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The Impact of Cambodia's Recent Floods

Using government and other data, CDRI researcher Chan Sophal* summarises the damage caused by recent floods and the relief provided and pledged to flood victims. He also speculates about the future impact of the disaster on both people and the economy.

The flooding in Cambodia in 2000 was reportedly the worst in more than 40 years. The report compiled by the National Committee for Disaster Management (NCDM) on 16 November 2000, put the death toll at 347 (80 percent of whom were children). Of the 750,618 families (3,448,629 individuals) affected by flooding, about 85,000 families (387,000 individuals) had to be temporarily evacuated. The Council of Ministers (COM) estimates total physical damage at almost US \$157 million.

This preliminary report by CDRI summarises the damage caused by the flooding, the relief assistance disbursed and the rehabilitation funds that have been pledged. It concludes by projecting the impact on socio-economic development in Cambodia. While a rigorous assessment is not possible, various government reports and other observations have been sufficient for making initial assessments and provisionally predicting impact.

Damage to Production

The flooding has wiped out a large proportion of Cambodia's agricultural production (both crops and animals), which in 1999 amounted to 24.5 percent of the Gross Domestic Product (GDP), or 73 percent of the output in the agricultural sector (including forestry, fisheries, and rubber). The Council of Ministers has estimated the damage to crop and animal production at about \$67 million. This figure is likely understated, if reports of damage to rice cultivation areas are true, and there is unreported damage to other crops as well.

* This article is based on a presentation made during CDRI workshops held in November-December 2000 for the private sector and for members of the National Assembly and Senate.

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During Cambodia's worst flooding in over 40 years, three and a half million people were affected, more than 350,000 were temporarily displaced and nearly 400 died.

Rice

Rice production is the main livelihood for 63 percent of Cambodians. Wet season rice, which comprises about 83 percent of total rice production, has been severely affected by the flooding. According to reports, around 616,750 hectares (ha) of rice fields were flooded, and of these, 374,107 ha have been destroyed (about 17 percent of the total rice-growing land in 1999).

If the destroyed area is multiplied by the average yield of 1.8 tons per ha, then the potential production lost is over 673,000 tons of paddy or 424,000 tons of milled rice. At the rate of 800 riel per kilo of milled rice (the rate that farmers pay if they have to buy rice from the market), the total damage in the rice sector is over \$87 million.

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This is about \$30 million higher than the estimate made by the Council of Ministers, which used the same database in estimating the damage. Total relief assistance to the end of November has been about 18,000 tons of milled rice (or 4 percent of the total loss). What is more, this relief assistance has largely been consumed, while the actual loss will only be realised by the farmers from December 2000 onwards, when a large number of them have nothing to harvest. According to projections used by the Ministry of Agriculture, Forestry and Fisheries (MAFF), the national rice deficit in 2001 will be about 44,000 tons of milled rice. This raises the question of how this deficit will be eliminated. Will government make it up by importing rice or will donors supply it? While awaiting the results of damage assessments at the commune level, the World Food Programme (the largest food distributing agency in Cambodia, besides the government), is planning to distribute another 10,000 tons of milled rice (less than a quarter of the estimated deficit).

Other Crops

Other crops besides rice constitute a significant part of the rural economy. In 1999, this sub-sector represented about 8 percent of GDP, or 20 percent of the agricultural output. According to COM, 51,572 ha of non-rice crops were flooded, and of these, 47,471 ha were destroyed (eroding about \$8.5 million or 4 percent of agricultural output). These damaged crops were corn, peanuts, soybeans, vegetables, sesame seeds, sugar cane, mung beans, and cassava.

The damage to crops other than rice has probably been underestimated. For example, the damage to fruit trees and the additional subsidiary crops that families rely on for food has not been officially reported. It will take about six months to re-grow banana and papaya trees, and other fruit trees will take years to re-grow.

Livestock

Livestock (mainly cattle and poultry) contributes about 7.5 percent of GDP, or 17 percent of the agricultural output. The flooding has also severely degraded this sub-sector, which plays an important role not only for consumption, but also as a form of savings and as animal labour. Thus, loss of livestock results in a loss of savings, which in future will likely have adverse effects both on people and on the rural economy. The COM has estimated these losses at about \$0.5 million.

Although the reported loss of 2,287 oxen and buffaloes is rather insignificant when compared to the total stock of 3,480,000 in 1999, many animals have been severely affected by the flooding due to lack of feed. In fact, the main effect of the flooding on cows, oxen and buffaloes has been the loss of their grazing land. Many animals either died of starvation, or were sold very cheaply because farmers could not provide feed for them. Thus, the actual damage in this sub-sector may be far greater than

the above figure, and prospects do not look good for 2001.

Damage to Physical Infrastructure

Roads, Bridges and Irrigation Systems

Roads and bridges, which are fundamental infrastructure for the economy, have been severely damaged by the flooding. According to COM, the damage to national and provincial roads, bridges and river banks totals about \$47 million. On top of this, over 100 irrigation projects in 16 provinces were damaged and an estimated \$16.7 million is needed to restore them.

The damage to the economy is much greater than just the cost of restoration and repairs. If damaged roads and bridges are not rehabilitated quickly, transportation costs will increase, as will the price of some goods and services. This in turn could undermine trade and production efforts.

Local roads and other small-scale rural infrastructure (bridges, drainage systems, wells, hand pumps, latrines etc.) were also damaged, at an estimated cost of nearly \$11 million.

The extent of damage and the cost of repairing infrastructure, however, is difficult to determine. The latest estimate compiled by COM is about four times higher than the initial

estimates made by the ministries. Furthermore, it is unclear whether or not the damage occurred prior to the flooding. From the viewpoint of economic development, it is essential to rehabilitate all damaged infrastructure, including rebuilding what was poorly constructed in the first place. In making repairs, it will be crucial for agencies and government to monitor the repairs carefully to make sure that the best use is made of the funds provided for rehabilitation.

Housing, Schools and Hospitals/Health Centres

The flooding has also damaged people's homes. An estimated 317,975 houses were flooded, and of these, 7,086 were severely damaged or have collapsed. This damage has not been officially estimated and included in the total cost estimate. If the average cost of damage to one house is estimated at \$300, then the total damage is likely to be about \$2 million. Unfortunately, no estimate has been made for the social and economic costs of displacing flood victims. In general, this kind of damage will worsen victims' circumstances.

According to the Council of Ministers, 988 schools were damaged by flooding and \$15 million will be needed to repair them. This figure seems too high because the total estimate implies that the repairs will cost an estimated \$15,000 per school.

The damage to hospitals and health centres reduces the supply of health services, which were already severely limited before the flood. This has an impact on human health at a time when the risk of flood-related diseases is already high. A total of 121 health centres and referral

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hospitals were flooded, and it will cost an estimated \$0.693 million to repair them.

Aid Pledges

The Asian Development Bank has indicated that it may lend \$55 million for infrastructure rehabilitation. The World Bank has also pledged \$11 million in soft loans, and is currently considering a total of \$45 million for flood emergency loans. This total of \$100 million will be used primarily for rehabilitation of physical infrastructure. Bilateral donors and other organisations are also pledging assistance for rehabilitating infrastructure.

The amounts pledged seem more than sufficient to restore damaged infrastructure. However, because it takes one year or longer to repair/replace physical infrastructure, the damage will continue to impede production and marketing throughout 2001.

Understanding the Situation

The worst impact of the floods may not be obvious until the middle of 2001. This is because the worst damage is the loss of the rice harvest that would have taken place in December and January. This crop provides the poor with their livelihood until the dry season rice harvests in March and April. For some, the impact of the damage might be realised as early as the end of 2000. For others who have savings or the opportunity to borrow, the impact may be delayed for some months. Nevertheless, the accumulated pressure (running out of savings and/or increased indebtedness) will likely peak in late 2001, which is usually a lean period because rice from the dry season harvest is finished.

The impact on poverty will be enormous because more than 90 percent of the population living below the poverty line reside in rural areas. Assuming that an average household has one ha of rice-cultivation land, then nearly 400,000 households have lost their potential rice production which would have earned them about 800,000 riels net per household (see *Analysis at the Household Level* on page 4).

The loss of livestock might not make the farmers worse off in the short term, but will in the long term. CDRI's rapid surveys of food prices have revealed that from the time of the flooding until December, the supply of meat and the price of meat have remained stable. However, the consumption of animals now will result in a shortage of meat in the months or years to come. Unless the production or import of meat increases, the price of meat (beef and pork) may rise in 2001.

Coping Strategies

The coping strategies of flood victims are likely to differ depending on whether they are better off, middle income, poor or very poor.

For the better off, the production losses incurred during a flood can simply result in a decrease in earnings and savings. The better off group are likely to take

austerity measures, which leads to a contraction in consumer spending and less money "trickling down" to those who are less affluent.

For the middle class, recovering from flood losses may consume their savings, which are in the form of cash, gold or livestock. The impact of the flooding, therefore, will be erosion of savings and/or production capital, which may push the middle class into poverty. This group is even more certain to reduce spending.

For the poor, flood losses will eliminate any savings they had, and they will have to resort to borrowing. This group is likely to become poorer if they cannot find enough income to replace their losses.

For the very poor, flood consequences might not be more severe than usual because they often do not have land for growing rice and thus incur no losses unless their homes are flooded. Instead, they might benefit from an increase in available fish stock due to the high water levels, and also benefit from the flood relief packages. However, they will find fewer opportunities to earn money since there will be less work harvesting wet season rice in December 2000 and January 2001.

Possible Outcomes and Impact

Based on the coping strategies listed above, possible outcomes from flooding can be summarised as follows:

Erosion of savings (for those who have savings).

Deterioration of capital This ranges from draft animals, farm tools and fruit trees, to local and national roads and bridges.

Entrapment in the debt cycle

Those already living at the margins, and who have accumulated little or no savings so far, may resort to borrowing from informal moneylenders and credit schemes.

These usually charge a very high interest rate. Once in the debt cycle, it is very difficult to get out.

Increased indebtedness For those who were already in debt, flooding has probably increased their indebtedness and pushed them "against the wall".

Poorer health for both people and animals Another major hidden cost: many people catch diseases related to dirty water. Those who become sick must spend their savings and/or borrow to pay for treatment. Worsening health harms labour productivity and increases poverty in general.

Rising poverty and other social impacts Rising poverty will likely result in lower school enrolment rates and lead to worse social problems, especially crimes. Social unrest is also possible if the problem of lack of food is not resolved.

Increased distress sales (of main assets such as land and draught animals).

Increased rural-urban migration In the face of food shortages, people will seek employment alternatives in urban areas. CDRI's surveys of workers in Phnom Penh indicate increasing numbers of rural residents are seeking work in the capital. Other anecdotal evidence shows that

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the numbers of street children and families in the city are on the increase.

Increased dependence on natural resources (such as forests, fisheries and water resources). The poor supplement their incomes and diets by fishing and gathering forest resources.

Increased concentration of land and increased landlessness The poor may have to sell land to cope with shortages or to pay off their increased debts.

Decreased school enrolment A large number of schools had to close for weeks or months due to the flooding. The increasing poverty caused by flooding may lead to decreasing school enrolment in 2001, and in the years to come. The consequences of this will not be obvious in the near future, but it could have a long-term impact since education is needed to enhance human capital.

Food shortages For the time being, with the exception of vegetables, food prices are not rising. This is likely the result of adequate food stocks in the country (rice, livestock, etc.) and emergency aid distributed by government and donors. The supply of rice at the national level appears adequate for the first half of 2001, although there will be a 20 percent decrease in the December 2000/January 2001 harvests.

This will result in a deficit of about 44,000 tons of milled rice in 2001. Rice stocks are likely to be used up by around September 2001. From this point onwards will be the leanest time for those with little purchasing power. However, it is expected that insufficient food supplies in 2001 will be resolved by imports organised by government, private business or agencies such as the World Food Programme and the Cambodian Red Cross (CRC).

Options for Recovery

- Expand the number of "Food for Work" programmes.
- Restore necessary infrastructure (roads, bridges and dikes) as quickly as possible.
- Enhance management and co-ordination of aid.
- Increase the effectiveness and efficiency of flood aid/relief distribution.
- Increase the access of the poor to common property resources such as forests and fisheries (reduce commercialisation, increase community-based management of resources and speed up fisheries reform).

Analysis at the Household Level

Analysis of the consequences and impact of the flooding on poverty and the economy is more concrete when it is estimated at the household level.

The average Cambodian household has five people. Those cultivating wet season rice have about one ha of land on average. Those whose rice cultivation has been completely destroyed by the flood, which is the case for nearly 400,000 households, have lost a potential gross income of about 900,000 riels (1,800 kg per hectare x 500 riels per kg). After subtracting further costs such as fertilisers and harvesting, an average household has lost potential net earnings of about 800,000 riels—an amount crucial for them. They need the cash for items such as meat, clothing and medical treatment.

How much relief have the flood victims received so far? The government has stated that every affected household has received a relief package from someone. The government's relief package comprises 25 kg of rice (worth about 20,000 riels), 20,000 riels (cash), one *sarong*, one *krama*, 20 packs of instant noodles, and one

plastic sheet (for roofing). This package is worth about 70,000 riels (about \$18). In addition, the government has been distributing rice for seed to many households. Other agencies such as WFP and CRC have jointly provided some assistance (40 kg of rice per household to about 24 percent of the households affected by the floods). This relief is estimated to be worth 30,000 riels per household.

Although information on all the relief provided is not available, a rough, but reasonably-sound calculation of the donations received by an average household is possible. If every flood-affected household received the government's relief package worth 70,000 riels and other donations worth another 30,000 riels, the relief received per household would total about 100,000 riels (\$25).

If, as calculated above, an average household dependent on wet season rice cultivation has lost potential net earnings of 800,000 riels (\$200) and the combined relief provided by government and donors totals only 100,000 riels, poor farmers who have lost their rice crop will have 700,000 riels less for the rest of the year. The question then is, how can poor farmers make up for their considerable loss? The 700,000 riels will have to come from somewhere if the poor are not to become poorer.

A Call for Recent Publications on Cambodia

Recent Publications on Cambodia is a regular feature in the *Cambodia Development Review*, and is intended to be a reference for researchers working on socio-economic and development issues. If your institution has published a report dealing with social and/or economic development in Cambodia within the past six months, please send us one copy for possible listing in the research bibliography. All reports received will be added to CDRI's Library and made available to the public. Please provide full bibliographic details as follows:

Full title (in English and Khmer) / Full names of author(s) / Publishing institution / Date of publication (including month) / Number of pages / Contact details for your institution / ISSN or ISBN if applicable

International migration: some issues in Cambodia

CDRI researcher So Sovannarith summarises the results of a recent CDRI study on migration to and from Cambodia.*

International Migratory Patterns

There is overwhelming evidence that Cambodians and others in neighbouring countries have been leaving home in order to earn a better living. While trends in internal migration have been analysed elsewhere¹, much less is known about migration to and from Cambodia – especially the migration of poorer sections of society.

Cambodia is in an intermediate position in the regional labour market. The country receives migrant workers from Vietnam and other countries, and Cambodians migrate to Thailand. Little is known, however, about these migration flows because they are “unofficial” in nature. Sample surveys usually fail to record migrant workers because they are unwilling to identify themselves.

In order to better understand cross-border migration involving Cambodia, data on the subject were gathered in mid-2000 by CDRI, in collaboration with NGOs and government (the Women’s Development Association, the Khmer Kampuchea Krom Human Rights Association, Krom Akphiwat Phum and the Banteay Meanchey Provincial Department of Women and Veteran’s Affairs). This study, which is summarised here, focused on Vietnamese immigration to Cambodia and Cambodian migra-

* This was part of a larger comparative study on labour markets, poverty and adjustment which was conducted by CDRI and fellow members of the Development Analysis Network (DAN) – a loose affiliation of seven research institutes in Cambodia, Laos, Thailand and Vietnam (forthcoming).

tion to Thailand. The term “immigrant” is used to describe the Vietnamese because many stay in Cambodia for years and some settle here for life. The term “migrant” is used for the Cambodians who go to Thailand with no intention of staying long term. Although there are significant numbers of other migrants and immigrants in Cambodia, these have not been included in the study because it was intended to consider the labour patterns of impoverished sectors of society.

Causes of Cambodian Migration to Thailand

Migration from one place to another has been a reality of life for thousands of years. Recently in Cambodia, a number of factors have had a negative impact on rural people and forced them to leave their homes in search of more income. These include changes in the employment structure as the country switches from a state-controlled economy to one which is market driven, rapid population increases, a reduction in community property resources in forests and water bodies, and mechanisation of agriculture. In addition, small farmers have no capital to invest in order to make their farms more productive, they face unpredictable agricultural prices and they often have debts to repay at high interest rates. Facing food shortages for three to six months a year, rural Cambodians have begun migrating to more-prosperous Thailand in search of employment.

Who Migrates from Cambodia to Thailand?

Most of the migrants to Thailand interviewed in CDRI’s study were from poor to very poor households. Of 163 households with migrant members, 23 percent owned one hectare or less of land, and 47 percent owned no farmland at all. The reasons respondents gave for migrating were overwhelmingly economic. As Table 1 shows, wages for the same jobs pay considerably more in Thailand than in Cambodia.

Cambodian migrants to Thailand fall into two groups. Long-range migrants, most of whom are men, go deep inside Thailand with the assistance of guides. Some go as

Table 1. A comparison of the daily earnings (in US Dollars) of Cambodians working in Cambodia and Cambodians working in Thailand, April/May 2000.

In Cambodia		In Thailand				
Type of work	Average earnings	Type of work	Working hours	Average earnings		
				Both sexes	Men	Women
Fishing	0.5	Fishing	18	3.5	3.5	-
Agriculture	0.8	Agriculture	9	2.2	2.1	2.2
Construction	1.6	Construction	9	3.7	3.8	3.1
Small trader	1.5	Food processing	9	3.9	4.0	3.7
Hunting/gathering	0.5	Porter	12-24	6.1	6.2	3.9
Firewood collection	0.7	Garments	9	3.5	-	3.5
Moto taxi driver	1.9	Shop-work	12	3.2	3.9	3.2
Handicrafts	0.8					
Other	0.9	Other	9	4.8	5.4	4.6
Average	0.8	Average	9.30*	4.0	4.3	3.3

Source: Interviews with 163 households, April-May 2000. * These average work hours exclude the work hours of porters and fishermen

far as Bangkok and other large cities; others to areas bordering on Myanmar and Laos. They come from poor households, but have enough assets to sell or use as collateral in order to raise the 3,000 baht or more needed for their trip. Short-range migrants are predominantly women who sell their labour in areas close to the Thai-Cambodian border. Most come from very poor households, and cannot afford to travel deep into Thailand.

Who Immigrates from Vietnam to Cambodia?

Vietnamese immigrants to Cambodia fall into several categories. The first are those who have lived in Cambodia for generations, but were deported back to Vietnam in the 1970s. In the 1980s many gradually returned to Cambodia to live in communities where security was not a problem. A second group of immigrants from Vietnam are the Khmer Kampuchea Krom – ethnic Khmers who have lived in Vietnam for generations. In the 1980s, they moved into Cambodia to escape persecution for keeping their Khmer culture, religious beliefs and language. Beginning in the 1990s, a third group of Vietnamese began coming to Cambodia to escape poverty. Relatives and friends often come along with all three groups.

Interviews with 141 workers of Vietnamese origin revealed that the impetus for immigration was overwhelmingly economic. Skilled workers such as construction foremen and mechanics said that they could earn two or three times more in Cambodia than they could earn in Vietnam. Cambodia's lack of skilled workers offered opportunities for Vietnamese construction foremen, wood processors, mechanics, etc.

Weak border-controls inside Cambodia have contributed to the flow of immigrants. Since the mid-1990s, the unofficial fee to cross the border has been reported to be between \$30 and \$100, with no work permit required. To stay in Cambodia, respondents said they pay the police an unofficial fee of between 1,000 riels and 20,000 riels per month.

Trends in Cross-border Migration

It is impossible to know the exact number of Cambodian migrants to Thailand because such migration is illegal. During the 1990s, poverty in Cambodia and an economic boom in Thailand increased the number of long-range migrants. CDRI's previous study (Sophal *et al* 1999)

Table 2. Migration trends to Thailand from 19 Cambodian villages by category of distance

	1997	1998	1999	May 2000
Total	2,518	1,977	2,252	1,845
Long-range migrants	1,414	738	915	437
- Male	907	432	565	303
- Female	508	306	351	134
Short-range migrants	1,104	1239	1337	1408
- Male	463	512	552	597
- Female	641	727	795	811

Source: CDRI survey, April-May 2000

noted that the number of Cambodian migrants working in Thailand in 1998 was around 82,000. Migration peaked in 1997, but fell sharply in 1998 as a result of the downturn in the Thai economy and stricter enforcement of immigration regulations. In 1999, the number of Cambodian migrants rose rapidly, again to almost 1997 levels. The number of short-range migrants continued to increase in 2000 – probably because some long-range migrants have shifted to short-range migration.

In the course of the study, local authorities in Cambodia predicted that due to worsening poverty in rural areas, the number of long- and short-term migrants to Thailand would continue to increase. Village chiefs and village development committees in 19 villages covered by the study, made estimates of migrants, which appear in Table 2.

The exact number of Vietnamese migrants is also difficult to estimate. According to data from the Ministry of Economy and Finance and the 1998 census, roughly 1.11 million immigrants settled throughout Cambodia between 1985 and 1998. A significant proportion of them are believed to be of Vietnamese origin. In 1995, estimates made by the Khmer Kampuchea Krom Human Rights Association for eight Cambodian provinces gave the total of Vietnamese as only 227,102. The Kompong Chhnang Immigration Office has since recorded a big increase in the numbers of Vietnamese in that province (rising from 1,269 households in 1985, to 2,708 households in 1997). This latter figure is tentative though, because it only includes permanent immigrants and newborn babies, and not temporary immigrants. Also, the numbers include the Khmer Kampuchea Krom, who are ethnically Khmer.

Occupations, Wages and Conditions

Most Cambodian migrant workers are engaged in unskilled, low-paid and dangerous jobs that the Thai workers avoid. Cambodians work in construction, as porters, as farm labourers and in labour-intensive industries such as small-scale manufacturing and food processing. They also work as shop assistants, road cleaners, housekeepers etc. Due to a downturn in the Thai economy, job prospects for long-range migrants are poor. Migrants who worked previously in Thailand, but were laid off and repatriated in 1998, have returned to Thailand recently to find little work except in dangerous jobs.

In general, the wages of Cambodians are 30-50 percent lower than those paid to Thai workers doing the same job. Migrant workers' earnings vary depending on the skills required, the type of work they do, and the work available (Table 1). On average, male migrant workers receive 23 percent more than their female counterparts. In addition, almost all migrant workers, except porters and garment workers, are offered free accommodation. Those not provided with accommodation have had to rent a room for 300-400 baht per month. To save money, four or five people often share a room.

Because Cambodians are working illegally in Thai-

land, employers exploit them. Cambodians are required to work longer hours than Thai workers (almost 10 hours a day for most jobs, 18 hours a day for fishermen, and up to 24 hours a day for porters). Many fishermen and porters said they were forced to take amphetamines so that they could work longer. In 1998, at least 67 migrants out of the 1,977 surveyed said that they had become addicted to amphetamines (Sophal *et al.*, 1999). Almost all were men.

Cambodians also complained that unless they were paid by the day, they were often swindled out of the money they earned. Construction workers and those in small manufacturing and food processing often receive only half of their wages. Employers or supervisors hold back wages to ensure that workers remain on the job. In the end, workers may never receive these withheld wages.

The occupations of Vietnamese immigrants vary with their location. In Kompong Chhnang, almost all were fishing year-round unless they were paid by the day. These small- and medium-scale fishermen said they earned around 10,000 riels per day on average (see table 3). About 65 percent of their households earned an additional \$237 to \$5,000 a year from raising fish in cages. Key informants stated that much higher amounts were earned from large- and medium-scale fishing, which is dominated by Vietnamese owners and workers. The few Cambodians employed in fishing are unskilled labourers who earn wages which are about 50 percent of what the Vietnamese earn.

In addition to paying for fishing permits, which cost from \$16 to over \$50,000, depending on the size of the fishing operation, Vietnamese fishermen must also pay between 500-2,000 riels every time they pass one of province's approximately 20 unofficial checkpoints. These high costs have encouraged use of illegal fishing methods (electric shock, poison etc.), which in turn deplete fish stocks and damage the environment. Respondents reported that their catches this year were about 40 percent below the levels in the 1980s.

Most Vietnamese interviewed in Phnom Penh were

Table 3. Average daily earnings by occupation of Vietnamese workers in Kompong Chhnang and Phnom Penh, April 2000

Occupations	Average Daily Wages	
	Riel	US\$
1. Fishing	10,314	2.7
2. Traders/shop-keepers	13,419	3.5
3. Other skilled workers	20,511	5.4
4. Construction workers	18,882	5.0
5. Service workers	12,231	3.2
6. Unskilled workers	8,567	2.3
7. Garment workers	7,600	2.0
Average	13,075	3.4

Source: CDRI Interviews, April 2000

skilled workers. Although they demand higher wages than Cambodians, employers say they are willing to pay because Vietnamese have more skills and they work harder, faster and more patiently. In the construction industry about 80 percent of contractors and/or supervisors are Vietnamese. The survey also found that the Khmer Kampuchea Krom are largely employed in unskilled work at low wages because they do not have the same skills as the ethnic Vietnamese.

All Vietnamese immigrants, however, are not so privileged. Some Vietnamese (most of them women) are reported to have been forced to work in the sex trade.

Harassment

Illegal migrants to Thailand, who have no protection in law, stated they were subject to arrest by the Thai and Cambodian police. Many have been cheated both by those hired to guide them and by their employers. Female migrants face sexual as well as other forms of harassment.

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These have become worse and more widespread in Thailand since early 1998. If the Thai police catch Cambodian migrants, all their valuable belongings are taken and they are imprisoned for a few months before being deported. Once they return to Cambodia, migrants again face arrest, fines of 300-400 baht and short detention.

Those who escape problems with the police may be kidnapped by a border gang and forced to pay 3,000-4,000 baht ransom. As a result of their financial losses, migrants may have to sell land or other valuable assets, leaving themselves and their families even worse off.

Illegal Vietnamese immigrants in Cambodia have formed several squatter communities. Of 141 individual respondents, 74 percent, including those living on boats, owned small houses. Twenty-two percent had rented a room at an average cost of 70,000 riels (about \$18) per month. Like Cambodian migrants in Thailand, three or four Vietnamese immigrants share a room in order to save money. Whole families will also share a room.

With the exception of the fishing community, most Vietnamese workers interviewed were not officially required to pay for a work permit. Despite this, they said they were always worried about the police. In the villages surveyed, the police unofficially collect 1,000 riels per month from Khmer Kampuchea Krom, and 5,000-20,000 riels per month from Vietnamese immigrants. In Kompong Chhnang, the Vietnamese who live on boats have been encouraged to resettle on land. Local landowners are allowed to sell or rent them a plot of land for housing. However, the Vietnamese cannot obtain land titles. As a result, Vietnamese immigrants suspect that in future there will be conflicts over land. Most Vietnamese interviewed said that they were afraid of being robbed and considered themselves at high risk. The poorer ones complained that they could not afford the 150,000 riels needed annually to

rent a plot of land for temporary housing.

Impacts on Socio-economic Development

Although illegal migrants to Thailand face numerous problems, the numbers able to save and send money home increased remarkably in 1999, compared to late 1997 and early 1998. Migrants now minimise risks by applying for a work permit (around 5,000 baht a year), and by using electronic transfers to send money home.

In total, about a quarter of long-term migrants actually make money from their efforts. Of 1,131 households with long-range migrants, 11 bought farm/homestead land, 40 opened a small business or purchased a motorbike, and another 25 renovated or built a house. In 1999, 57 percent of 685 households with long-range migrants were able to meet short-term food and farming requirements. Almost all short-range migrants said they were able to save money.

Unfortunately, migration appears to cause social problems. Dependent children and the elderly are left in a precarious situation while waiting for money to be sent back to them. Some young female migrants come home with babies which they leave with their parents or grandparents. Since most migrants are poor, failure to earn money forces households to sell productive assets and thus subsist in even more precarious circumstances.

Migrants addicted to stimulants not only remain physically weak and unproductive, they are also involved in household violence. Local authorities stated that addicts threaten and/or beat up family members to finance their drug addiction. Despite limited evidence, local authorities are concerned about the possible spread of HIV/AIDS since all migrants, especially women, are vulnerable to rape. A few young couples in the villages surveyed are believed to have died of AIDS, leaving parents or grandparents to care for their young children. Many short-range migrants have come back with malaria and their earnings have barely paid for treatment.

Village development activities have also been adversely affected by migration. For example, due to labour shortages in the dry season, Nikhum Krav village was not able to build two planned dams. Migrants also divert small loans obtained under development schemes to finance their trips to Thailand.

Key informants observed that Vietnamese immigration has had a mixed impact on Cambodia. Although the inflow of Vietnamese skilled labour has helped (and continues to help) overcome the lack of skilled manpower in Cambodia, their illegal fishing methods deplete fish stocks and damage natural resources. In the villages surveyed, they now tend to monopolise the fresh water fishing industry, as well as small enterprises. These enterprises in the villages surveyed have not provided many jobs for Cambodians. Few, if any, skills are transferred to

Cambodian workers.

Conclusions

The findings of this study cannot be generalised for all those migrating/immigrating in and out of Cambodia because of the limited sample size. However, the study has revealed that the motives for migrant flows appear to be overwhelmingly economic. Cambodian migration to Thailand is a means of survival for the country's poorest people, while immigrants from Vietnam are not always in such desperate circumstances.

Migration flows in and out of the country have played a significant role in the development of the Cambodian economy. Migration to Thailand has contributed to the rural economy for almost a decade. It has provided temporary employment for the poor, and also helped to overcome food shortages, especially in those provinces bordering Thailand. While migration to Thailand can be worth the risk financially, stolen wages, drug addiction and other health problems have adverse consequences for individual migrant households and for their communities.

The flow of skilled Vietnamese labour into Cambodia has helped overcome Cambodia's shortage of skilled manpower, but this has not helped alleviate the unemployment situation in Cambodia. Given all the problems identified in this study, it would appear that more extensive investigation of migration issues should be undertaken.

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Footnote

- ¹ See, for example, Desbarats, Jacqueline and Sik Boreak (2000) "People and Land in Rural Cambodia," *Cambodia Development Review* Vol 4:3. and also Pon Dorina, Sik Boreak, So Sovannarith, Tep Saravy, Patricia Alexander, Jacqueline Desbarats, Martin Godfey and Claude Katz (forthcoming), *The Cambodian Labour Market — With Particular Reference to Poverty Reduction, Growth and Adjustment to Crisis* (Phnom Penh: Cambodia Development Resource Institute). A recent report from the census office in Cambodia throws some light on migration. However because it is a large survey, it fails to capture details about the lives of migrants.

Reference:

- Chan Sophal and So Sovannarith (1999), *Cambodian Labour Migration to Thailand: A Preliminary Assessment* (Phnom Penh: Cambodia Development Resource Institute). CDRI Working Paper 11.

Child Labour, Migration and Salt Production

Steve Gourley* summarises the results of a recent ILO-funded study he conducted on child labour in salt production in Kampot

Both Khmer and English language newspapers have regularly featured stories on Cambodian children working as sex workers, scrap collectors and child soldiers, to name a few. Beyond public awareness, however, a clear understanding of the many factors that contribute to child labour is needed if policies and practical responses are to be relevant to, and supported by, working children and their families. To this end, in April-May 2000, the International Labour Organisation's *International Programme on the Elimination of Child Labour* (ILO/IPEC-Cambodia) conducted an assessment of the situation of children working in the salt fields of Kampot province, in partnership with the Kampot Department of Labour. This study was carried out to expand the body of knowledge on child labour issues in order to facilitate policy-making and appropriate intervention with regard to ILO Convention #182 on the *Worst Forms of Child Labour*.

This article highlights some of the study's findings, with a particular emphasis on the situation of migrant workers and their children. Migration can be an important indicator of the vulnerability of child labourers in both rural and urban areas. When settled and migrant children are both found in a particular industry or community, it is important to determine if there are any significant differences between the two, as this may suggest differing responses. This article highlights some of the more important differences found between migrant and settled children working in salt production.

Research Methodology

The research covered salt enterprises in two districts of Kampot which account for approximately 16 percent of all the salt fields in the province. Baseline data were gathered primarily through household surveys of 129 families with working children and *Participatory Learning & Action* (PLA) exercises with 90 children and 74

adults. These data were cross-checked and supplemented by information gathered from existing data, key informants (including employers) and occupational statistics collected for this study by commune authorities.

Baseline Demographic Data

The study found that children working alongside one of their parents is extremely common and accepted among families working in salt production. The research team confirmed that a total of 240 working children aged 10-17 were working in the targeted areas. Occupational statistics gathered by local authorities in areas not covered by the study indicate that over 500 children could be involved industry-wide (nearly half of these are believed to be located in the researched areas which were selected for their high numbers of working children). This is a hypothetical figure, however, and further research is needed to determine actual numbers.

Three categories of salt workers (including children) were found during the research:

Nearly half (43 percent) of child salt workers are aged 14 and younger, with fully one-quarter (25 percent) in the youngest age bracket of 10-12 years. The remaining 57 percent are 15-17 years old.

1. Settled workers permanently living in nearby villages surrounding the salt fields;
2. Migrant workers living on (within) the salt fields in housing provided by the employer during the salt production season (normally a 6-month period from November – April).
3. Child heads of households (CHoH) who are under the age of 17, who have left their families to work in the salt industry and who return home when the production season ends.

Nearly half (43 percent) of child salt workers are aged 14 and younger, with fully one-quarter (25 percent) in the youngest age bracket of 10-12 years. The remaining 57 percent are 15-17 years old. In terms of gender, there were slightly more girls than boys (53 percent compared to 47 percent, respectively). All of the 129 families who participated in the household survey were Khmer, as salt production in Kampot has traditionally been practiced by them. Most children come from two-parent households (59 percent), with 41 percent headed by single parents, who in most cases are widows.

Tasks and Hazards

The salt production process begins with flooding the salt fields with seawater. These resemble small rice fields of approximately 8 by 30 meters in size. The water is then allowed to evaporate until the remaining salt hardens into a layer of crystals. The workers, including children, then break up the salt layers using rake-like tools, rake the coarse salt into small piles, load it into baskets hung on each end of a wooden pole, and then balancing the pole on their shoulders, carry the baskets of salt to nearby storehouses.

Children usually work alongside their parents and siblings in groups of three to five persons. Groups are paid a collective wage of 2,500 and 4,000 riel for each

* Steve Gourley, a development consultant specialising in research and assistance to Children in Especially Difficult Circumstances (CEDC), is author of the ILO report, *Child Labour and Salt Production in Kampot Province, Cambodia*, (May 2000). The ideas, facts and opinions expressed in this article are those of the author and do not necessarily reflect the views of CDRI.

field cleared or harvested. Pay is based on the amount of salt harvested. Children may also earn additional daily or piecemeal wages, depending on the task performed. Children are typically paid 20 to 50 percent less than adults. Their pay depends primarily on their size and strength because these factors affect their productivity.

Work hazards identified included fatigue and dizziness from working hard for extended periods in the heat and several types of foot injuries from walking or slipping on large salt crystals. Children were troubled most by sore shoulders that result from carrying basket loads of salt to the storehouse (typically 10-20 kilos per trip). Children rated this a moderate concern, however, because it improved later in the season. Foot injuries (including stinging, chaffing, cuts and blisters) were the most common hazard for both children and adults. These resulted from walking on beds of salt crystals. Protective shoes are not worn by any of the workers as they cause ruts and holes in the fields, as well as slow down productivity (thus reducing income). Although they were most common, foot injuries were ranked as the lowest health concern by both children and adults. Neither children nor adults had clear suggestions for reducing work hazards, and seemed to accept them as part of the job. In general, salt workers were more concerned with living standards than with working conditions.

Work Schedules and Compensation

As in other occupations where children are found, school-going children in salt production tend to work less than children who do not attend school. The former usually work 4-5 hours per day in the salt fields, while the latter work about 8 hours per day.

Monthly income from salt production averaged \$32 per family in months of low production, and \$66 in busy months. Families that regularly save money during busy months in anticipation of slow periods, are less likely to face food shortages than those who do not. Other coping strategies during slack times include increased foraging. This includes collecting wood for use as cooking fuel and fishing (including catching crabs and cutting seaweed). Girls usually collect wood and fish during mornings when salt work is not available. Boys fish nearly every night using flashlights and lanterns. Although Child Heads of Households earn the least of all, they actually fare better because they can usually gather enough food to adequately supplement their meals.

It should be noted that these figures are from salt production earnings only, and do not include other sources of income. Settled families are more likely to have other sources of cash income (usually small businesses such as selling fish, vegetables or small merchandise), while the vast majority of migrant families are dependant on salt production only for cash income. Settled families are also able to raise livestock because land and vegetation is available in their villages (migrants are usually limited to

raising chickens in the fields as there is not enough shade or water for pigs or other livestock). Because they live close to markets, settled families are able to sell and trade, and if they have land, they can also raise vegetables for household consumption and sale.

Family Place of Origin

Fifty-six percent of the 129 families surveyed had migrated to work in the salt fields. The remaining percentage had permanently settled in the nearby villages. Migrants came from a variety of places, as shown in Table 1. Unexpectedly, it was found that more than three-quarters (85 percent) of migrant families (including child-headed households) came from other communes within Kampot province itself, rather than from distant provinces. These communities include Kep, a small resort town on the coast of Kampot, which is home to 11 percent of migrant families. All of these locations are approximately 20-70 kilometers from the researched areas. This makes travel between the salt fields and home a relatively short trip, when compared to those who migrated from other provinces, ranging from neighboring Takeo to distant Battambang in the northwest.

Migration Patterns

Families typically migrate to the salt fields for six months of the year, arriving in early November when the rainy season has ended and the fields have dried. The first few weeks are usually spent preparing the fields and irrigation canals. This includes cleaning them of rocks and other debris left from the rains, and packing the soil so that it will hold salt water. After this, the fields are irrigated and salt production begins; continuing until the rainy season arrives. Families generally leave for home when rains become regular after the Khmer New Year holiday in mid-April.

Reasons for Migration

Families seek work in the salt fields for the following reasons:

Table 1. Family Place of Origin

Home Province	Number of Migrant Families	Number of Migrant CHoH	Total
Kampot	35	18	53
Kep	1	7	8
Prey Veng	3	0	3
Pursat	1	1	2
Kom. Cham	1	0	1
Kom. Speu	1	1	2
Battambang	1	0	1
Takeo	1	1	2
Total	44	28	72

Source: *Child Labour and Salt Production in Kampot Province, Cambodia* (May 2000).

50 percent of migrant workers had no regular housing because:

- they and their children had been living in their parents' homes in crowded conditions
- their houses had been destroyed by floods or other disasters
- they had no land on which to build a house

30 percent of migrant workers had no land to farm because:

- they were returnees from refugee camps who had either received no land or had sold what they had received
- they were civil servants, not farmers, and thus had no land to farm
- they had land at one time, but had to sell it to pay for medical treatment

10 percent of migrants had too little land to support their families because:

- the amount of land they received for resettlement was too small to produce enough rice to support their families
- they had too many family members who could not be supported on the small harvest provided by their limited rice fields

10 percent of migrants were orphans without families or homes where they could live for the long term.

These and other data arising out of the study indicate that land ownership is a serious issue affecting living standards of both migrant and settled salt workers. Among the migrant families participating in the household survey, only 56 percent owned rice fields in their home communities. Of settled families, only about 56 percent owned land. This leaves nearly half (44 percent) of all salt workers without farmland – a primary reason why migrant families leave their communities to work in the salt fields, and why salt production is important to the food security of settled families who cannot grow rice during the dry season. Even those who have land experience food shortages because their plots of land are too small to support their families year round. An average family of six typically needs 1-1.5 hectares of rice fields

to ensure the family will have enough to rice to eat during the dry season. Yet only 32 percent of settled workers owned one or more hectares. Migrant workers fared even worse, with only 20 percent stating they owned one or more hectares in their home communities.

Two other serious issues for migrant salt workers include housing and access to education. Approximately half of all migrant workers live in communal housing, with many families living together in long, warehouse-style structures with one room and no partitions. Another 40 percent live in dormitory-style houses with private rooms. Only one in 10 live in private houses.

Approximately one-quarter (22 percent) of the employee-provided housing appeared to be in poor condition. However, this did not pose much of a problem for most of the families, who live in this housing only when rain is not constant or heavy. Those living in communal housing spoke of cramped living and sleeping quarters and a general lack of privacy. Although they were grateful to their employers for providing housing, the cramped conditions and lack of privacy were frequently mentioned as a priority for action.

Regarding access to education, only 34 percent of the working children were currently attending schools, while the remaining 66 percent had either dropped out or had never attended school. The majority of those who do study are from settled families, indicating that migrant children have much less access to education during the six months they live in the salt fields. In fact, only 16 percent of migrant child salt workers currently attend school, compared to 51 percent of settled children. In addition, more than twice as many illiterate children (having never attended school) are found among migrant rather than settled families (29 percent compared to 12 percent, respectively.) This alarming figure is indicative of the negative impact which the combination of child labour and migration can have on children's education.

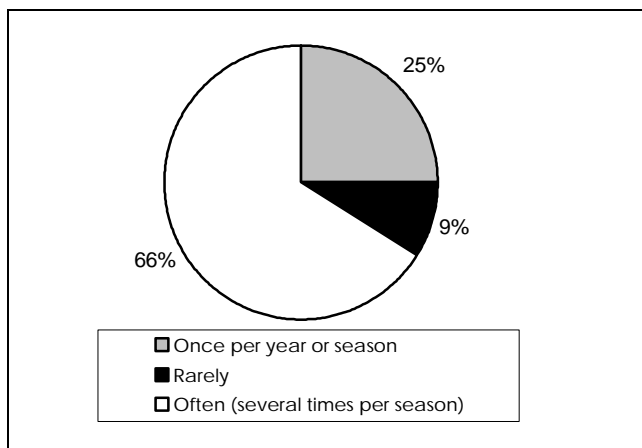
Conclusions

This article has highlighted the land, housing and education issues that are disproportionately affecting migrant children working in the salt production industry. However, the solidarity and resourcefulness of the children and parents in finding ways to meet their needs was also noted by the research team. Understanding the links between migration and child labour, as well as the capacity of the individuals involved, holds promise for assisting children and their parents to improve conditions in the future.

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Frequency of Visiting Home



Source: *Child Labour and Salt Production in Kampot Province, Cambodia* (May 2000).

Economy Watch—External Environment

Economic activity in East Asia was still dynamic in the third quarter of 2000, although due to high oil prices and turbulence in world stock markets, signs of economic slowdown are perceptible in the United States (US) and Europe. To prevent a hard landing for the US economy, US Federal Reserve Chairman Alan Greenspan hinted that he plans to cut US interest rates in order to boost the economy. The oil price increase hurt many of Asia's recovering economies, especially those heavily dependent on oil. In the third quarter of 2000, inflation started to rise and the US dollar remained relatively strong almost everywhere. Except for the price of crude oil, most commodity prices in world markets have declined.

Regional Economic Growth

Third quarter figures showed a continuation of economic recovery in most Asian countries. As in previous quarters in 2000, China, Hong Kong, South Korea, Taiwan and Singapore continued to experience strong economic expansion, with growth ranging from between 7 and 10 percent, relative to 1999. This rapid expansion is fuelled mainly by the high demand for Asian exports in Europe and the US. Industrial production in those countries has grown more than 20 percent since September 1999.

However, higher oil prices in the world market have started to slow economic growth in Europe and the US, and may ultimately affect economic recovery in Asia. In the US, economic growth declined from 6 percent in the second quarter to 5.3 percent in the third quarter of 2000. The same situation occurred in Europe, where GDP growth declined from 3.7 to 3.4 percent during the same period. In Asia, the impact of the oil price increase will be more significant than in developed countries. Over the 1990s, Asia's share of world oil consumption rocketed from 11 to 17 percent, while the developed economies of the US, Europe and Japan sought to improve energy efficiency and use other types of fuel.

The most exposed Asian economies are those of the Philippines, South Korea and Thailand which are the region's biggest oil importers, relative to the size of their economies. Although their vulnerability varies, problems facing the Asian economies are similar: higher oil prices curb economic growth, weaken the trade balance, increase inflation, and reduce government revenues. At the same time, they raise the cost of fuel subsidies. In the Philippines and Thailand, rising oil prices have triggered calls for tax cuts and these could affect the fiscal balance at a critical time when the economy needs resources to continue restructuring. The greater fiscal burden imposed by higher oil prices will reduce the Thai government's room to maneuver in bailing out the country's stricken banks. In South Korea, international economists have estimated that if crude oil prices remain at around \$30 per barrel, it will cost about 2 percentage points of Korean GDP growth in 2000 and 2001.

In Cambodia, the impact of higher oil prices has yet to be determined. However, as result of higher taxes, the price of gasoline is about 50 percent higher than the price

in neighbouring countries. If the Thai and Vietnamese governments subsidise gasoline prices, this may widen the energy price gap between Cambodia and these countries, and encourage even more smuggling of gasoline in Cambodia.

Regional Inflation

Despite continued high crude oil prices and relatively strong economic growth in the US and Europe, inflation in most parts of the world still appeared to be under control in the third quarter of 2000. The consumer price index in the US, Europe and Japan increased moderately. Except for South Korea and Singapore, where economic growth has remained very strong (an increase of about 10 percent), inflation in Asia was also basically stable. In South Korea and Singapore, inflation was 3.2 percent and 2.2 percent respectively, in the third quarter. This is up from 1.4 and 0.8 percent in the second quarter.

Exchange Rates in the International Markets

Exchange rates in the Asian markets in the third quarter of 2000 were about the same as those of the previous quarter. The currencies of Indonesia, the Philippines and Thailand remained weak because of weak performance in their financial sectors and current political uncertainties. Most of the time the Indonesian rupiah traded above 9,000 rupiah to the US dollar. The Thai baht and the Philippine peso also devalued in the third quarter to around 43 baht and 50 pesos to the dollar.

Commodity Prices in the World Markets

Except for oil prices, figures released for the third quarter of 2000 showed a sharp decline in most commodity prices in world markets. The price of first-quality rice in Bangkok continued to decline to \$185 per ton. This was down from \$205 per ton in the second quarter and \$240 per ton in the first quarter of 2000. The price of soybeans, rubber and timber also declined. It is not clear yet what impact falling agricultural commodity prices will have on Cambodia because estimates of flood damage to agricultural production in Vietnam and Thailand have yet to be released.

Prospects for oil prices remained uncertain, though there was sharp decline in the fourth quarter of 2000. Over the past two years, the total supply of crude oil has increased by around 1.5 percent, while world economic growth during the same period has reached about 9 percent. This has boosted demand for oil by about 3 percent. As a result of this, the crude oil price has increased by almost 300 percent. Despite political rhetoric calling for an increase in oil supply, there is little scope for oil-producing countries to increase supply in order to bring prices down. Most OPEC members, with the exception of Saudi Arabia, are already pumping at close to maximum capacity.

Prepared by Sok Hach

Economy Watch–External Environment

Table 1. Real GDP Growth of Selected Trading Partners, 1998–2000 (percentage increase over the previous year)

	1998	1999			2000			1999	2000E	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1-Q4	Q1-Q4
Selected ASEAN countries										
Cambodia	-	-	-	-	-	-	-	-	4.5	4.0
Indonesia	-19.0	-10.3	2.0	0.5	5.8	3.2	4.1	5.1	-0.4	4.0
Malaysia	-10.3	-1.3	4.1	8.2	10.6	11.7	8.8	7.7	5.4	9.0
Singapore	-1.1	0.6	6.7	8.2	7.1	9.1	8.0	10.4	5.7	9.0
Thailand	-5.0	0.9	3.5	7.7	6.5	5.2	6.3	2.6	4.7	6.0
Vietnam	-	-	-	-	-	-	-	-	4.8	5.0
Selected Asian countries										
China	9.6	8.3	7.1	7.0	6.8	8.1	8.3	8.2	7.3	8.0
Hong Kong	-5.6	-3.0	1.1	4.4	8.7	14.3	10.8	10.4	2.9	10.0
South Korea	-4.6	3.7	9.9	13.4	13.0	12.8	9.2	9.2	10.7	10.0
Taiwan	3.7	4.3	6.5	5.1	6.8	7.9	5.4	6.6	5.3	6.5
Selected industrial countries										
Euro-11	-	1.7	1.7	2.2	3.1	3.4	3.7	3.4	2.1	3.5
Japan	-1.7	0.1	0.9	1.0	0.0	0.8	0.8	1.4	0.5	1.0
United States	4.6	3.9	3.8	4.3	4.6	5.0	6.0	5.3	4.1	5.0

Sources: Data for 1998Q4–2000Q3 from the International Monetary Fund; data for year 2000 forecast by CDRI

Table 2. Inflation Rate of Selected Trading Partners, 1998–2000 (percentage increase over the previous year)

	1998	1999			2000			1999	2000E	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1-Q4	Q1-Q4
Selected ASEAN countries										
Cambodia	12.6	8.6	6.4	1.8	0.0	0.2	-2.3	-1.4	4.0	-1.0
Indonesia	77.5	56.0	30.9	6.6	1.7	-0.6	1.5	1.5	20.5	1.5
Malaysia	5.4	4.0	2.7	2.3	2.1	1.5	1.3	1.4	2.7	1.5
Singapore	-1.6	-0.6	0.1	0.9	1.5	-1.5	0.8	2.2	0.5	1.0
Thailand	5.0	2.7	-0.4	-1.0	0.1	0.8	1.6	1.6	0.4	1.5
Vietnam	-	-	-	-	-	-	-	-	4.0	3.0
Selected Asian countries										
China	-1.1	-1.4	-2.1	-1.3	-0.8	0.1	0.1	0.4	-1.4	0.5
Hong Kong	-0.8	-1.8	-4.0	-5.9	-4.1	-5.2	-4.5	-3.0	-4.0	-3.0
South Korea	6.0	0.7	0.6	0.7	1.3	1.5	1.4	3.2	0.8	2.0
Taiwan	2.1	-0.5	-0.8	0.6	0.1	1.1	1.4	1.0	0.4	1.5
Selected industrial countries										
Euro-11	0.8	0.8	1.0	1.1	1.5	2.0	2.1	2.5	1.1	2.5
Japan	0.5	-0.1	-0.3	0.0	-1.0	-0.7	-0.7	0.7	-0.3	0.0
United States	1.5	1.7	2.1	2.3	2.6	3.2	3.2	3.5	2.2	3.5

Sources: Data for 1998Q4–2000Q3 from the International Monetary Fund; data for year 2000 forecast by CDRI

Table 3. Exchange Rates of Selected Trading Partners Against the Dollar, 1998–2000 (period averages)

	1998	1999			2000			1999	2000E	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1-Q4	Q1-Q4
Selected ASEAN countries										
Cambodia (riel)	3,820	3,813	3,822	3,885	3,808	3,822	3,845	3,912	3,832	3,850
Indonesia (rupiah)	7,908	8,776	7,921	7,531	7,193	7,340	8,279	8,693	7,855	8,500
Malaysia (ringgit)	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Singapore (S\$)	1.64	1.70	1.71	1.69	1.67	1.71	1.72	1.73	1.69	1.73
Thailand (baht)	37.0	37.1	37.2	38.3	38.8	37.8	38.6	40.9	37.8	39.0
Vietnam (dong)	13,893	13,901	13,931	13,960	14,009	14,060	14,060	14,150	13,950	14,100
Selected 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\$)	7.75	7.75	7.75	7.76	7.77	7.78	7.79	7.79	7.76	7.78
South Korea (won)	1279	1,197	1,190	1,195	1,173	1,125	1,116	1,115	1,189	1,120
Taiwan (NT\$)	27.5	28.7	33.4	32.2	32.0	30.8	31.7	32.8	31.6	32.0
Selected industrial countries										
Euro-11 (euro)	-	0.89	0.95	0.95	0.96	1.03	1.07	1.10	0.94	1.08
Japan (yen)	109	121	131	114	106	109	107	108	118	108

Sources: Data for 1998Q4–2000Q3 from the International Monetary Fund; data for year 2000 forecast by CDRI

Table 4. Selected Commodity Prices on the World Market, 1998–2000 (period averages)

	1998	1999			2000			1999	2000E	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1-Q4	Q1-Q4
Hardwood (logs) - Malaysia (\$/m3)	162	175	178	196	199	189	193	192	187	195
Hardwood (sawn) - Malaysia (\$/m3)	520	544	585	632	643	641	633	593	601	620
Rubber - Malaysia (\$/ton)	705	678	596	573	689	700	714	684	634	700
Rice - Bangkok (\$/ton)	284	279	245	247	225	240	205	185	249	210
Soybeans - USA (\$/ton)	233	202	200	196	200	212	224	201	200	210
Crude oil - Dubai (\$/barrel)	12	11	15	20	23	24	25	28	17	26
Gold - London (\$/fine ounce)	294	287	274	259	296	290	284	277	279	280

Sources: Data for 1998Q4–2000Q3 from the International Monetary Fund; data for year 2000 forecast by CDRI

Economy Watch – Domestic Performance

An examination of Cambodia's economic performance in the third quarter of 2000 revealed that the tourism and garment sectors continued to grow gradually, while construction activity continued to decline. The agricultural sector, however, has suffered greatly as a result of the worst flooding in 40 years. Despite no sign of falling oil prices, the consumer price index, as indicated by the Ministry of Planning, declined by 1.4 percent, relative to the same quarter in 1999. The value of the Cambodian riel appreciated against the Thai baht, but was devalued by 1 percent against the U.S. dollar, and 0.7 percent against the Vietnamese dong.

Economic Activity

The agricultural sector, which accounts for 33 percent of Gross Domestic Product (GDP) and employs 77 percent of the labour force, suffered severe damage in 2000 due to abnormal and destructive flooding in the provinces along the Mekong River. Flooding began in mid-July and peaked in September 2000, causing serious damage to Cambodia's precarious economy. CDRI and the IMF independently estimated that the Cambodian economy would grow by only four percent in 2000.

According to the Council of Ministers, floods affected 21 cities and provincial towns, claimed 347 human lives (most of them children), and destroyed 7,086 houses, 3,928 head of livestock (cattle and pigs), and 2500 km of transportation infrastructure. Floods also damaged 132 provincial health centres and hospitals and 988 schools. The total estimate for flood damage is \$157 million. Of this, losses in agriculture total \$67 million, in infrastructure \$47 million, and in the social sector, \$43 million. The greatest losses were in agriculture, with destruction of about 20 percent of the rice crop. Despite government promises to provide rice seed for flood-ravaged families, concerns have been raised about food security in 2001.

Estimates given at a November 2000 CDRI seminar on forecasting the Cambodian economy, predicted that rice production in 2000/2001 is unlikely to be enough to feed Cambodia's population in 2001. In order to provide the 150 kg of rice which each person needs to survive, Cambodia may have to acquire an additional 200,000 tons of rice for 2001 (representing about 10 percent of annual need).

Garment production, almost all of which is intended for export, continued to grow robustly in the third quarter of 2000. CDRI has predicted, however, that garment sector growth will be slower in 2001 due to a slow down in new investments. US markets remain the major destination for Cambodian-made garments. In the first nine months of 2000, garment exports to the US and European Union markets accounted respectively for 78 percent and 20 percent of exports.

In 2000, Cambodia's quota for garment exports to the US was increased by an additional 9 percent above the 6 percent annual increase guaranteed by the quota agreement. The extra quota was granted in recognition of the country's efforts to improve labour conditions. Although the US found that Cambodia's application of the labour code does not entirely meet international standards, there have been improvements regarding employment discrimination, prohibition of forced or bonded labour and banning of exploitive child labour. Labour code provisions concerning freedom of association and the right to unionise still need improvement. In addition, because of the weak capacity of Cambodian labour unions, the practice of collective bargaining has not yet begun on a meaningful scale.

The tourism sector continued to grow in the third quarter of 2000 (see Table 3). Total passenger arrivals by air were 332,000 for the first nine months of 2000. The government's open-sky policy, which was introduced in late 1997, has attracted an overwhelming number of foreign tourists to the Angkor Wat temple complex. The share of foreign tourist arrivals via Siem Reap Airport, relative to all arrivals, totalled about 20 percent during the first nine months of 2000 (about three times higher than during the same period in 1999). Three international air routes now include Siem Reap: Bangkok–Siem Reap; Ho Chi Minh–Siem Reap; and Rangoon–Siem Reap. More international flights that include Siem Reap are expected in 2001. According to the Ministry of Tourism, the average spending per foreign tourist is about \$95 per day. In 1999, the majority of tourists came from the US, China, France, Taiwan and Japan.

The construction sector, which absorbs about 2 percent of the labour force, declined considerably in 2000. According to the Department of Cadastre and Geography of the Municipality of Phnom Penh, construction activity in Phnom Penh in the first nine months of 2000 declined 34 percent relative to the same period in 1999. Slow foreign direct investment appears to be the major reason for this decline. According to the Department, 1993 was the best year for the construction industry.

Inflation and Foreign Exchange Rates

According to the National Institute of Statistics, the Consumer Price Index declined in the third quarter of 2000 by 1.4 percent, relative to the same period in 1999. This means that despite the worst flooding to hit the country in decades, the prices of food and other consumer goods were relatively stable and even lower than in 1999. This price stability is a result of government and humanitarian agencies providing food for the flood victims. In the fourth quarter of 2000, prices were expected to rise slightly.

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Economy Watch – Domestic Performance

With the Thai electoral campaign underway in the third quarter, the value of the Thai baht has dropped dramatically (down 5 percent against the Cambodian riel). At the same time, the riel also devalued 1.0 percent against the US dollar, and 0.7 percent against the Vietnamese dong. The depreciation of Thai baht has benefited Cambodian consumers because most consumer goods are imported from Thailand.

Poverty Situation – Earnings of Workers

The Royal Government of Cambodia continues to put a great deal of emphasis on poverty alleviation. In its Interim Poverty Reduction Strategy Paper, the government defines poverty as consumption of less than 2,100 calories of food per day, with inadequate clothing and shelter. The World Bank defines poverty as having less than one dollar a day per person to spend on basic necessities. According to the Ministry of Planning (Socio-economic Survey, 1999), an estimated 40 percent of the rural population is living in poverty and the incidence of poverty in rural areas is four times higher than in the city of Phnom Penh. The recent destructive floods may have significantly worsened conditions for the rural poor in Cambodia.

Since 1997, CDRI has been gathering data on daily earnings of vulnerable workers in Phnom Penh through its regular surveys. These cover a range of vulnerable workers including cyclo-drivers, porters, small traders, scavengers, construction workers etc. (for the full list, see Table 5). CDRI's November 2000 survey indicated that the flow of migrants from rural to urban areas is growing, especially in Phnom Penh, despite increasing competition

for jobs. The survey also showed that daily revenues of small traders (vegetable sellers) declined sharply (36 percent), compared with the revenues they reported in CDRI's November 1999 survey. This decline is likely the result of flooding. Not only were domestic vegetable crops destroyed by the floods, vegetable imports from neighbouring countries were hindered by flood damage to Cambodia's roads.

The daily earnings of skilled and unskilled construction and garment workers have declined considerably since CDRI's survey in August 2000 (see Table 5). Earnings of garment workers are also lower compared with August (down 13 percent). This is due to fewer hours of overtime in the garment industry. Excessive overtime, which contravenes the labour law, has always been a controversial issue between workers and management. Half of 117 garment workers interviewed by CDRI stated

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that they did not know their overtime wage rate and, as a result, were vulnerable to being underpaid.

CDRI's November 2000 survey found that the daily earnings of rice field workers were down 6 percent compared with the August survey. Their daily expenditures for food were about 700 riels (\$0.18). The majority of rice field workers interviewed (34 out of 49) revealed that they

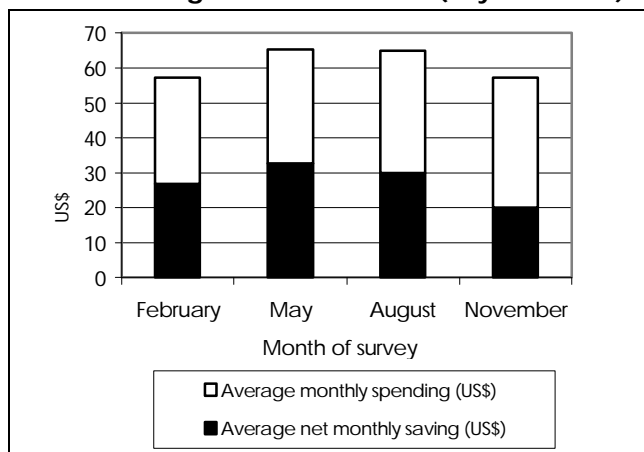
owed money to richer families in their villages. However, the November 2000 survey also found that the daily earnings of cyclo drivers, porters and scavengers had risen by 2, 12 and 16 percent respectively, compared with 1999.

Monetary Developments

Monetary performance in the third quarter of 2000 was relatively stable, compared to the second quarter of 2000, despite a slight decline in foreign assets. Net domestic credit increased about 3 percent over the previous quarter. This growth demonstrates growing confidence in domestic banks. It appears that state enterprise assets have declined by 50 percent, compared with the second quarter of 2000. This decline is the result of ongoing privatisation of state assets that began in 1998.

According to the National Bank of Cambodia (NBC), in the third quarter of 2000, loans to the private sector rose by 8 percent over the previous quarter. This increase in private credit was in conjunction with the government's commitment to economic growth and poverty alleviation in rural areas through expansion of credit to the private sector and through micro-financing schemes to poor households. However, only about 10 percent of rural households have access to loans that are provided through the Rural Development Bank. According to the Ministry

Average monthly saving and spending of Cambodian garment workers (in year 2000)



Source: CDRI survey, 2000

Economy Watch – Domestic Performance

of Economy and Finance, at least a \$100 million is needed to improve living conditions of a substantial percentage of the rural poor.

As indicated by the NBC, the money supply in riel was restricted to 540 billion riels in the third quarter – about 1 percent lower than the amount in the second quarter. The money supply in riel was limited in an attempt to diminish devaluation of the riel against the US dollar. Overall, because the financial system in Cambodia is still developing, promotion of a competitive and progressive financial services sector is very important. Co-operation with international and private financial institutions is also crucial.

Public Finance

According to the Ministry of Economy and Finance (MEF), in the third quarter of 2000, total budget revenue declined by 2 percent, relative to the third quarter of 1999. This was caused mainly by the fall of customs duties (down 28 percent). Infrastructure damage caused by flooding seems to be the major reason for this decline.

In addition, during the first nine months of 2000, total budget revenues reached only 1046 billion riels, representing a short fall of about 7 percent, relative to the budget target. The revenue shortfalls and the urgent need to provide assistance to flood victims, have required the government to drastically tighten budget expenditure.

According to MEF indicators, spending for education and health in the first nine months of 2000 was 18 percent lower than in 1999. Furthermore, the government has significantly reduced spending for defence and security (down by 20 percent for the first nine months of 2000).

The 2001 budget has already been approved by the Council of Ministers and was forwarded to the National Assembly for debate and approval by the end of 2000. The new budget is expected to further reduce military spending and increase expenditures for the four priority ministries – Health, Education, Rural Development and Agriculture. According to the Ministry of Economy and Finance, military spending in 2001 is expected to be 5 percent lower than the 2000 level. The budget for the Ministry of Rural Development is expected to increase by 70 percent, Agriculture by 36 percent, and Health and Education by 17 and 18 percent, respectively.

Although salaries and allowances for civil servants are expected to increase by 8 percent in 2001, it is still too early to predict if this will actually occur. The debate between the teachers' association and the government over salaries continues to be a hot issue. Demonstrations might be held in early 2001 if teachers' salary demands

are not met.

Private Investment and Employment

Foreign investment is the driving force for creating employment, trade and development in Cambodia. The number of new investments in the garment industry rose 21 percent in the third quarter of 2000, compared with the same period in 1999. While foreign investment continues in the garment industry, investment in other sectors is limited. This lack of investment raises concerns about how the country will absorb the large numbers of unemployed as well as the significant numbers who enter the labour force each year. Providing employment is recognised as one of the best ways to

combat poverty, particularly in a country such as Cambodia, where there is intentionally no system of unemployment protection. Right now, according to CDRI's calculations based on the 1998 census, there are about 200,000 new entrants to the labour force each year, but only about 20,000 new salaried jobs are being created annually. To

encourage the private sector to create jobs, key reforms such as good governance and reducing the size of the civil service and the army is urgently needed.

Foreign Aid and External Debt

Cambodia is still clearly an aid-dependent economy. Foreign aid plays a significant role in sustaining the country during times of crisis such as the 2000 floods, and it contributes significantly to economic growth and development. According to the Ministry of Economy and Finance, between 1992 and 2000, foreign aid focused heavily on social and economic development (respectively about 50 percent and 41 percent of the assistance provided). Another 9 percent of donor assistance has been provided for government administration.

The country's external loans are expected to rise by at least another \$100 million in 2001. The Asian Development Bank has pledged \$55 million in low interest loans and the World Bank plans to provide another \$45 million for emergency reconstruction of water-damaged infrastructure, economic recovery and poverty alleviation.

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Economy Watch – Economic Indicators

Table 1. Cambodia: Main Macro-economic Indicators, 1993–2000

	1993	1994	1995	1996	1997	1998	1999	2000E
GDP at current prices (billions of riels)	5,414	6,131	7,200	8,250	9,100	10,900	11,500	12,400
GDP at current prices (millions of dollars)	1,924	2,386	2,925	3,124	3,033	2,868	3,010	3,217
GDP per capita (dollars)	200	241	284	292	274	251	256	266
Growth rate of real GDP (1993 prices)	6.1	5.7	7.6	7.0	1.0	1.0	5.0	4.0
Agriculture	4.5	3.3	10.5	0.8	1.4	-0.1	-1.1	-7.2
Industry	13.6	3.8	6.8	17.9	2.4	6.1	17.2	21.9
Service	5.5	9.4	4.5	10.7	-0.1	0.3	6.6	7.3
Inflation (in riels, final quarter basis)	41.0	17.8	3.5	9.0	9.1	12.6	0.0	2.5
Riel/dollar parity (annual average)	2,814	2,569	2,462	2,641	3,000	3,800	3,820	3,855
Budget revenue (percentage of GDP)	5.4	9.6	8.9	9.1	9.7	8.6	11.5	11.8
Budget expenditure (percentage of GDP)	11.2	16.5	16.7	17.5	13.8	14.2	16.8	17.9
Current public deficit (percentage of GDP)	-1.5	-1.4	-0.8	-1.2	0.7	-0.2	1.7	2.3
Overall public deficit (percentage of GDP)	-5.9	-6.8	-7.7	-8.4	-4.2	-5.6	-5.3	-6.1
Domestic exports of goods (percentage of GDP)	8.4	11.2	11.1	11.4	17.1	21.9	27.2	36.3
Retained imports of goods (percentage of GDP)	18.9	23.5	23.9	27.2	28.1	33.4	40.5	48.7
Trade balance (percentage of GDP)	-10.6	-12.3	-12.8	-15.8	-11.0	-11.5	-13.3	-12.4
Current account balance (percentage of GDP)	-10.4	-13.1	-13.7	-15.4	-9.8	-10.7	-11.9	-10.3
External contribution to the economy (percentage of GDP)	11.7	16.2	21.0	21.4	14.6	13.5	14.4	16.4
Total savings (percentage of GDP)	15.8	17.1	21.0	27.4	22.4	21.4	21.9	22.8
Gross foreign reserves (months of imports)	1.5	1.4	1.7	2.2	2.5	3.5	3.2	3.1
Population (million)	9.6	9.9	10.3	10.7	11.1	11.4	11.8	12.1
Labour force (percentage of population)	48.0	47.3	46.6	45.9	45.3	44.8	44.7	44.6

Source: Government data and estimated and forecast by CDRI.

Table 2. Destination of Garment Exports, 1994-2000 (quarterly average)

	1994	1995	1996	1997	1998	1999	1999	2000				
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q2	Q3	Q4	Q1	Q2	Q3
	Millions of dollars											
United States	0.0	0.02	0.1	26.8	74.1	117.9	120.3	131.0	103.4	154.0	187.7	220.4
Rest of the world	1.0	6.6	19.6	30.0	20.5	31.6	22.6	22.4	65.6	41.3	37.6	78.8
Total	1.0	6.6	19.7	56.8	94.5	149.5	142.9	153.3	169.0	195.3	225.3	299.2
	Percentage change over previous year											
Total	-	560	200	187	66	58	76	32	39	47	58	95

Source: Ministry of Commerce, Department of Trade Preferences Systems.

Table 3. Passenger Arrivals by International Flights at Pochentong and Siem Reap Airports, 1994-2000

	1994	1995	1996	1997	1998	1999	1999	2000				
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q2	Q3	Q4	Q1	Q2	Q3
	Thousands of passengers											
Tourist visas	27.9	38.7	55.3	46.3	38.1	44.9	38.6	42.8	53.6	64.7	55.8	56.0
Business visas	7.1	10.6	15.8	13.9	10.7	16.0	16.0	15.9	15.7	13.7	13.0	12.7
Official visas	3.3	3.9	3.2	3.6	4.4	8.8	9.2	9.8	9.8	3.4	3.5	4.3
Total Pochentong	38.3	53.2	74.3	63.8	53.2	69.7	63.8	68.5	79.1	81.7	72.3	73.0
Total Siem Reap	-	-	-	-	2.6	7.15	4.9	7.1	12.1	19.9	14.8	20.1
	Percentage change over previous year											
Total Pochentong	29.7	38.9	39.7	-14.1	-16.6	31.0	24.8	48.1	33.9	21.2	13.3	6.5
Total Siem Reap	-	-	-	-	-	175	104	129	365	342	202	183

Source: Ministry of Economy and Finance and Ministry of Tourism.

Table 4. Consumer Price Index (CPI), Exchange Rates and Gold Prices, 1994-2000 (period averages)

	1994	1995	1996	1997	1998	1999	1999	2000				
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q2	Q3	Q4	Q1	Q2	Q3
	Consumer price index (percentage change over previous year)											
Provinces	-	-	-	6.1	16.3	6.2	5.1	3.7	1.5	0.6	4.0	6.5
Phnom Penh - All Items	-0.5	7.8	7.1	8.1	14.2	4.2	6.4	1.8	0.0	0.1	-2.3	-1.4
- Foods	-13.4	4.9	7.6	6.7	15.6	8	12.3	3.2	0.7	-1.2	-5.5	-5.1
- Energy	-1.2	19.4	20.7	21.0	10.7	5.5	-1.8	11.8	11.9	13.0	3.6	8.8
	Exchange rates and Gold prices (Phnom Penh market rates)											
Riel per US dollar	2,582	2,479	2,666	3,029	3,824	3,832	3,823	3,885	3,808	3,822	3,874	3,912
Riel per Thai baht	102	99	105	98	88	101	99	103	103	102	99	94
Riel per 100 Vietnamese dong	23.5	22.3	24.0	25.6	28.6	27.8	27.7	27.5	27.5	27.4	27.3	27.5
Gold prices (US dollar per chi)	45.8	45.9	46.3	40.4	36.0	34.0	34.6	33.5	32.7	32.8	33.8	34.0

Sources: CPIs for the provinces are compiled by CDRI; CPI for Phnom Penh by NIS and Exchange rates and Gold prices by MEF and Asia Week.

Economy Watch – Economic Indicators

Table 5. Average Daily Earnings of Workers, 1997–2000

	Daily earnings (riels)									Change from last year (%)		
	1997	1999	2000						May	Aug	Nov	
	Pre-Jul	Feb	May	Aug	Nov	Feb	May	Aug	Nov	2000	2000	2000
Cyclo drivers	12,250	9,407	9,271	8,415	8,226	9,682	9,691	9,511	8,398	4.5	13.0	2.1
Porters	9,675	8,543	7,856	7,446	6,143	8,275	8,002	8,068	6,893	1.9	8.4	12.2
Small traders	7,050	7,923	6,694	6,402	9,071	7,864	7,267	6,611	5,813	8.6	3.3	-35.9
Scavengers	4,155	3,697	2,956	3,005	2,600	4,750	4,969	4,186	3,006	68.1	39.3	15.6
Waitresses*	-	-	-	-	-	1,873	2,030	2,250	2,335	-	-	-
Rice-field workers	-	-	-	-	-	3,600	4,000	4,443	4,184	-	-	-
Garment workers	-	-	-	-	-	7,283	8,272	8,500	7,410	-	-	-
Motorcycle-taxi drivers	-	-	-	-	-	9,200	12,100	11,044	9,522	-	-	-
Unskilled construction workers	-	-	-	-	-	9,193	6,900	8,220	5,970	-	-	-
Skilled construction workers	-	-	-	-	-	15,873	15,600	14,891	14,517	-	-	-

Notes: 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.

Table 6. Monetary Survey, 1994-2000 (end of period)

	1994	1995	1996	1997	1998	1999	1999	2000				
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q2	Q3	Q4	Q1	Q2	Q3
	Billions of riels											
Net foreign assets	391	550	881	1,172	1550	1961	1,909	2,043	2,019	2,373	2510	2448
Net domestic assets	59	99	31	-109	-435	-591	-593	-637	-576	-640	-679	-656
Net claims on government	143	148	128	54	141	111	80	94	103	94	41	6
Credit to private sector	237	293	435	637	682	731	719	762	763	779	860	932
Total liquidity	450	650	912	1,063	1116	1370	1,316	1,406	1,443	1733	1831	1792
Money	200	279	329	385	466	515	500	501	532	550	546	540
Quasi-money	250	371	583	678	655	855	817	904	911	1183	1286	1252
	Percentage change from previous year											
Total liquidity	35.1	44.3	40.3	16.6	4.9	22.7	21.7	30.1	17.2	31.8	39.1	27.4
Money	-1.9	39.5	17.9	17	21	10.5	16.6	5.7	-2.0	4.4	9.2	7.8
Quasi-money	93.2	48.1	57.2	16.4	-3.4	30.5	25.1	49.3	32.5	50.1	53.4	38.5

Source: National Bank of Cambodia: Quarterly average

Table 7. National Budget Operations, 1994-2000 (billions of riels)

	1994	1995	1996	1997	1998	1999	1999	2000				
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q2	Q3	Q4	Q1	Q2	Q3
Total revenue	148	161	187	220	230	329	373	343	301	332	378	336
Tax revenue	91	111	134	149	169	239	260	244	213	244	281	246
Customs duties	70	80	86	87	94	108	125	116	87	98	106	83
Non-tax revenue	56	47	44	68	51	87	102	99	87	88	97	84
Forest exploitation	22	13	7	9	5	9	6	15	12	11	11	7
Telecommunications	15	14	16	21	22	27	19	26	36	20	34	14
Capital revenue	0	2	10	3	9	3	11	0	2	0	0	6
Total expenditure	252	300	360	315	324	448	378	428	591	353	483	466
Capital expenditure	84	128	157	113	92	156	130	151	213	167	209	237
Current expenditure	168	172	203	202	245	291	248	278	378	243	274	229
Education and Health	23	25	31	32	33	70	39	57	159	32	35	32
Defense and Security	98	106	102	105	110	116	127	124	113	86	118	74
Other Ministries	48	41	71	65	83	103	83	95	98	125	122	123
Overall deficit	-105	-139	-173	-95	-95	-119	-5	-86	-290	-78	-105	-158
Foreign financing	108	140	170	111	67	104	107	101	103	122	168	192
Domestic financing	-3	-1	3	-16	31	1	-101	-12	130	-44	-63	-40

Source: Ministry of Economy and Finance: Quarterly average

Table 8. Investment Projects Approved, 1994-2000

	1994	1995	1996	1997	1998	1999	1999	2000				
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q2	Q3	Q4	Q1	Q2	Q3
	Number of investment projects											
Total	46	51	75	34	35	24	18	15	30	22	27	29
Garment	27	30	36	12	21	11	11	7	11	11	17	13
	Registered capital (millions of dollars)											
Total	116.0	89.0	97.8	69.5	104.1	61.7	37.0	45.0	107.0	14.5	19.7	42.7
Garment	26.8	28.0	39.2	8.6	22.9	13.9	12.4	10.9	16.4	6.5	7.0	8.2
	Fixed assets (millions of dollars)											
Total	303.0	76.2	186.7	190.4	212.3	118.5	53.9	60.8	239.4	28.4	85.8	86.6
Garment	25.1	25.4	39.6	9.7	30.2	19.9	17.4	13.0	23.6	15.5	28.3	17.3

Source: Cambodian Investment Board: Quarterly average

Glossary

Terms Related to Flood Damage

Wet season rice -RSUVSa!

Rice grown in the wet or rainy season, primarily with rainwater. In Cambodia, wet season rice, which accounts for about 87 percent of the country's rice crop, is grown between May and January (depending on the variety).

Dry season rice -RSURaj!

Rice grown during the dry season in lowland areas using water from irrigation systems. In Cambodia, dry season rice, which is normally of high-yielding varieties, is grown from December to April. In 1999, Cambodian dry season rice yielded on average 3.04 tons per hectare, while wet season rice yielded only 1.81 tons per hectare. The selling price of wet season rice varieties is higher because people prefer its taste.

Paddy -RSU!

Rice grains before the husk has been removed. After the husk is removed during milling, the product is called milled rice. One hundred kg of paddy produces, on average, 62 kg of milled rice.

Death toll -cmh bteYel xGksab!

The total number of people killed in an accident or disaster.

Flood relief -cmYse@ATkCm!

The assistance given to people whose property has been destroyed or damaged in a flood. Assistance may take the form of goods, money or services.

Debt cycle -vdpND!

When people borrow money at a high interest rate, they often find it difficult to repay both the loan and the interest. Over time the amount owed grows larger and larger, often making it impossible for borrowers to ever get out of debt.

Livestock -SttBa!

All the animals raised on a farm either for use or for sale. Livestock includes buffaloes, cattle, swine and poultry.

Food for Work -eS,ogBl km!

These programmes provide work for impoverished people on projects that are of benefit to their communities (roads, schools, irrigation systems, dams etc.). People are paid for their work in food rather than in cash.



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CDRI Update

Management Section

In October 2000, CDRI welcomed its new Research Director, Dr. Sarthi Acharya. On November 15, CDRI held a special meeting with representatives of Cambodian partner institutions and the donor community to present the Institute's Strategic Plan for 2001-2005. On December 7, 2000, CDRI celebrated its 10th anniversary and on December 8-9, CDRI's Board of Directors met for their Annual Meeting. On the occasion of CDRI's tenth anniversary, a Royal Government Sub-decree formalised CDRI's legal and independent status as a 'Cambodian Institute serving the public good'.

Research Programme

In October, a study began on land issues and food security and in November, CDRI's new three-year research framework was completed. In November and December, research staff organised two workshops — one for the private sector on forecasting the economy, and another on the national budget for members of the National Assembly and Senate. In December, CDRI successfully completed its part of a study which analysed labour markets in Cambodia, Thailand, Vietnam and Laos, and staff presented their findings at a conference in Laos. Also in December, the Ministry of Rural Development awarded CDRI a contract to develop and train ministry staff to use a monitoring and evaluation system for rural development projects in three northern provinces. Work on the Annual Economic Review continues with publication planned for April.

Centre for Peace and Development

In December, the Cambodian Centre for Conflict Resolution (CCCR) was officially re-named the Centre for Peace and Development. This reflects more-adequately the programme's broad range of work and objectives. Recent COPCEL discussions, which are held monthly at

CDRI, have focused on election security, promoting women as candidates and clarifying the role of NGOs as election observers. In November 2000, the Centre offered the first session of a three-part course for conflict management trainers. Two more sessions will be held this year. A literature review on approaches to conflict management in Cambodia and other countries has been completed and will guide future research. In November, a delegation of students from East Timor visited the Centre to learn about Cambodian experiences in the field of conflict resolution. Also in November, the Asia Foundation's Tokyo Office enabled the Coordinator to meet with key foundations in Japan.

Library

In the last quarter, Library staff have continued computerising the Library's collection of more than 6,000 publications. This electronic catalogue will help not only those who visit the Library, but in 2001, the catalogue will be made available world-wide through CDRI's website. Library staff have also computerised the Library's loan system so that they can quickly determine whether publications have been checked out or not, and when they are due to be returned. In the last quarter, CDRI acquired a number of new publications from organisations both inside and outside Cambodia.

Publications

Khmer editions of the following working papers will be available in late January: *Technical Assistance and Capacity Development in an Aid-dependent Economy: the Case of Cambodia* (WP15) and *Land Ownership, Sales and Concentration in Cambodia* (WP16). The English edition of *Technical Assistance and Capacity Development at the School of Agriculture Prek Leap* (WP17) will also be available in late January.

Cambodia Development Review is also available in Khmer
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