



On the Cover:

The present bi-annual 60 page special issue presents the country's latest economic performance and prospects based on the analysis of current data from Cambodia Economin Watch.

Downturn Lowers Growth Rate



Data suggests Cambodia achieved a 5.2 percent economic growth rate in 2008, down from 10.2 percent in 2007 due to the severe impact of the global crisis during the last quarter of 2008, especially on the garment industry, tourism and construction, the three main sectors driving economic growth at double-digit percentage rates 2004-07.

Sectors most vulnerable to the global downturn are those with a high concentration of foreign direct investment (FDI) and those exporting their products. The garment sector is most vulnerable, followed by the tourism, construction, and the real estate sectors. Cambodia's agribusiness is not vulnerable in terms of capital source and output.

Garment, construction and real estate growth slowed significantly during 2008, declining sharply in the last quarter of 2008, with the tourism sector growing at only a very moderate pace. Banking was relatively healthy and other non-agricultural sectors on the whole saw moderate growth at a lower pace. (page 14)

In this Issue

Introduction

- 8 Cambodia is Down But Not Out

Economic Growth

- 14 Downturn Lowers Growth Rate
16 Modest Growth in Farming
18 Downward Slide for Industry
20 Service Sector Slows

Price & Money

- 21 New Rules Safeguard Banking
26 Galloping Inflation Slows

Labor Force & Income

- 30 Under- and Unemployment Rises

Trade & Investment

- 32 Trade Deficit Widens
36 Commerce Reforms Moving Ahead

Fiscal Policy & Debt

- 38 Debt Sustainable But Risks Remain
40 Strengthening Public Accountability and Efficiency

Reforms

- 42 Draft Laws are Progressing Well but Implementation is Lagging
44 Reforms Responding to Needs
46 Initial Reforms Improving Land and Natural Resource Management

Reforms Summary

- 48 Key Reforms in Cambodia's Trade Openness Policy and Investment (2001-2009)
49 Key Cambodian Policy Reforms in Private Sector Development (2002-2009)
51 Cambodia Key Reforms in Public Financial Management and Banking (2001-2009)

Economic & Financial Indicators

- 55 Main Economic Indicators
55 Monetary Survey (Billion Riel)
56 Budget Operations (Billion Riel)
57 Balance of Payment (Million US\$)

Modest Growth in Farming



2008 was rainy, following equally wet years in 2007, in 2006 and in 2005 leading to growth of about 4.8 percent in 2008, down from 5.1 percent in 2007. Growth was bolstered by an expansion of cultivated areas and soaring agricultural product prices but agro-investment has remained weak, despite high demand on the local and global markets.

Despite the global crisis and a resulting decrease in agro-product prices, agricultural sector growth is expected to be about 4.3 percent in 2009 with moderate prospects in coming years. Promoting the agricultural sector is urgent needed to diversify growth sources, as the garment and construction industries appear to be insufficient. (page 16)

New Rules Safeguard Banking

The Financial Sector Development Strategy 2006-2015 (FSDS 2006-2015) is an instrument to accelerate the development of Cambodia's financial sector. In line with financial sector and banking reform, the blueprint considers poverty alleviation an essential part of overall economic development. (page 21)



Under- and Unemployment Rises



Updated labor force data is expected with the release of findings from the Cambodia Socio Economic Survey (CSES) of 2007. The 2004 CSES pegged the total labor force at about 7.5 million, or 56 percent of the total population, with an approximated 200,000 people entering the labor market every year. Based on these figures, Cambodia's total labor force was an estimated 8.4 million in 2007 and is likely to reach about 8.6 million in 2008 and 8.8 million in 2009, of which about 20 percent are under 18 years old. (page 30)

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