

ECONOMY WATCH – EXTERNAL ENVIRONMENT

World Economic Growth

Global economic growth slowed in the fourth quarter of 2004 from the previous quarter mainly due to the declining growth of major economies such as the United States, the euro zone, Japan and some others in east Asia. However, growth for the whole year was the highest for over 20 years, at 5 percent.

US real GDP increased at an annual rate of 3.8 percent in fourth quarter 2004, a deceleration from 3.9 percent in the third quarter. This primarily reflected an acceleration in imports of goods and services and deceleration in personal consumption expenditures (PCE) for durable goods and in exports of goods and services. According to the Bureau of Economic Analysis, real PCE increased 4.2 percent in the fourth quarter, compared with 5.1 percent in the third. Real exports of goods and services increased 3.2 percent in the fourth quarter, compared with an increase of 6.0 percent in the third.

Real GDP of the euro zone in the fourth quarter grew by 1.6 percent on an annual basis and by 0.2 percent compared to the previous quarter. This weak growth was due to sluggish growth in household final consumption expenditures, investments and exports at 0.5 percent, 0.6 percent and 0.5 percent respectively.

Japanese real GDP growth increased by 0.8 percent in the fourth quarter compared to the same quarter of the previous year, but fell at an annual rate of 0.5 percent relative to the previous quarter. The slowdown was largely attributed to a decline in real consumption expenditures at an annual rate of 1.3 percent, compared to the 0.8 percent decline in the third quarter of 2004. In addition, imports rose faster than exports, which also had a depressing effect on real GDP growth.

China's GDP in the fourth quarter of 2004 registered strong growth at an annual rate of 9.5 percent. This unexpectedly high outcome was driven by strong export performance, offset by a decline in domestic demand and investment. For South Korea and Taiwan, real GDP in fourth quarter 2004 grew at the same annual rate of 3.3 percent, decreasing from 4.6 percent and 5.3 percent respectively in the previous quarter. The weak GDP growth in South Korea was mainly attributable to the slowdown in export growth as well as a downward tendency in construction investment. The decelerating growth in Taiwan was largely due to slower export growth and rising prices of crude oil and raw materials.

For the ASEAN 4—Singapore, Malaysia, Thailand and Indonesia—real GDP growth in the fourth quarter of 2004 remained high at 6.5 percent, 5.6 percent, 5.0 percent and 6.6 percent. Except for Indonesia, their growth rates in the fourth quarter were slightly lower than in the third quarter. For Malaysia, the declining

growth was triggered by a sharp slowdown in the manufacturing sector as global demand for semiconductors and electronics faltered. For Thailand, the slowdown was caused by drought, the return of avian flu and the continually rising oil price.

World Inflation and Exchange Rates in International Markets

In the fourth quarter of 2004, consumer prices in the US rose at a 3.3 percent annual rate, faster than in the third quarter (2.7 percent), due to the soaring oil price and higher health care costs. The Federal Reserve is expected to raise further key interest rates to keep inflation at bay. In the euro area, inflation ran at 2.3 percent, above the ECB's ceiling of 2 percent, reflecting increases in tobacco taxes in Germany and Italy. In Japan, consumer prices rose 0.5 percent in the year to the fourth quarter, up from -0.1 percent in the third quarter. The main reasons for this upward trend were a temporary spike in fresh food prices and the rise in crude oil prices. Inflation in China ran at an annual rate of 3.2 percent, slowing from 5.2 percent in the previous quarter.

The US dollar lost value against most major currencies in the fourth quarter of 2004. The US dollar bought 0.77 euros, down from 0.82 in the third quarter. The dollar traded at 105.9 yen, falling from 109.9 in the previous quarter. The main factor behind the fall in the dollar was the continued focus by market participants on the size and persistence of the US current account deficit and its financing needs.

Commodity Prices in World Markets

The prices of selected major commodities in international markets in the fourth quarter of 2004 did not fluctuate much. The price of white rice, Thai 100% B second grade, in the Bangkok market in the fourth quarter of 2004 increased by 10 percent from the previous quarter and by 33 percent, over the same quarter of the previous year. The price of rubber in the fourth quarter also increased slightly from the previous quarter, by 4 percent, to \$1238.2/ton. Maize and soybeans sold at lower prices in the fourth quarter than in the previous quarter. Maize sold at \$94.4/ton, an 8 percent decline from the third quarter of 2004 and 13 percent decline from the fourth quarter of 2003. Soybeans sold at \$216.5/ton, a 14 percent decline from the third quarter of 2004 and 25 percent decline from the fourth quarter of 2003. The prices of crude oil and gasoline in the fourth quarter fell slightly, by 2 percent and 1 percent respectively, from the previous quarter, but increased considerably from the same quarter of 2003, by 31 percent and 43 percent respectively.

Prepared by: *Hing Vutha*
Phim Runsinarith

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	
			Q4	Q3	Q4	Q1	Q2	Q3	Q4	
Selected ASEAN countries										
Cambodia	7.3	6.7	-	-	-	-	-	-	-	5.0
Indonesia	4.4	3.8	3.8	3.9	4.3	4.5	4.3	5.0	6.6	4.1
Malaysia	8.7	0.5	5.4	3.5	6.4	7.6	8.0	6.8	5.6	5.3
Singapore	9.5	-2.3	3.0	1.7	3.7	7.5	12.5	7.5	6.5	1.1
Thailand	4.4	1.9	6.0	6.6	7.8	6.5	6.3	6.0	5.0	6.7
Vietnam		6.0	-	-	-	-	-	-	-	7.0
Selected other Asian countries										
China	8.0	7.5	8.1	9.1	9.9	9.7	9.6	9.1	9.5	9.1
Hong Kong	10.2	0.5	4.8	4.0	4.9	6.8	12.1	7.2	7.1	3.2
South Korea	9.1	3.0	6.8	2.3	3.9	5.3	5.5	4.6	3.3	3.1
Taiwan	5.8	-2.2	4.2	4.2	5.4	6.3	7.7	5.3	3.3	3.2
Selected industrial countries										
Euro-12	3.5	1.4	1.3	0.3	0.6	1.5	2.2	1.9	1.6	0.6
Japan	2.8	0.4	1.7	1.9	3.1	5.6	4.4	2.6	0.8	2.5
United States	5.0	1.2	2.8	3.6	4.3	5.0	4.7	3.9	3.8	3.1

Sources: *The Economist*, countries' national statistics offices and central banks, and ADB's Asia Regional Information Centre

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	
Selected ASEAN countries										
Cambodia	-0.8	-0.6	3.2	0.7	0.5	0.7	2.2	6.5	-	1.2
Indonesia	3.7	11.5	11.9	5.6	3.7	4.9	6.7	7	-	6.7
Malaysia	1.5	1.4	1.8	1.0	1.2	1.0	1.2	1.4	2.1	1.1
Singapore	1.4	1.0	-0.4	0.5	0.6	1.4	1.9	1.7	1.7	0.5
Thailand	1.5	1.7	0.6	1.9	1.6	1.9	2.6	3.3	3.1	1.8
Vietnam	-1.7	-0.4	3.8	3.5	2.2	-	-	-	-	3.1
Selected other Asian countries										
China	0.3	0.9	-0.7	0.8	2.7	2.8	4.4	5.2	3.2	1.2
Hong Kong	-3.6	-1.3	-3.0	-3.7	-2.3	-1.9	-0.8	0.8	0.2	-2.6
South Korea	2.3	4.4	2.7	3.2	3.5	2.7	3.3	4.4	3.4	3.5
Taiwan	1.3	-0.01	-0.2	-	-	-	-	-	-	-0.3
Selected industrial countries										
Euro-12	2.3	2.6	2.2	2.0	2.1	1.8	2.3	2.3	2.3	2.1
Japan	-0.7	-0.6	-0.9	-0.2	-0.3	-0.1	-0.3	-0.1	0.5	-0.3
United States	3.3	2.8	1.6	2.2	1.9	1.8	2.9	2.7	3.3	2.3

Source: 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 average)

	2000	2001	2002	2003	2004				2003	
				Q3	Q4	Q1	Q2	Q3	Q4	
Selected ASEAN countries										
Cambodia (riel)	3,840.8	3,916.3	3,912.1	3,998.3	3,987.0	3,990.3	4,005.3	4,034.7	4,034.7	3,973
Indonesia (rupiah)	8,421	10,261	9,311	8,441	8,482	8,469	9,001	9,156	9,128	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 (S\$)	1.72	1.79	1.79	1.75	1.72	1.69	1.70	1.70	1.65	1.74
Thailand (baht)	40.1	44.4	42.9	41.3	39.7	39.1	40.2	41.3	40.3	41.5
Vietnam (dong)	14,168	14,725	15,280	15,522	15,618	15,717	15,735	16,262	-	15,510
Selected other Asian countries										
China (yuan)	8.28	8.28	8.28	8.28	8.28	8.28	8.28	8.28	8.28	8.28
Hong Kong (HK\$)	7.80	7.80	7.80	7.79	7.75	7.77	7.80	7.80	7.78	7.78
South Korea (won)	1,131	1,291	1,251	1,174	1,182	1,171	1,162	1,155	1,093	1,192
Taiwan (NT\$)	31.2	33.8	34.5	34.2	33.9	33.3	33.3	33.9	32.9	34.4
Selected industrial countries										
Euro-12 (euro)	1.09	1.12	1.06	0.89	0.84	0.80	0.83	0.82	0.77	0.89
Japan (yen)	107.8	121.5	125.4	117.6	108.9	107.2	109.7	109.9	105.9	115.9

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

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

	2000	2001	2002	2003	2004				2003	
			Q4	Q3	Q4	Q1	Q2	Q3	Q4	
Hardwood (logs)—Malaysia (\$/m ³)	88.4	89.5	108.3	100.4	108.3	122.6	128.8	102.3	94.4	105.2
Hardwood (sawn)—Malaysia (\$/m ³)	310.2	285.7	428.3	408.7	199.3	527	497	432.3	429	443.2
Rubber—Malaysia (\$/ton)	720.8	602.0	834.1	1,017.4	1,261.4	1,246.4	1,333.4	1,190.6	1238.2	1,050
Rice—Bangkok (\$/ton)	206.7	177.3	192.2	200.3	198.7	231.4	240.7	240.5	264.9	200.8
Soybeans—USA (\$/ton)	193	180.7	220	212.4	290.2	331.7	356.4	251.1	216.5	241.3
Crude oil—Dubai (\$/barrel)	26.1	22.8	26.2	26.5	27	29.3	33.3	36.09	35.5	26.8
Gold—London (\$/troy ounce)	21.1	19.5	19	23.6	22.2	27.4	32.1	32.1	31.8	23

Source: Food and Agriculture Organisation (FAO) and US Energy Information Administration

ECONOMY WATCH—DOMESTIC PERFORMANCE

Main Economic Activities

In the fourth quarter of 2004, the tourism sector made a relatively stronger contribution to the Cambodian economy, compared to the construction sector, over the third quarter. Exports of garments in the fourth quarter of 2004 peaked as exporters tried to maximise quota utilisation in the face of the imminent end of the MFA.

In fourth quarter 2004, Cambodia attracted 311,000 foreign visitors, a 36 percent rise compared to the third quarter. The number of foreign visitors entering Cambodia by air grew by 40 percent to 201,500 persons. Siem Reap international airport welcomed 110,219 visitors, a rise of 58 percent. This exceeded visitor arrivals at Phnom Penh international airport, which increased 23 percent to 91,285 persons. Visitors crossing international border checkpoints into Cambodia rose by 30 percent to 109,500 persons, of whom 65.5 percent crossed at the Poipet international border gate (bordering Thailand) and 15 percent passed through the Bavet international border gate (bordering Vietnam).

According to the Ministry of Tourism, the total number of foreign tourists, which includes count visitors to Preah Vihear, amounted to 1,055,202 persons in 2004, rising by 51 percent from 701,014 persons in 2003. In 2004, there were three new direct flights to Siem Reap, from Japan (Narita), China and Yangon, Myanmar. Moreover, the average length of stay of visitors rose to 6.3 days in 2004 from 5.5 days in 2003, while the estimated expenditure per day per visitor declined to \$87 in 2004 from \$90 in 2003. Consequently, total expenditures by foreign visitors increased to \$578 million in 2004 from \$347 million in 2003.

Construction, the second main industrial sub-sector, appears to be declining, registering an 18 percent decrease in the value of construction project approvals by the municipality of Phnom Penh compared to third quarter 2004. However, apartment construction, which is the largest component, continued to increase during this period (to \$46.3 million in the fourth quarter from \$44.3 million in the third quarter). Compared to fourth quarter 2003, the construction sector rose by 29 percent.

According to the National Bank of Cambodia, credit provided by commercial banks for construction activities was \$24.2 million in the fourth quarter 2004, 16 percent lower than in the preceding quarter but 17 percent more than in the same quarter 2003.

Approvals of private investment in fixed assets dropped dramatically, by 80 percent to \$16.4 million, in the last quarter of 2004, from \$82 million in the preceding quarter. This drop was mainly led by a sharp decline in private investment in agriculture and the services sector (reaching zero in the fourth quarter from \$3 million and \$6.4 million, respectively, in the third quarter). In addition, private investment in industry, which was \$16.4 million in the fourth quarter, fell by 78 percent. Of this, \$12.7 million was invested in the garment sector, down from \$44 million in the third quarter.

In 2004, approvals for investment in fixed assets reached \$275 million, a 14 percent decrease compared to 2003. New investment project approvals accounted for \$217 million, down from \$250 million in 2003. However, new investment in garments more than doubled reaching about \$72 million in 2004, compared with \$27.6 million in 2003, while investments in expansion of existing capacity in that sector registered a decline of 5.4 percent.

Cambodia's trade balance deficit was \$3.4 million in the last quarter 2004, compared to a trade surplus of \$140.8 million in the third quarter. However, the deficit was 71 percent lower than in the last quarter one year earlier.

According to the Customs and Excise Department, the value of exports declined by 18.5 percent to \$545.1 million in the fourth quarter 2004 compared to the previous quarter. The decline was largely accounted for by a drop in garment exports, which decreased by 19 percent to \$520.3 million. In 2004, the total value of exports was \$2,108 million, up 23 percent from \$1,708 million in 2003. The value of garment products exported amounted to \$2,027 million, 24.5 percent more than one year earlier. Of this, 63 percent was exported to the US (a 16 percent increase) and 29 percent to EU (a 42 percent increase).

The value of imports rose slightly, by 4 percent to \$548.5 million, over third quarter 2004. Among the major imported items, vehicle imports jumped by 27.6 percent to \$34.7 million, construction materials by 24.3 percent to \$26.5 million and food, beverage and tobacco products by 19.6 percent to \$79.8 million. These increases were mainly offset by a decrease in imports of electronic and energy products, which declined by 44.4 percent to \$2.4 million and by 14.6 percent to \$42.2 million, respectively. The total value of imported goods rose to \$2,142.5 million in 2004, from \$1,825 million in the preceding year (an increase of 17.4%). Car and bus imports nearly doubled in 2004.

ECONOMY WATCH—DOMESTIC PERFORMANCE

Public Finance

The government in the fourth quarter 2004 recorded a deficit of 247 billion riels, from 251 billion in the preceding quarter. The government revenue reached 662 billion riels, an increase of 46 percent during this period. Tax revenues rose by 45 percent to 485.7 billion riels, of which revenues from customs duties, excise duties and VAT, accounted for about 91 percent of the total, rising by 68 percent to 168 billion riels, 45 percent to 90.7 billion riels and 37 percent to 184 billion riels respectively. Meanwhile, non-tax revenues also rose, by 47 percent to 172 billion riels. From January to December 2004, total budget revenues achieved 100 percent of the target, reaching 2,126.7 billion riels from 1,764.6 billion riels in 2003, which met only 88 percent of the target.

Government spending (with expenditure adjustment) amounted to 909 billion riels in the last quarter of 2004, 29 percent higher than in the preceding quarter. Current expenditure rose by 45 percent to 615.8 billion riels, while capital expenditure also increased by 6 percent to 293.5 billion riels. In 2004, total budget cash expenditures (including expenditure adjustment) reached 2,991 billion riels, 9 percent more than in 2003.

Inflation and Foreign Exchange Rates

Data compiled monthly by the National Institute of Statistics showed that consumer prices in Phnom Penh fell by 0.8 percent from October to December 2004, after a 4.5 percent increase in the preceding quarter. The decline was led by a drop of 3 percent in food prices despite the rise in the cost of transportation and communication services. Based on the year-over-year change, the inflation rate in Phnom Penh stood at 5.8 percent in the fourth quarter 2004, down from 6.7 percent in the third quarter. On an annual basis, the inflation rate (in riels) in Phnom Penh rose to about 4 percent in 2004, compared to 1.2 percent in 2003 due to an increase in the prices of food and energy.

According to the National Bank of Cambodia, the official exchange rate between the riel and the US dollar in the fourth quarter of 2004 remained unchanged over the third quarter, while the riel depreciated both against the Thai baht and the Vietnamese dong. The riel traded at 4,034.7 riels/dollar in the third and fourth quarters. However, the riel fell against the Thai baht by 2.5 percent compared to third quarter 2004, trading at 100.1 riels/baht in the fourth quarter. At the same time, the riel slid against the Vietnamese dong by 2 percent, to 25.3 riels per 100 dongs in the fourth quarter.

Monetary Developments

Total liquidity of the banking sector (M2) has followed an upward trend since the end of third quarter 2003. Liquidity widened by 3.8 percent to 4,329 billion riels (\$1,074 million) at the end of fourth quarter 2004, slower than in the preceding quarter, when it rose by 8.5 percent. This reflected a slower increase in foreign currency deposits, which rose by 3.5 percent to \$763.8 million in the fourth quarter, compared to a 10 percent increase in the third quarter.

Over the 12-month period, total liquidity rose significantly, by 30 percent. The riel component increased by 23 percent, of which riels outside banks rose by 23 percent, reflecting an increase in currency issue of about 18.5 percent. At the same time, foreign currency deposits also rose, by 33 percent.

Poverty Situation—Real Daily Earnings of Vulnerable Workers (Survey 1–15 February 2005)

The serious drought in the second half of 2004, which affected more than 500,000 hectares of paddy land or 10 percent of the country's rice crop (Reuters, 25 November 2004), has significantly worsened the living conditions of the poor, especially in the rural areas. A survey of 10 groups of vulnerable workers conducted by CDRI during 1–15 February 2005 showed that real daily earnings of rice field workers in Kandal and Kompong Speu province dropped sharply, by 30 percent, from the same period last year. In addition, the past data also indicate that the number of vulnerable workers in Phnom Penh with permanent residence in other provinces rose from 85 percent of the total in August 2004 to 88 percent in February 2005. The real daily earnings of most other vulnerable groups also deteriorated, the exception being scavengers, moto taxi drivers and construction workers.

In February 2005, the real daily earnings of garment workers amounted to 9,213 riels, a fall of 1.2 percent from February 2004—the smallest decline amongst the worse off group, even though 80 percent of the interviewees mentioned that overtime work had been reduced as factories' activities slowed. The real daily earnings of garment workers have fluctuated between 6,701 riels and 9,962 riels from 2000 to 2003, and finally held steady at around 9,300 riels in 2004.

Although most respondents claimed that the number of moto taxi drivers had increased compared to a year ago, the real daily earnings of moto taxi drivers rose by 9 percent to 11,767 riels in February 2005, from 10,791 riels in February 2004. A sudden rise in tourist visitors in Phnom Penh (the number of interna-

ECONOMY WATCH—DOMESTIC PERFORMANCE

tional arrivals in both Phnom Penh and Siem Reap international airports reached 80,820 people in January 2005, the largest number in 13 years) and strong demand during the Chinese New Year may responsible for this. Compared to November 2004, moto taxi drivers' real daily earnings jumped by 35 percent. This is strongly supported by the survey data, in which 57 percent of the respondents reported that their real daily earnings had definitely increased.

Rice field workers have faced a sharp fall in their real daily earnings since August 2004. In February, the real daily earnings of rice field workers dropped sharply, by 30 percent to 3,578 riels, down from 5,124 riels in February 2004. The serious drought across the country during the second half of 2004 was possibly responsible for this decline. Meanwhile, the real daily earnings of porters, small traders and unskilled workers also fell sharply, by 17.3 percent, 10.4 percent and 17.2 percent, respectively, from a year earlier. Curiously, the real daily earnings of scavengers rose by 16.4 percent from a year earlier.

After declining to a seven-year low in November 2004, the real daily earnings of cyclo drivers edged up to 8,529 riels in February 2005. However, they

decreased by 6.8 percent compared to February 2004, largely reflecting an increase in the number of cyclo drivers. In February 2005, the real daily earnings of waitresses also decreased, by 5.3 percent over the previous year. Nevertheless, it is worth noting that the real daily earnings of waitresses have doubled over the past five years, from 1,914 riels in February 2000 to 4,470 riels in February 2005, which suggests that Cambodian restaurant industry has grown significantly.

The real daily earnings of skilled construction workers rose to 14,367 riels in February 2005, an increase of 8 percent from the same period last year, reflecting continued demand from a growing construction sector. Fifty percent of construction workers completed primary school, and the rest went up to junior high school, according to a survey conducted in February 2005. Education appears to play an important role in the choice of their livelihoods. Better educated (up to junior high) construction workers earned an average of 15,314 riels per day, 16 percent more than those who completed primary school (13,181 riels per day).

Serious drought across the country since the second half of 2004 has reduced the average real daily earnings of rice field workers by 30 percent, or 1,546 riels, from the same period last year.

Prepared by: *Ouch Chandarany
Pon Dorina*

Cambodia Development Review—2005 Subscription Rates

Domestic Subscription (Individual)

English edition (\$14) Khmer edition (5,000 riels) Payment by cash or local cheque (please add \$2 to cover bank charges for processing local cheques). Total payment enclosed.....

Domestic Subscription (Discount Price for Bulk Orders—Five Copies)

English edition (\$60 for five copies) Khmer edition (20,000 riels for five copies) Payment by cash or local cheque (please add \$2 to cover bank charges). Total payment enclosed.....

International Subscription (Individual)

Thailand, Laos, Vietnam English edition (\$25)* Khmer edition (\$15)*
 Asia and Europe English edition (\$30)* Khmer edition (\$20)*
 Americas and Africa English edition (\$35)* Khmer edition (\$25)*

* Subscription includes postage. Payment by cash (in Phnom Penh) or cheque (please add \$25 to cover bank charges for processing US dollar cheques). At present CDRI can accept payment from overseas only by US-dollar denominated cheque or bankers draft. Total payment enclosed

Title: Mr Ms Dr Other

First name: Last name: Position:

Organisation / Company:

Address (CCC Box if applicable):

City / Province: Country:

Telephone: Fax:

e-mail: Tick to receive regular information about CDRI publications via e-mail

To subscribe simply fill in this form and return it to CDRI with your payment. Please make cheques payable to the Cambodia Development Resource Institute. Do not send cash through the post. Please inform the Publications Section at CDRI if your contact details change.

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
Number of investment projects*													
Total	300	136	140	96	96	188	37	15	15	19	20	11	
Garment	144	48	84	44	52	76	15	6	11	9	11	9	
Registered capital (millions of dollars)													
Total	391.2	278.0	416.4	246.8	102.4	129.2	48.9	15.4	11.9	10.0	23.0	10.0	
Garment	156.8	34.4	91.6	55.6	25.6	60.0	12.6	5.8	8.4	1.0	13.5	8.0	
Fixed assets (millions of dollars)													
Total	746.8	761.6	849.2	474.0	266.4	217.2	239.6	62.1	63.3	113.3	82.0	16.4	
Garment	158.4	38.8	120.8	79.6	76.8	100.0	18.0	14.5	49.9	10.1	44.0	12.7	

* Including investment expansion projects. Source: Cambodian Investment Board (1996-2004).

Table 2. Construction Projects Approved in Phnom Penh, 1996-2004

	1996	1997	1998	1999	2000	2001	2002	2003	2004				
									Q4	Q1	Q2	Q3	Q4
Mansions	205	179	143	136	111	108	159	48	52	47	57	37	
Apartments	537	528	678	864	520	499	535	116	157	161	186	125	
Other	116	117	132	74	64	57	75	22	20	29	33	27	
Total	858	824	953	1074	695	664	769	186	229	237	276	189	

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
Millions of dollars													
Total exports	387.1	493.4	784.4	941.1	1055.5	1267.0	1453.7	475.7	399.5	494.7	668.8	545.1	
Of which: Garments	78.8	227.2	378.0	554.0	962.1	1201.0	1356.2	448.5	383.6	479.4	643.7	520.3	
To US	0.4	107.2	74.1	486.0	714.1	840.9	943.8	298.2	255.8	306.3	387.6	321.2	
To rest of the world	78.4	120.0	82.0	68.0	248.0	360.1	412.4	150.3	127.8	173.1	256.1	199.1	
Agriculture	-	-	-	-	90.5	66.0	97.5	27.2	16.0	15.3	25.1	24.8	
Rubber	-	-	-	-	29.6	25.9	29.7	12.1	8.0	6.6	11.6	12.0	
Wood	-	-	-	-	32.5	22.3	16.0	2.4	1.8	2.8	4.2	2.4	
Fisheries	-	-	-	-	5.4	6.0	4.3	0.7	0.8	1.2	4.3	4.4	
Other	-	-	-	-	26.0	11.8	47.5	12.0	5.4	4.8	5.0	6.0	
Total Imports	1114.4	1094.5	1112.2	1237.4	1417.7	1501.4	1674.1	487.6	458.8	607.0	528.0	548.5	
Of which: Gasoline	-	-	-	-	-	-	26.0	9.0	7.1	8.6	6.6	7.8	
Diesel	-	-	-	-	-	-	102.0	24.5	30.4	27.7	27.4	23.6	
Construction materials	-	-	-	-	-	-	97.4	21.6	20.2	27.0	21.3	26.5	
Other	-	-	-	-	-	-	1448.7	432.5	401.1	543.6	472.7	490.6	
Trade Balance	-727.3	-601.2	-327.8	-296.3	-362.2	-234.0	-220.4	-11.9	-59.3	-112.2	140.8	-3.4	
Percentage change over previous year													
Total Exports Garments	198.0	188.0	66.0	47.0	74.0	24.8	12.9	16.4	21.9	23.0	35.4	16.0	
Total Exports	2.1	27.5	58.9	12.4	19.7	20.0	14.7	15.2	20.5	21.1	35.8	14.6	
Total Imports	1.2	-1.8	1.6	11.3	14.5	5.9	11.5	19.6	16.5	19.6	21.0	12.5	

Sources: Department of Trade Preferences Systems, Ministry of Commerce and Customs and Excise Department, Ministry of Economy and Finance: 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
Thousands of passengers													
Tourist visas	194.4	163.0	141.9	199.6	209.6	335.4	447.4	201.8	230.7	165.3	203.1	281.5	
by air	194.4	163.0	141.9	199.6	209.6	335.4	447.4	129.4	139.6	99.6	125.1	179.3	
land and boat	-	-	-	-	-	-	-	72.4	91.1	65.8	78.0	102.2	
Business visas	58.4	48.6	37.6	55.4	46.9	62.4	58.3	15.2	15.8	20.8	17.2	19.0	
by air	58.4	48.6	37.6	55.4	46.9	62.4	58.3	10.5	11.5	16.9	12.4	13.5	
land and boat	-	-	-	-	-	-	-	4.6	4.3	3.9	4.8	5.5	
Official visas	7.6	7.2	6.8	7.9	95.2	10.6	17.3	5.7	7.9	7.6	7.8	10.5	
by air	7.6	7.2	6.8	7.9	95.2	10.6	17.3	5.0	6.8	6.3	6.4	8.7	
land and boat	-	-	-	-	-	-	-	0.7	1.1	1.3	1.4	1.7	
Total by air	-	-	186.3	262.9	351.7	408.4	523.0	145.0	157.9	122.8	143.9	201.5	
Total Land and boat	-	-	100.2	104.8	114.7	196.5	263.5	77.7	96.5	71.0	84.2	109.5	
Grand total	260.4	218.8	286.5	367.7	466.4	604.9	786.5	222.7	254.4	193.8	228.1	311.0	
Percentage change over previous year													
Grand total	18.5	-15.9	30.9	28.3	26.8	29.7	30.0	-2.6	21.8	74.5	44.0	39.6	

Q4 2003 and Q1-Q4 2004 revised. Source: 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
	Consumer price index (percentage change over previous year)											
Provinces*	-	-	-	5.8	5.4	-0.1	0.9	4.4	4.6	7.9	22.1	23.0
Phnom Penh - All Items	7.1	8.0	14.8	4.0	-0.8	-0.6	3.3	0.5	0.8	2.2	6.7	5.8
- Foods	7.6	6.7	14.1	7.6	-3.3	-2.8	1.8	-0.04	0.6	3.4	12.2	9.1
- Energy	20.7	20.0	15.1	3.5	6.6	-1.1	0.3	5.1	4.8	8.1	11.5	14.5
	Exchange rates, gold and oil prices (Phnom Penh market rates)											
Riels per US dollar*	-	-	-	-	3,840.8	3,916.3	3,912.1	3,987.0	3,990.3	4,005.3	4,034.7	4,034.7
Riels per Thai baht*	-	-	-	-	95.8	88.2	91.2	100.4	102.0	99.6	97.7	100.1
Riels per 100 Vietnamese dong*	-	-	-	-	27.1	26.6	25.6	25.5	25.4	25.4	24.8	25.3
Gold prices (US dollar per chi)	46.3	40.4	36.0	34.0	33.3	32.7	36.8	44.4	46.0	46.0	46.3	47.0
Price of diesel (Riels/litre)	779	883	1,065	1,105	1,329	1,521	1,508	1,700	1,867	1,983	2,150	2,350
Price of gasoline (riels/litre)	1,118	1,378	1,613	1,760	2,113	2,084	2,150	2,400	2,567	2,767	2,950	3,050

* Exchange rate and provincial CPI (to base December 2000=100) revised. Sources: CDRI, IMF, NBC, NIS, MOP, and MEF.

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004			
									Q4	Q1	Q2	Q3
	Billions of riels											
Net foreign assets	881	1,177	1,726	2,019	2,589	3,080	3,737	4,027	4,265	4,337	4,524	4,797
Net domestic assets	31	-114	-496	-576	-759	-876	-849	-698	-606	-493	-354	-467
Net claims on government	128	54	178	103	3	-75	-119	-128	-133	-130	-96	-209
Credit to private sector	435	637	655	763	898	936	1,059	1,337	1,389	1,499	1,673	1,817
Total liquidity	912	1,063	1,230	1,443	1,831	2,204	2,888	3,328	3,659	3,844	4,169	4,329
Money	329	385	543	531	540	609	813	937	1,007	1,040	1,078	1,153
Quasi-money	583	678	687	911	1,291	1,594	2,075	2,391	2,652	2,804	3,091	3,176
	Percentage change from previous year											
Total liquidity	40.3	16.6	15.7	17.3	26.9	20.4	31.0	15.2	21.8	30.2	38.7	30.0
Money	18.3	17	41	-2.2	1.7	12.8	33.5	15.3	21.5	17.4	21.7	23.0
Quasi-money	57.1	16.3	1.3	32.6	41.7	23.5	30.2	15.2	21.9	36.7	45.8	32.8

Q4 2003 revised. Source: National Bank of Cambodia.

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
Total revenue	748	880	920	1326	1528	1529	1744	557	523.9	488.5	452.1	662.2
Current revenue	-	-	-	-	-	1521	1728	557	523.3	475.5	450.8	657.7
Tax revenue	536	596	676	956	1096	1096	1227	387	409.3	348.4	334.1	485.7
Customs duties	344	348	376	432	376	376	424	117	137.0	108.4	99.9	168.0
Non-tax revenue	176	272	204	348	424	424	501	170	113.9	127.1	116.7	172.1
Forest exploitation	28	36	20	36	28	29	15	1	0.9	0.3	0.2	0.5
Post & telecommunications	64	84	88	108	124	122	123	50	16.1	23.1	28.8	26.3
Capital revenue	40	12	36	12	8	9	16	0	0.6	13.0	1.3	4.5
Total expenditure	1440	1260	1296	1792	2332	2332	2948	746	668.1	710.6	703.4	909.3
Capital expenditure	628	452	368	624	976	977	1388	306	316.6	337.1	277.3	293.5
Current expenditure	812	808	980	1164	1356	1355	1560	440	351.5	373.4	426.0	615.8
Education and health	124	128	132	280	344	343	454	227	31.4	80.6	116.0	290.0
Defense and security	408	420	448	464	404	405	438	147	67.6	66.0	91.5	197.8
Other ministries	284	260	332	412	636	637	668	65	77.4	140.8	183.2	403.4
Overall deficit	-692	-380	-380	-476	-804	-803	-1204	-189	-144.2	-222.1	-251.2	-247.1
Foreign financing	680	444	268	416	768	766	1249	295	231.2	238.5	216.6	238.7
Domestic financing	12	-64	112	60	36	37	-45	-106	-87.0	-16.5	34.6	8.4

Provisional data for Q1-Q4 2004. Q1-Q4 2004 revised. Source: Ministry of Economy and Finance.

Table 8. Real Terms of Daily Average Earnings of Vulnerable Workers (at constant Nov 2000 prices)

	Daily earnings (riels)									Change from last year (%)		
	1998		2000	2003	2004			2005	2004		2005	
	Feb	Nov	Nov	Aug	Nov	Feb	May	Aug	Nov	Feb	Aug	Nov
Cyclo drivers	10,063	7,594	9,074	9,494	9,153	8,000	7,631	5,670	8,529	-15.9%	-40.3%	-6.8%
Porters	7,636	6,233	7,006	6,286	8,383	7,451	6,625	5,121	6,933	-5.4%	-18.5%	-17.3%
Small vegetable sellers	5,695	5,256	6,635	6,480	7,130	7,240	6,650	7,767	6,385	0.2%	4.4%	-10.4%
Scavengers	3,776	2,718	4,749	3,772	4,625	4,368	4,769	4,024	5,382	0.4%	6.7%	16.4%
Waitresses	-	2,111	4,374	4,289	4,721	4,273	4,591	4,207	4,470	5.0%	-1.9%	16.3%
Rice-field workers	-	4,184	5,347	4,801	5,124	4,002	3,689	3,740	3,578	-10.8%	-8.6%	30.3%
Garment workers	-	6,701	9,962	9,671	9,322	9,249	9,211	9,328	9,213	-7.5%	-3.5%	-1.2%
Motorcycle-taxi drivers	-	8,610	10,542	9,671	10,791	8,546	8,791	8,688	11,767	-16.6%	-10.2%	9.0%
Unskilled construction workers	-	5,399	7,369	5,996	6,937	6,552	6,095	5,944	5,747	-17.3%	-0.9%	-17.2%
Skilled construction workers	-	13,127	12,283	16,344	13,297	11,822	13,527	12,071	14,367	10.1%	-26.1%	8.0%

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.