 2000–2004 (period averages)**

	2000	2001	2002		2003				2004	2003
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Selected ASEAN countries										
Cambodia (riel)	3,871	3,935	3,935	3,948	3,948	4,008	4,015	3,999	3,991	3,992
Indonesia (rupiah)	8,421	10,261	8,955	9,054	8,905	8,479	8,441	8,482	8,469	8,577
Malaysia (ringgit)	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Singapore (\$)	1.72	1.79	1.76	1.77	1.74	1.75	1.75	1.72	1.69	1.74
Thailand (baht)	40.1	44.4	42.01	43.4	42.7	42.2	41.3	39.7	39.1	41.5
Vietnam (dong)	14,168	14,725	15,324	15,376	15,426	15,472	15,522	15,618	16,208.6	15,510
Selected other Asian countries										
China (yuan)	8.28	8.28	8.28	8.28	8.27	8.28	8.28	8.28	8.28	8.28
Hong Kong (HK\$)	7.80	7.80	7.80	7.80	7.80	7.80	7.79	7.75	7.77	7.78
South Korea (won)	1,131	1,291	1,197	1,219	1,202	1,207	1,174	1,182	1,171	1,192
Taiwan (NT\$)	31.8	34.1	33.8	34.8	34.7	35.0	34.2	34.0	33.4	34.5
Selected industrial countries										
Euro-12 (euro)	1.08	1.12	1.02	1.00	0.93	0.88	0.88	0.84	0.79	0.88
Japan (yen)	108	122	119.6	123.0	118.8	118.4	117.6	108.9	107.2	115.9

Source: *The International Monetary Fund, The Economist and National Bank of Cambodia*

**Table 4. Selected Commodity Prices on the World Market, 2000–2004 (period averages)**

	2000	2001	2002		2003				2004	2003
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Hardwood (logs) – Malaysia (\$/m3)	190.1	160.1	178.7	181.2	186.3	182.1	183.0	197	197.7	187.1
Hardwood (sawn) –Malaysia (\$/m3)	599.2	488.3	536	565.4	550.4	552.4	552.0	545.5	547.8	550.2
Rubber – Malaysia (\$/ton)	720.8	602.0	863	834.1	945.5	975.8	1,017.4	1,261.4	1,246.4	1,050
Rice - Bangkok (\$/ton)	203.7	172.6	192.6	189.6	198.3	197.5	199.6	196	215.3	197.8
Soybeans – USA (\$/ton)	211.3	195.6	219.3	239.0	243.3	245.7	244.3	219.7	238.5	238.3
Crude oil – Dubai (\$/barrel)	26.1	22.8	25.4	26.2	29.3	24.5	26.5	27	29.3	26.8
Gold - London (\$/troy ounce)	279.0	279.0	313.7	317.8	352.1	346.7	363.3	391.9	408.5	363.5

Source: *The International Monetary Fund, and Far Eastern Economic Review*

## ECONOMY WATCH—DOMESTIC PERFORMANCE

### Main Economic Activities

The growth of the Cambodian economy has been mainly led by exports of ready-made garments, tourism and construction sector activity. Cambodia's tourism sector continued to grow for the third consecutive quarter. In the first quarter 2004, the total number of international visitors rose by 22 percent to 254,400 persons, compared to the same quarter 2003. International visitors by land and boat increased by 53 percent to 96,500 persons, of which most entered into Cambodia through Poi Pet and Bavet international border checkpoints. Meanwhile, visitors by air totalled 157,900 persons, 8 percent more than a year earlier. Of this, Siem Reap international airport received 79,693 persons – an increase of 15.5 percent.

The construction sector showed a positive trend in the first three months of 2004. Construction project approvals in Phnom Penh amounted to US\$ 73 million (229 projects), 36 percent more than one year ago. Of this, approvals for construction of 'mansions' reached US\$ 8.1 million (52 projects). This was the largest quarterly amount since 2001. During the same period, apartment and other construction activities accounted for US\$ 48.5 million and US\$ 16.3 million, compared with US\$ 34.7 million and US\$ 15.1 million respectively.

Cambodia's trade balance improved in the first quarter 2004, registering a 4.6 percent reduction in the size of the deficit, compared to a year earlier as exports increased by 20.5 percent (to US\$ 399.5 million), with garment exports rising at a somewhat faster pace (22 percent). Cambodia's imports, on the other hand, rose to US\$ 458.9 million in the first quarter 2004, 16.5 percent higher than in the same quarter last year, led by vehicle imports (92 percent) and diesel imports (by 21 percent). It may be noted that gasoline imports declined sharply by 22.2 percent on a quarterly basis and 32.6 percent on an annual basis.

Total fixed assets approved by the Council for the Development of Cambodia (CDC) amounted to US\$ 63.3 million in the first quarter 2004, down from US\$ 108.5 million in the first quarter 2003. This is related to negligible investments in agriculture and a drop of around 90 percent in service sector, especially an absence of investments in hotels in the first quarter 2004. If approvals and actual investments are closely related, the significant drop noted above, has negative implications for future growth.

### Public Finance

In the first quarter 2004, overall deficit in Cambodia's budget implementation declined by around 44 percent to 123.2 billion riels, over the preceding year. Total revenues rose to 524 billion riels, from 428.1 billion riels in the first quarter 2003, reflecting an increase of 31 percent in current revenues. This appears to be in response to significant tax reforms leading to increases in VAT collection by 42.2 percent, and Customs and Excise duties by 48 percent and 69 percent, respectively. These increases were offset to some extent by a decline in non-tax revenues (by over 10 percent), mainly related to ex-

port and quota license fees, and earnings from posts and telecommunications.

In the case of budget expenditures, including expenditure adjustments, a total of 647.1 billion riels were spent in the first quarter 2004, remaining largely unchanged over the year. There was a significant decline in current expenditures (around 27 percent) with a drop of 61.6 percent in expenditures on General Administration, followed by a decrease of 3 percent in expenditures on Defence and Security. Capital expenditures improved by 8.5 percent over the same period with foreign funding accounting for around 77 percent of the total.

### Inflation and Foreign Exchange Rates

Despite a significant rise in energy costs, consumer prices in Phnom Penh rose marginally by 0.8 percent in the first quarter 2004, compared to the first quarter 2003. Food prices rose by 0.6 percent, while transportation and communication costs climbed by 4.8 percent.

The value of the Cambodian riel remained largely unchanged against the US dollar, trading at 3,991 riels/US dollar in the first quarter 2004, compared to 3,948 riels/US dollar in the first quarter 2003. The riel fell significantly against the baht (by 10.3 percent) over the same period. The exchange rate with the Vietnamese dong was 24.6 riels/100 dongs (a 10-quarter high) in the first quarter 2004, a 4 percent appreciation over the preceding year.

### Monetary Development

According to the National Bank of Cambodia (NBC), total liquidity amounted to 3,659 billion riels (US\$ 917 million) at the end of the first quarter 2004, a 22 percent increase on an annual basis. This reflects a rise in both riel and foreign currency deposits: 21 percent in riel terms (to 1,095 billion riels) and 20.6 percent in foreign currency terms (to US\$ 642.5 million). The increase in the riel-component during the first three months of 2004 means that currency outside banks grew by 24 percent, and time and savings deposits by 18 percent. Liquidity increased by 10 percent in the first quarter 2004 over the previous quarter, led by a rise in foreign currency deposits (by 10.7 percent).

### Private Investment and Employment

The Council for the Development of Cambodia (CDC) has adopted more lenient investment policies in an effort to encourage both domestic and foreign investors. This includes increasing the licensing period from six months to a year – this is the period during which approved projects have to be implemented or otherwise face cancellation. However, actual approvals declined by almost 42 percent over the period first quarter 2003 and first quarter 2004. It is surprising to note that approvals for the garments industry actually increased quite substantially during this time (from \$6.5 million to almost \$50 million), despite the looming threat of Multi-Fibre Agreement (MFA) withdrawal by the end of the year. This is an encouraging sign.



## ECONOMY WATCH—DOMESTIC PERFORMANCE

### Poverty Situation - Earnings of Vulnerable Workers

Poverty reduction is the main priority of the Cambodian government. In order to monitor changes in the daily livelihood of vulnerable people, CDRI has been conducting quarterly surveys, since 1998, mainly in Phnom Penh and the two neighboring provinces of Kandal and Kampong Speu, with a focus on daily earnings.

In May 2004, the average, nominal daily earnings of vulnerable workers of all groups increased by 9 percent compared to the same period last year. Among the 10 groups, the earnings of 8 increased while those of the other two groups declined (table 8). Compared to February 2004, however, the average daily earnings of only two groups (i.e. garment workers and small vegetable traders) improved.

The price of gasoline increased sharply by 12% in May 2004 to 2,850 riels/litre, up from 2,550 riels/litre in February 2004. This had a major impact on vulnerable workers, especially motor taxi drivers, whose earnings took a severe blow. The survey data shows that only 5 percent of motor taxi drivers thought that their average daily earnings had increased, while 72 percent claimed that their earnings declined.

Average daily earnings of unskilled construction workers declined by 3 percent over the year up to May 2004. In addition, 80 percent of unskilled construction workers reported a rise in the number of workers compared to the same period last year. Skilled construction workers on the other hand, recorded the highest earnings amongst the 10 groups examined. Their average daily earnings increased by 3 percent, in response to greater

demand from the construction industry. Ninety percent of the skilled construction workers thought that demand had increased. Fifty-seven percent of skilled construction workers revealed that their daily earnings were the major source of income for their families and that their savings were not enough to start-up a new business. Majority (80 percent) of skilled construction workers in the sample came from the provinces.

Average daily earnings of garment workers rose by 7 percent in May 2004, compared to May 2003, but it remained at the same level as in May 2002. Around 80 percent of garment workers (10 factories) reported increased activity compared to the previous 3 months, with 77 percent reporting more overtime than before. The survey conducted in May 2004 shows that garment workers generally spent around 26 US dollars per month, including meals, accommodation, and transportation.

The average daily earnings of scavengers, waitresses and rice field workers were around 4,400 riels each, in May 2004. Compared to May 2003, their average daily earnings increased by 27 percent, 16 percent, 3 percent, respectively. It was found that, 60 percent of scavengers and rice field workers took loans with a high interest rate. The survey indicates that 92 percent of rice field workers are landless and mainly dependent on their own labor.

The average daily earnings of small vegetable traders rose by 23 percent in May 2004 relative to the same period last year. They reported an increase in prices over the last three months. Around 50 percent reported taking a loan with a high interest rate for starting up their businesses.

*By Ms. Pon Dorina, Ms. Ouch Chandarany  
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## ECONOMY WATCH—INDICATORS

**Table 1. Private Investment Projects Approved, 1996–2004**

	1996	1997	1998	1999	2000	2001	2002	2003					2004
								Q4	Q1	Q2	Q3	Q4	Q1
Number of investment projects													
Total	300	136	140	96	96	188	8	20	14	17	15	15	
Garment	144	48	84	44	52	76	2	6	7	12	6	11	
Registered capital (millions of dollars)													
Total	391.2	278	416.4	246.8	102.4	129.2	20.3	41.6	10.4	4.0	15.4	11.9	
Garment	156.8	34.4	91.6	55.6	25.6	60	1	5	4.1	1.0	5.8	8.4	
Fixed assets (millions of dollars)													
Total	746.8	761.6	849.2	474	266.4	217.2	60.9	108.5	48.3	95.1	62.1	63.3	
Garment	158.4	38.8	120.8	79.6	76.8	100	1.7	6.5	10.5	43.3	14.5	49.9	

Source: Cambodian Investment Board (1995-2003) \* Including existing investment expansion projects

**Table 2. Construction Projects Approved in Phnom Penh (1996-2004)**

	1996	1997	1998	1999	2000	2001	2002	2003					2004
								Q4	Q1	Q2	Q3	Q4	Q1
Mansion	205	179	143	136	111	108	40	29	39	25	48	52	
Apartment	537	528	678	864	520	499	123	125	104	148	116	157	
Other	116	117	132	74	64	57	14	21	23	17	22	20	
Total	858	824	953	1074	695	664	177	175	166	190	186	229	

Source: Department of Cadastre and Geography of the Municipality of Phnom Penh

**Table 3. Exports and Imports, 1996-2004**

	1996	1997	1998	1999	2000	2001	2002	2003					2004
								Q4	Q1	Q2	Q3	Q4	Q1
Millions of dollars													
Total exports	387.1	493.4	784.4	941.1	1055.5	1267.0	412.9	331.5	408.5	492.3	475.7	399.5	
Of which: - Garment	78.8	227.2	378	554	962.1	1201.0	385.4	314.7	389.9	475.2	448.5	383.6	
. To US	0.4	107.2	74.1	486	714.1	840.9	269.2	230.6	267.8	303.2	298.2	255.8	
. To Rest of the world	78.4	120	82	68	248.0	360.1	116.2	84.1	122.1	172.0	150.3	127.8	
- Agriculture	-	-	-	-	90.5	66.0	27.4	16.8	18.7	17.0	27.2	16.0	
. Rubber	-	-	-	-	29.6	25.9	9.1	6.3	6.7	10.0	12.1	8.0	
. Wood	-	-	-	-	32.5	22.3	3.3	2.8	2.8	2.1	2.4	1.8	
. Fisheries	-	-	-	-	5.4	6.0	0.5	0.8	0.7	0.6	0.7	0.8	
. Other	-	-	-	-	26.0	11.8	14.5	6.9	8.5	4.3	12.0	5.4	
Total Imports	1114.4	1094.5	1112.2	1237.4	1417.7	1501.4	438.7	393.8	507.3	436.2	497	458.9	
Of which: - Gasoline	-	-	-	-	-	-	7.6	10.4	8.0	5.6	9.0	7.0	
- Diesel	-	-	-	-	-	-	23.3	25.0	33.4	25.1	24.4	30.2	
- Construction material	-	-	-	-	-	-	2.9	2.8	3.4	2.4	3.5	3.0	
- Others	-	-	-	-	-	-	404.9	355.6	462.5	403.1	460	418.7	
Trade Balance	-727.3	-601.2	-327.8	-296.3	-362.2	-234.0	-25.8	-62.3	-98.8	56.1	-21.3	-59.4	
Percentage change over previous year													
Total Exports Garment	198	188	66	47	74	24.8	33.2	26.3	34.7	10.1	16.4	21.9	
Total Exports	2.1	27.5	58.9	12.4	19.7	20	35.3	20.7	30.0	9.0	15.2	20.5	
Total Imports	1.2	-1.8	1.6	11.3	14.5	5.9	27	22	7.8	-10.0	19.6	16.5	

Source: Ministry of Commerce, Department of Trade Preferences Systems and Customs and Excise Department including tax exemption

**Table 4. Visitor Arrivals in Cambodia, 1996-2004**

	1996	1997	1998	1999	2000	2001	2002	2003					2004
								Q4	Q1	Q2	Q3	Q4	Q1
Thousands of passengers													
Tourist visas	194.4	163.0	141.9	199.6	209.6	335.4	58.7	183.7	83.8	132.0	209.1	230.7	
by Air	194.4	163.0	141.9	199.6	209.6	335.4	58.7	124.6	44.4	76.2	131.3	139.6	
land and boat	-	-	-	-	-	-	-	59.1	39.4	55.8	77.7	91.1	
Business visas	58.4	48.6	37.6	55.4	46.9	62.4	16.1	20.4	14.7	20.3	15.5	15.8	
by Air	58.4	48.6	37.6	55.4	46.9	62.4	16.1	17.2	11.2	16.3	15.5	11.5	
land and boat	-	-	-	-	-	-	-	3.2	3.5	4.0	-	4.3	
Official visas	7.6	7.2	6.8	7.9	95.2	10.6	92.9	4.7	4.6	5.9	6.1	7.9	
by Air	7.6	7.2	6.8	7.9	95.2	10.6	92.9	4.0	4.0	5.1	6.1	6.8	
land and boat	-	-	-	-	-	-	-	0.7	0.6	0.8	-	1.1	
Total by Air	-	-	186.3	262.9	351.7	408.4	167.7	145.8	59.6	97.6	152.9	157.9	
Total Land and boat	-	-	100.2	104.8	114.7	196.5	69.6	63	43.5	60.6	77.7	96.5	
Grand total	260.4	218.8	286.5	367.7	466.4	604.9	237.3	208.8	103.1	158.2	230.6	254.4	
Percentage change over previous year													
Grand total	18.5	-15.9	30.9	28.3	26.8	29.7	41.3	-0.9	-37.4	-8.9	-14.2	21.8	

Sources: Ministry of Tourism

## ECONOMY WATCH—INDICATORS

**Table 5. Consumer Price Index (CPI), Exchange Rates and Gold Prices, 1996-2004 (period averages)**

	1996	1997	1998	1999	2000	2001	2002	2003		2004		
							Q4	Q1	Q2	Q3	Q4	Q1
	Consumer price index (percentage change over previous year)											
Provinces	-	6.1	16.3	6.2	5.4	0.9	-0.3	7.4	5.9	-1.9	1.8	4.6
Phnom Penh - All Items	7.1	8.0	14.8	4.0	-0.8	-0.6	3.04	1.8	1.6	0.8	0.5	0.8
- Foods	7.6	6.7	14.1	7.6	-3.3	-2.8	2.00	3.20	2.3	1.5	-0.04	0.6
- Energy	20.7	20.0	15.1	3.5	6.6	-1.1	2.25	4.75	5.2	5.1	5.1	4.8
	Exchange rates, Gold and Oil prices (Phnom Penh market rates)											
Riel per US dollar	2,666	3,029	3,824	3,832	3,879	3,935	3,948	3,948	4,008	4,015	3,999	3,991
Riel per Thai baht	105	98	88	101	96.3	88	90.9	92.4	94.9	96.9	100.5	101.9
Riel per 100 Vietnamese dong	24.0	25.6	28.6	27.8	27.4	26.6	25.8	25.6	25.9	24.9	24.8	24.6
Gold prices (US dollar per chi)	46.3	40.4	36.0	34.0	33.3	32.7	38.5	39.8	40.0	41.5	44.4	46.0
Price of Diesel (Riels/litre)	779	883	1,065	1,105	1,329	1,521	1,550	1,697	1,683	1,683	1,700	1,867
Price of Gasoline (Riels/litre)	1,118	1,378	1,613	1,760	2,113	2,084	2,200	2,433	2,383	2,367	2,400	2,567

Sources: CDRI, IMF, NIS, Ministry of Planning, Ministry of Economy and Finance

**Table 6. Monetary Survey, 1996-2004 (end of period)**

	1996	1997	1998	1999	2000	2001	2002	2003		2004		
							Q4	Q1	Q2	Q3	Q4	Q1
	Billions of riels											
Net foreign assets	881	1,177	1,726	2,019	2,589	3,080	3,737	3,741	3,594	3,627	4,027	4,265
Net domestic assets	31	-114	-496	-576	-759	-876	-849	-737	-641	-621	-698	-606
Net claims on government	128	54	178	103	3	-75	-119	-72	-19	18	-128	-133
Credit to private sector	435	637	655	763	898	936	1,059	1,125	1,224	1,287	1,337	1,389
Total liquidity	912	1,063	1,230	1,443	1,831	2,204	2,888	3,004	2,953	3,007	3,328	3,659
Money	329	385	543	531	540	609	813	829	871	886	937	1007
Quasi-money	583	678	687	911	1,291	1,594	2,075	2,175	2,082	2,120	2,391	2,652
	Percentage change from previous year											
Total liquidity	40.3	16.6	15.7	17.3	26.9	20.4	24.1	24.6	11.5	9.3	15.2	21.8
Money	18.3	17	41	-2.2	1.7	12.8	33.4	22.6	16.4	14.9	15.3	21.5
Quasi-money	57.1	16.3	1.3	32.6	41.7	23.5	30.2	25.7	9.5	7.1	15.2	21.9

Source: National Bank of Cambodia. \* Q4 2003 Revised.

**Table 7. National Budget Operations on Cash Basis, 1996-2004 (billion riels)**

	1996	1997	1998	1999	2000	2001	2002	2003		2004		
							Q4*	Q1	Q2	Q3	Q4	Q1
Total revenue	748	880	920	1326	1528	1529	495.9	428.1	379	400.5	506	523.9
Current revenue	-	-	-	-	-	1521	495.9	400	377	399.2	506	523.3
Tax revenue	536	596	676	956	1096	1096	350.1	273	287	273.1	349.1	409.3
Customs duties	344	348	376	432	376	376	122.5	92	94	91.6	117.4	137
Non-tax revenue	176	272	204	348	424	424	145.8	127	90	126.2	156.8	113.9
Forest exploitation	28	36	20	36	28	29	4.7	1	1	4.5	0.5	0.9
Post & Telecommunications	64	84	88	108	124	122	44.8	19	18	33.5	44.3	16.1
Capital revenue	40	12	36	12	8	9	0.0	28.4	2	1.3	0.0	0.6
Total expenditure	1440	1260	1296	1792	2332	2332	864.9	647.5	660	661.6	582.4	647.1
Capital expenditure	628	452	368	624	976	977	440.1	272.3	271	279.6	205.1	295.6
Current expenditure	812	808	980	1164	1356	1355	424.8	375.3	388	381.9	377.3	351.5
Education and Health	124	128	132	280	344	343	227.7	36	88	122.4	128.4	31.4
Defense and Security	408	420	448	464	404	405	163.9	70	119	75.4	110.1	67.6
Other Ministries	284	260	332	412	636	637	33.1	279	182	214	138.8	252.6
Overall deficit	-692	-380	-380	-476	-804	-803	-369	-219.4	-281	-261	-76.5	-123.2
Foreign financing	680	444	268	416	768	766	333.3	119	201	230	244.8	-223
Domestic financing	12	-64	112	60	36	37	35.7	100.4	80	31	-168.3	99.8

Source: Ministry of Economy and Finance. Q4\* 2002 revised, 2003 and Q1 2004 provisional

**Table 8. Average Daily Earnings of Vulnerable Workers, 1997-2004**

	Daily earnings (riels)									Change from last year (%)		
	1997		2001	2002	2003			2004		2003		2004
	Pre-Jul	Nov	Nov	Feb	May	Aug	Nov	Feb-04	May-04	Nov	Feb	May
Cyclo drivers	12,250	6,262	8,878	9,200	7,000	9,380	9,817	9,500	8,425	10.58	3.26	20.36
Porters	9,675	5,000	6,312	7,600	6,225	7,240	6,500	8,700	7,847	2.98	14.47	26.06
Small vegetable sellers	7,050	5,096	7,158	7,250	6,162	6,860	6,700	7,400	7,625	-6.40	2.07	23.74
Scavengers	4,155	3,393	4,012	3,875	3,605	4,900	3,900	4,800	4,600	-2.79	23.87	27.60
Waitresses*	-	2,358	4,000	4,600	4,380	4,520	4,435	4,900	4,500	10.88	6.52	2.74
Rice-field workers	-	3,618	4,219	4,180	3,712	4,600	4,450	4,700	4,300	5.48	12.44	15.84
Garment workers	-	8,968	10,000	10,127	9,123	10,300	10,000	9,675	9,740	0.0	-4.46	6.76
Motorcycle-taxi drivers	-	9,791	12,075	11,400	9,372	10,900	10,000	11,200	9,000	-17.18	-1.75	-3.97
Unskilled construction workers	-	4,841	5,850	6,162	7,100	7,600	6,200	7,200	6,900	5.98	16.85	-3.16
Skilled construction workers	-	9,866	13,350	12,500	12,050	12,700	16,900	13,800	12,450	26.59	10.40	3.32

Notes: The surveys on the revenue of waitresses, rice-field workers, garment workers, unskilled workers, motorcycle taxi drivers and construction workers began in February 2000; \* Waitresses earnings do not include meals and accommodation provided by shop owners. Source: CDRI.