

## ECONOMY WATCH – EXTERNAL ENVIRONMENT

Most recent quarterly data suggests that America's and Japan's economy lost some steam in the fourth quarter of 2002 while the economy in the Euro Area continued to grow at a steady rate. Consumer prices in the US and Euro area grew faster while the period of deflation in Japan approached its end. In the currency market, the dollar became generally stronger except against the Euro.

### World Economic Growth

In the fourth quarter of 2002, the US economy grew at an annual rate of 1.4 percent, slower than in the third quarter, according to the Bureau of Economic Analysis. The deceleration in real GDP growth was mainly due to a deceleration in personal consumption expenditure: a 1.5 percent increase in the fourth quarter compared with an increase of 4.2 percent in the third. Spending, especially on durable goods, fell by an annual rate of 8.5 percent, in contrast to an increase of 22.8 percent in the third quarter. The deceleration of domestic components was compounded by a slowdown in external trade. America's real imports of goods and services rose by an annual rate of 7.2 percent in the fourth quarter, compared with an increase of 3.3 percent in the third. At the same time, real exports of goods and services declined by 4.4 percent. This should relate to a general strength of the dollar in the fourth quarter. The fact that the US economy continued to grow reflected a jump in federal government spending, especially on national defence with 11.4 percent in the fourth quarter, compared with an increase of 6.9 percent in the third. For the year 2002, the US economy rose by an estimated 2.9 percent, faster than in 2001 when it was 1.2 percent. The Economist Intelligence Unit forecast a growth of 2.4 percent in the US economy in 2003.

The economy in the Euro Area grew in the fourth quarter of 2002 (1.3 percent) at almost the same pace as the third. For the year 2002, the Euro Area experienced sluggish economic performance, with 0.8 percent growth, compared with 1.4 percent in 2001. According to the European Commission, weak private consumption, a contraction in the construction sector and a bleak international environment accounted for the slower economic growth. In Germany, the biggest economy in Europe, unemployment reached a four-year high of 10.1 percent of the labour force. Industrial output also dropped to a record low of 2.6 percent. Overall, industrial production in the Euro Area fell to 1.5 percent compared to the previous year. The European Central Bank cut the key interest rate by 0.50 percentage points to 2.75 percent in December to stimulate growth in the Euro Area. For the year 2003, real GDP in the Euro Area is expected to grow by 1.1 percent.

Japan's economy experienced a decelerating growth rate at 2.2 percent in the fourth quarter of 2002, down from 3.2 percent in the third quarter. The unemployment rate remained high at 5.5 percent in December 2002. A slow recovery in consumer confidence keeps private

consumption flat. Other key domestic components, such as public investment, are undergoing a cut of 10.7 percent from the previous fiscal year. Exports have also been affected by the slowdown in the world economy.

Economic activities in other East Asian economies were also sluggish. In the fourth quarter ending 2002, real GDP growth was 5.4 percent in Malaysia and 3.0 percent in Singapore; both decelerating compared to the third quarter. Despite the worldwide slowdown, the gross domestic product remained steady in China at 8.1 percent in the fourth quarter, the same as its annual growth rate in 2002. Heavy government spending, more foreign direct investment, sturdy export growth and a rise in urban consumer spending were the driving forces in China's economy. In 2003, China's GDP is forecast to be 7.5 percent. This rate, which is lower than 2002 reflects the expectations that fiscal spending will grow at a slower rate, there will be falling prices and declining real incomes in the interior rural economy, and there will remain a chronic non-performing loan problem, slower export growth and an increase in imports.

### World Inflation and Exchange Rates in the International Markets

In the fourth quarter of 2002, consumer prices in the US rose by an average 2.2 percent, faster than in the third quarter (1.6 percent) according to *The Economist*. The main reasons were lower interest rates, large public spending, growing demand, higher oil prices and higher car prices. The Euro Area also saw a faster increase in consumer prices, 2.3 percent in the fourth quarter, compared with 2.0 percent in the third quarter. The deflationary period in Japan moved to an end. In the fourth quarter of 2002, consumer prices fell by just 0.5 percent, compared with a fall of 0.8 percent in the third quarter. The main reason underlying this is higher food prices.

In the last quarter of 2002, the US dollar showed its general strength against all main currencies, with the exception of the Euro. Compared to the third quarter 2002, the dollar appreciated by 2.8 percent against the Japanese yen, but depreciated by 1.9 percent against the Euro. In the first quarter of 2003, however, the dollar significantly lost value against all main currencies; by 3.9 percent against the yen, and by 7.5 percent against the Euro. This was a result of the growing possibility of a US-led war in Iraq, continuing tension with North Korea, and gloomy reports about the US economy.

### Commodity Prices in the World Markets

After increasing in the third quarter of 2002, the price of first quality rice in the Bangkok international market and rubber in the Malaysia international market fell in the fourth quarter by 3.3 percent and 1.5 percent, respectively. In the first quarter of 2003, however, the price of rice, rubber and crude oil rose markedly by 4.6 percent, 8.2 percent, and 15 percent, respectively.

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**Table 1. Real GDP Growth of Selected Trading Partners**

	2000		2001		2002				2001	2002
	Q1-Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1-Q4	Q1-Q4
<b>Selected ASEAN countries</b>										
Cambodia	-	-	-	-	-	-	-	-	5.3	-
Indonesia	4.4	3.5	3.5	4.1	2.5	3.5	3.9	-	3.8	3.8
Malaysia	8.7	0.5	-1.3	-0.5	1.1	3.8	5.6	5.4	0.5	5.6
Singapore	9.5	-0.9	-5.6	-7.0	-1.7	3.9	3.7	3.0	-2.3	2.6
Thailand	4.4	1.9	1.5	2.1	3.9	5.1	5.8	5.6	1.9	5.1
Vietnam		-	-	-	-	-	-	-	6.0	6.7
<b>Selected other Asian countries</b>										
China	8.0	7.8	7.0	6.6	7.6	8.0	8.1	8.1	7.5	8.1
Hong Kong	10.6	0.5	-0.3	-1.6	-0.9	0.5	3.3	5.0	0.3	5.0
South Korea	9.1	2.7	1.8	3.7	5.7	6.3	5.8	-	3.0	6.1
Taiwan	6.0	-2.4	-4.2	-2.7	0.9	3.0	4.8	4.2	-2.1	4.2
<b>Selected industrial countries</b>										
Euro-11	3.5	0.2	1.3	0.6	0.1	0.5	1.2	1.3	1.4	0.8
Japan	1.6	-2.9	-0.5	-1.9	-1.6	-1.2	3.2	2.2	-1.3	2.8
United States	5.0	1.2	0.6	0.4	1.5	2.1	4.0	1.4	1.2	2.9

Source: The International Monetary Fund and The Economist

**Table 2. Inflation Rate of Selected Trading Partners, 2000–2002 (% increase over the previous year – average)**

	2000		2001		2002				2001	2002
	Q1-Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1-Q4	Q1-Q4
<b>Selected ASEAN countries</b>										
Cambodia	-0.3	0.1	-0.4	-0.6	3.4	3.3	3.5	3.0	-0.4	3.3
Indonesia	3.7	11.1	12.1	12.7	14.5	12.6	10.2	10.3	11.3	11.9
Malaysia	1.5	1.6	1.4	1.2	1.5	1.9	2.1	1.9	1.4	1.9
Singapore	1.4	1.7	0.8	-0.2	-0.9	-0.4	-0.4	0.1	1.0	-0.4
Thailand	1.6	2.6	1.7	1.1	0.6	0.2	0.3	1.4	1.8	0.6
Vietnam	-1.7	-0.8	-0.7	0.1	2.3	2.7	2.9	3.4	0.0	2.8
<b>Selected other Asian countries</b>										
China	0.3	1.6	0.8	-0.1	-0.5	-0.7	-0.8	-0.6	1.0	-0.7
Hong Kong	-3.7	-1.3	-1.1	-1.3	-2.7	-3.1	-3.5	-2.9	-1.5	-3.1
South Korea	2.3	5.3	4.3	3.4	2.5	2.7	2.5	3.2	4.3	2.7
Taiwan	1.4	-0.0	-0.5	-0.6	-0.1	-0.1	-0.3	-0.5	0.5	-0.3
<b>Selected industrial countries</b>										
Euro-11	2.3	3.1	2.7	2.2	2.5	2.0	2.0	2.3	2.6	2.2
Japan	-0.6	-0.5	-0.8	-1.0	-1.4	-0.9	-0.8	-0.5	-0.5	-0.9
United States	3.4	3.4	2.7	1.9	1.2	1.3	1.6	2.2	2.9	1.6

Source: The International Monetary Fund and The Economist

**Table 3. Exchange Rates of Selected Trading Partners Against the US Dollar, 2000–2002 (period averages)**

	2000		2001		2002				2001	2002
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1-Q4	Q1-Q4
<b>Selected ASEAN countries</b>										
Cambodia (riel)	3,871	3,932	3,953	3,932	3,910	3,916	3,935	3,948	3,935	3,927
Indonesia (rupiah)	8,421	11,242	9,558	10,365	10,078	9,076.6	8,940	9,027	10,236	9,280
Malaysia (ringgit)	3.80	3.80	3.80	3.80	3.80	3.80	3.8	3.8	3.80	3.80
Singapore (S\$)	1.72	1.81	1.77	1.83	1.83	1.81	1.76	1.77	1.79	1.79
Thailand (baht)	40.1	45.4	44.8	44.3	43.77	42.78	42.09	43.4	44.4	43.0
Vietnam (dong)	14,083	14,670	14,999	15,084	15,142	15,231	15,314	15,297	14,827	15,246
<b>Selected other Asian countries</b>										
China (yuan)	8.28	8.28	8.27	8.28	8.28	8.28	8.28	8.28	8.28	8.28
Hong Kong (HK\$)	7.80	7.80	7.79	7.80	7.80	7.80	7.80	7.80	7.80	7.80
South Korea (won)	1,131	1,306	1,295	1,290	1,319	1,273	1,197	1,214	1,291	1,251
Taiwan (NT\$)	31.8	34.6	34.6	34.7	35.1	33.8	33.8	34.8	34.1	34.4
<b>Selected industrial countries</b>										
Euro-11 (euro)	1.08	1.15	1.11	1.12	1.15	1.09	1.02	1.00	1.12	1.07
Japan (yen)	108	123	121	125.5	133.3	127.6	119.6	123.0	122	126

Source: The International Monetary Fund and The Economist

**Table 4. Selected Commodity Prices on the World Market, 2000–2002 (period averages)**

	2000		2001		2002				2001	2002
	Q1-Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1-Q4	Q1-Q4
Hardwood (logs) - Malaysia (\$/m3)	190.1	163.8	159.4	146.2	137.6	153.0	178.7	180.8	160.1	162.5
Hardwood (sawn) -Malaysia (\$/m3)	599.2	492.2	482.0	471.8	479.7	493.0	536	565.6	488.3	518.5
Rubber - Malaysia (\$/ton)	720.8	628.9	597.7	549.4	622.3	754.0	863	834.1	602.0	768.4
Rice - Bangkok (\$/ton)	203.7	164.7	170.4	173.3	193.7	196.6	192.6	189.6	172.6	193.1
Soybeans - USA (\$/ton)	211.3	186.7	205.6	188.0	179.9	189.8	219.3	220.0	195.6	202.3
Crude oil - Dubai (\$/barrel)	26.1	25.1	23.9	18.2	19.9	24.3	25.4	26.2	22.8	24.0
Gold - London (\$/fine ounce)	279.0	267.7	274.7	278.4	281.0	280.9	313.7	317.8	279.0	298.3

Source: The International Monetary Fund and The Economist

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According to recent data, Cambodia experienced positive economic development in 2002, compared to 2001. Private investments grew by 10.3 percent. The export sector achieved a growth of 14 percent, slower than in 2001 (17 percent). Regarding economic output, the garment industry quickened its growth to 23 percent, from 13 percent in 2001. The construction sector achieved 12 percent growth and the tourism sector continued to expand. The number of international arrivals by air rose 16 percent in 2002, compared with 15 percent in 2001. However, Cambodia's economy was hindered by some negative developments. The agricultural sector suffered a drop in production, experiencing a 15 percent decrease in the production of rice. The national budget operated with a deficit of 762 billion riels (US\$195 million). Money supply increased by 31 percent, the fastest for five-years. Consumer prices rose by 3.3 percent, compared with just 0.3 percent in 2001. The earning situation of vulnerable workers worsened with their real income dropping by 0.7 percent between February 2002 and February 2003.

### Economic Activity

According to the Ministry of Commerce, the output of Cambodia's garment industry, which has been dominating the export sector, was US\$1,375 million in 2002, 23 percent more than a year ago. Of this total, 70 percent was directed to the US market, and the remaining 30 percent to the rest of the world. During 2002, garment exports grew gradually on a quarterly basis: US\$232 million in the first quarter, and US\$439 million in the fourth quarter. Sixty-three percent of total garment exports were conducted in the second half of 2002. Faster growth in the export of garment products was encouraged, primarily, by increasing orders from US markets. The quarterly value of garment exports was an average of US\$242 million in 2002, compared with US\$198 million in 2001. Since trading with the US in 1995, the quarterly value of Cambodia's garment exports to the US has grown constantly. If the garment quota granted by the US expires in 2004, the development of Cambodia's garment industry will have to rely solely on its international competitiveness. However, total investments in the garment industry dropped considerably to just US\$18 million in 2002, from US\$100 million in 2001.

Cambodia's tourism sector, a second force encouraging Cambodia's economic growth, continued to flourish. According to the Ministry of Tourism, Cambodia received 786,524 international visitors in 2002, 30 percent more than in 2001. Of this total, 68 percent arrived in Cambodia by air with the remaining 32 percent arriving from overland and by sea. The 77 percent increase in the number of tourists was mainly attributed to more visitors by land and sea, owing to the opening of new border checkpoints, especially between Cambodia and Thailand. The number of international visitors arriving by air rose by 16 percent. Pochentong Airport (now, Phnom Penh Airport) welcomed 348,313 tourists in 2002, 5

percent more than in 2001, while Siem Reap Airport welcomed 188,913 persons, 41 percent more than a year ago. The Ministry of Tourism estimated that the total expenditure of tourists was US\$379 million in 2002. Compared to 2001, national income from the tourism sector rose by 25 percent, slower than in 2001 (33 percent). The main reason for a slower increase of tourist expenditure was a decrease in an average daily spending: one tourist spent US\$9 dollars per day in 2001, but US\$8 in 2002. Additionally, the average length of stay in Cambodia did not increase much, from 5.5 days in 2001 to just 5.8 days in 2002. To encourage tourists to spend more time and money, Cambodia has launched key policies, which can ease visa issues (especially for people from ASEAN-countries), strengthen security for tourists, and promote new services and recreation areas. Meanwhile, Cambodia prioritised eco-tourism policies.

After declining in 2001, Cambodia's construction sector expanded significantly in 2002. Income from this sector (in Phnom Penh, only) was worth US\$220 million, 12 percent more than in 2001. According to the Department of Cadastre and Geography of the Municipality of Phnom Penh, apartment construction projects, the largest form of construction activity, reached 535 projects, the highest number since 1999. Income for apartment construction totaled US\$180 million, 82 percent of total income for the construction sector. Compared to 2001, income from apartment construction rose by 7 percent. The average daily earning of construction workers, however, developed differently. Skilled construction workers could improve their daily earning by 17 percent to 12,856 riels in 2002, from 10,937 riels in 2001, while unskilled construction workers lived with an almost constant daily earning of 6,578 riels in 2002, compared to 6,557 riels in 2001 (according to CDRI surveys). The reason is that there has been a steady stream of unskilled migrants coming from the provinces to Phnom Penh seeking work, especially in construction. The earning situation of unskilled workers in the provinces seems to be worse than in Phnom Penh. According to CDRI's survey in February 2003, unskilled workers in Kompong Cham earned on average of 3,600 riels/day, 26 percent lower than in Phnom Penh. According to interviews conducted by CDRI, the large difference could encourage the desire to migrate to Phnom Penh.

### Inflation and Foreign Exchange Rates

In the last quarter 2002, consumer prices in Phnom Penh rose by 0.3 percent over the third quarter. For the whole of 2002 Cambodia experienced faster price increases at 3.3 percent, compared to 0.3 percent in 2001. The main change was a large increase in prices for 'housing and utilities', which rose by 7.2 percent in 2002, compared with 0.98 percent in 2001. Prices of food, which represent the core of the consumption basket, have continuously fallen since September 2002. In January 2003, food prices declined by 0.8 percent, but were 2.7 per-

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cent higher than a year ago. In contrast, prices for transport and communication have risen gradually: a 3.8 percent difference between January 2002 and January 2003. The main reason was a jump in the price of diesel: a 9 percent rise between December 2002 and January 2003.

The Cambodian riel gained marginal value against the US dollar in 2002, appreciating by 0.2 percent. Against the Thai baht, however, the riel depreciated by 3.7 percent. There are two reasons for the riel gaining some value against the dollar: the larger need for riel during the first half of 2002 (communal elections), and the general weakness of the US dollar. As Cambodia's economy is largely dollarised, the implications are a larger form of exchange from dollar to riels, rather than from baht to riel.

### Poverty Situation – Earnings of Workers

The surveys, conducted by CDRI in Phnom Penh and Kompong Cham during February 2003, suggest a mixed development in the daily earnings of vulnerable workers. Compared to data of CDRI's November 2002 survey, some groups of workers improved their daily earnings while others did not. A 'cyclo driver' could earn an average 9,200 riels per day in February 2003, 3.6 percent higher than three months previously. The increase was especially due to Chinese New Year. Compared to the same period in 2002, however, daily earnings of cyclo drivers fell by 2.6 percent. The main reason was more migrants to Phnom Penh, resulting from serious floods and droughts in 2002. After improving in November last year, 'motorcycle-taxi drivers' suffered a drop in their daily earnings from 12,075 riels in November 2002, to 11,400 riels in February 2003. Compared to February 2002, their income fell even more (by 20 percent) due to a high increase in the price of gasoline and diesel.

Compared to the November 2002 survey, 'porters' increased their daily earnings to 7,600 riels in February 2003. Compared to a year ago, however, their income has dropped by 7 percent, mainly because new (or repaired) roads provide alternative transport services to the provinces. 'Small vegetable sellers', most of them coming from the provinces, reveal an increase in daily earnings in February 2002, 1.3 percent more than the last three months and 19 percent more than a year ago. More vegetable consumption during events such as the International and Chinese New Years have buoyed daily income for this group.

'Waitresses' earned 4,600 riels per day in February 2003, compared with 4,000 riels for the three months previous. In the same period, the daily income of 'rice-field workers' declined from 4,219 riels to 4,180 riels. Compared to February last year, however, rice-field workers are earning 7 percent more. This was related to the fact that many young people migrated to Phnom Penh or provincial cities resulting in an increased demand for rice-field workers.

CDRI's survey in February 2003 indicates that 'garment workers' continued to get higher daily earnings, 10,127 riels/day, up from 10,097 riels/day in November 2002. Including payments for overtime, the average monthly salary of garment workers in February 2003 reached US\$67.5. Generally, garment workers improved their income by simply working more overtime.

### Monetary Developments

After implementing a more restrictive policy in the third quarter of 2002, the National Bank of Cambodia eased monetary restrictions in the fourth quarter. The amount of Cambodian riels, (which consists of the riel outside banks and the riel on deposits at banks) rose to 887 billion riels in the fourth quarter, an increase of 4.8 percent compared with a 3.8 percent increase in the third quarter. At the same time, foreign currency deposits, which have shared the main portion of Cambodia's money supply, increased to US\$508 million by the end of the fourth quarter of 2002, up from US\$482 million at the end of the third quarter. Total liquidity (M2), which includes the amount of riel and foreign currency deposits, rose at a pace of 5 percent to 2,888 billions riels by the end of 2002. This was faster than the 3.8 percent increase experienced at the end of the third quarter. Compared to 2001, Cambodia's total liquidity (M2) grew by 31 percent in 2002, compared to just 20 percent in 2001. By the end of January 2003, total liquidity amounted to 2,952 billion riels, equivalent to US\$750 million, of which: US\$523 million were from foreign currency deposits, with the remaining US\$227 million being converted from riel. For many years, foreign currency deposits have determined 70 percent of Cambodia's total liquidity, and the Cambodian riel has determined just 30 percent. This calculation does not consider dollars circulating outside banks, as this figure is uncertain. In reality, therefore, the portion of the Cambodian riel in total liquidity could be less than 30 percent.

### Public Finance

In the fourth quarter 2002, the public budget operated with a deficit of 264 billion riels, 11 percent more than in the third quarter. For the whole year of 2002 the total deficit reached 762 billion riels, lower than the 795 billion riels set by the budget law. Including adjustments for expenditure, the total budget deficit amounted to 881 billion riels in 2002, 11 percent more than target. The higher deficit was caused on the one hand by the lower than target revenue and on the other hand by higher than target expenditure. Current revenue was 1,713 billion riels, reaching just 96 percent of target, in which non-tax revenue was 92 percent of target. Forest exploitation was the furthest from target revenue at only 32 percent. The collection of value added tax, the most important source of tax revenue, was just 89 percent of target, while tourism tax was only 71 percent of target. On the expenditure side, Cambodia spent 111 percent, much more than the target for capital expenditure. Expenditure

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for projects financed by external assistance were especially over-target at of 861 billion riels, compared to the 700 billion riels laid out by Cambodian budget law. Of the budget expended, 2,491 million riels (current expenditure) accounted for 1,341 billion riels, in which General Administration was 275 billion riels, Defense and Security was 368 billion riels, Social Administration 437 billion riels and Economy Administration 142 billion riels. Expenditure for Education, Youth and Sport was 220 billion riels, while expenditure for Interior Administration increased more than double at 155 percent. The National Audit Authority, the newest organ in the General Administration, spent 3 billion riels, 2.4 percent over target.

Private investments approved by the Council for the Development of Cambodia (CDC) were valued at US\$340 million, 10.3 percent more than 2001. Although garment exports boomed, private investment in the garment industry declined considerably to US\$18 million in 2002 from US\$26 million in 2001, a 31 percent decline. Foreign direct investment, the dominant factor in private investment, has gradually declined since 1999. Malaysia was the top foreign direct investor for Cambodia up to the year 2002, followed by Taiwan. Thailand has invested marginally in Cambodia over the years, though there was no investment in 2002.

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### Private Investment and Employment

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## Continued from page 11 Human Insecurity...

- <sup>2</sup> Community security (the seventh UNDP category) has been left out as the issue does not qualify as an immanent threat to people's lives and is very difficult to measure.

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## ECONOMY WATCH—INDICATORS

Table 1. Cambodia: Main Macro-economic Indicators, 1994–2001

	1994	1995	1996	1997	1998	1999	2000	2001
GDP at current prices (billions of riels)	6,256	7,176	8,271	9,125	10,795	11,797	12,149	12,724
GDP at current prices (millions of dollars)	2,435	2,915	3,131	3,042	2,841	3,088	3,149	3,234
GDP per capita (dollars)	225	262	273	258	234	248	247	247
Growth rate of real GDP (1993 prices)	5.3	7.6	6.7	0.7	2.9	6.8	5.5	5.3
Agriculture	4.8	9.2	2.9	2.2	0.1	1.4	-2.4	0.7
Industry	7.3	11.8	19.5	0.6	16.8	12.6	16.7	11.2
Service	5.3	4.7	6.0	-0.6	0.1	9.4	7.5	6.1
Inflation (in riels, final quarter basis)	17.8	3.5	9.0	9.1	12.6	0.0	0.5	-1.3
Riel/dollar parity (annual average)	2,569	2,462	2,641	3,000	3,800	3,820	3,859	3,935
Budget revenue (percentage of GDP)	9.4	9.0	9.1	9.7	8.7	11.2	11.7	12.0
Budget expenditure (percentage of GDP)	16.1	16.7	17.4	13.8	14.4	16.4	17.3	18.4
Current public deficit (percentage of GDP)	-1.4	-0.8	-1.2	0.7	-0.2	1.6	1.6	1.3
Overall public deficit (percentage of GDP)	-6.7	-7.8	-8.4	-4.2	-5.7	-5.2	-5.6	-6.3
Exports of goods (percentage of GDP)	19.6	29.1	23.1	28.7	32.1	33.9	44.2	46.4
Imports of goods (percentage of GDP)	30.0	41.4	39.4	40.9	49.3	48.2	54.4	56.9
Trade balance (percentage of GDP)	-10.4	-12.3	-16.3	-12.2	-17.2	-14.3	-10.2	-10.5
Current account balance (percentage of GDP)	-9.1	-12.7	-15.3	-10.4	-15.5	-11.6	-7.2	-6.7
External contribution to the economy (percentage of GDP)	16.5	20.9	20.4	13.8	17.5	15.6	14.5	13.2
Total savings (percentage of GDP)	18.2	21.6	26.7	21.6	25.3	22.8	19.3	18.3
Gross foreign reserves (months of imports)	1.5	1.7	2.1	2.4	3.2	3.8	4.7	5.5
Population (million)	10.8	11.1	11.5	11.8	12.1	12.5	12.8	13.1
Labour force (percentage of population)	41.1	41.2	41.4	41.6	41.9	42.2	42.5	43.0

Sources: CDRI, Compiled from Government data

Table 2. Destination of Garment Exports, 1994–2002

	1994	1995	1996	1997	1998	1999	2000	2001	2002			
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1	Q2	Q3	Q4
	Millions of dollars											
United States	0.0	0.02	0.1	26.8	74.1	121.5	187.5	198.3	158.7	201.7	307.4	299.8
Rest of the world	1.0	6.6	19.6	30.0	20.5	17.0	58.8	80.8	73.7	69.4	124.9	139.7
Total	1.0	6.6	19.7	56.8	94.5	138.5	246.3	279.1	232.4	271.1	432.3	439.4
	Percentage change over previous year											
Total	-	560	200	187	66	47	78	14.8	-7.8	3.6	44	46

Source: Ministry of Commerce, Department of Trade Preferences Systems [1994-2001 (Q1-Q4), quarterly average]

Table 3. Passenger Arrivals by International Flights at Pochentong and Siem Reap Airports, 1994–2002

	1994	1995	1996	1997	1998	1999	2000	2001	2002			
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1	Q2	Q3	Q4
	Thousands of passengers											
Tourist visas	27.9	38.7	55.3	46.3	38.1	44.9	57.4	57.4	67.3	59.7	55.1	70.2
Business visas	7.1	10.6	15.8	13.9	10.7	16.0	20.6	20.6	18.1	14.4	18.6	18.4
Official visas	3.3	3.9	3.2	3.6	4.4	8.8	4.8	4.8	5.7	6.1	6.9	7.7
Total Pochentong	38.3	53.2	74.3	63.8	53.2	69.7	82.7	82.7	91.1	80.2	80.6	96.3
Total Siem Reap	-	-	-	-	2.6	7.15	33.4	33.2	54.7	29.6	39.7	64.9
	Percentage change over previous year											
Total Pochentong	29.7	38.9	39.7	-14.1	-16.6	31.0	18.7	0	3.1	-1.2	2.1	17
Total Siem Reap	-	-	-	-	-	175	367	-1	30.5	25.4	30.0	77

Sources: Ministry of Economy and Finance and Ministry of Tourism [1994-2001 (Q1-Q4), quarterly average]

Table 4. Consumer Price Index (CPI), Exchange Rates and Gold Prices, 1994–2002 (period averages)

	1994	1995	1996	1997	1998	1999	2000	2001	2002			
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1	Q2	Q3	Q4
	Consumer price index (percentage change over previous year)											
Provinces	-	-	-	6.1	16.3	6.2	5.4	0.9	-3.4	0.0	2.0	-0.3
Phnom Penh - All Items	-0.5	7.8	7.1	8.0	14.8	4.0	-0.8	-0.6	3.4	3.3	3.5	3.04
- Foods	-13.4	4.9	7.6	6.7	14.1	7.6	-3.3	-2.8	-0.6	1.02	2.0	2.00
- Energy	-1.2	19.4	20.7	20.0	15.1	3.5	6.6	-1.1	-0.4	-0.02	0.9	2.25
	Exchange rates, Gold and Oil prices (Phnom Penh market rates)											
Riel per US dollar	2,582	2,479	2,666	3,029	3,824	3,832	3,879	3,935	3,910	3,913	3,935	3,948
Riel per Thai baht	102	99	105	98	88	101	96.3	88	89.3	91.4	93.5	90.9
Riel per 100 Vietnamese dong	23.5	22.3	24.0	25.6	28.6	27.8	27.4	26.6	25.8	25.7	25.7	25.8
Gold prices (US dollar per chi)	45.8	45.9	46.3	40.4	36.0	34.0	33.3	32.7	34.6	36.2	38.0	38.5
Price of Diesel (Riels/litre)	750	716	779	883	1,065	1,105	1,329	1,521	1,480	1,450	1,550	1,550
Price of Gasoline (Riels/litre)	698	847	1,118	1,378	1,613	1,760	2,113	2,084	2,100	2,167	2,200	2,200

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

## ECONOMY WATCH—INDICATORS

Table 5. Average Daily Earnings of Workers, 1997–2003

	Daily earnings (riels)									Change from last year (%)				
	1997		2001			2002				2003		2002		2003
	Pre-Jul	May	Aug	Nov	Feb	May	Aug	Nov	Feb	Aug	Nov	Feb		
Cyclo drivers	12,250	9,568	9,057	6,262	9,450	9,375	8,900	8878	9200	-1.7	41.78	-2.65		
Porters	9,675	7,058	7,189	5,000	8,137	6,675	7,600	6312	7600	5.7	26.24	-6.60		
Small vegetable sellers	7,050	7,386	6,670	5,096	6,062	6,712	6,862	7158	7250	2.9	40.46	19.60		
Scavengers	4,155	2,670	2,686	3,393	3,350	4,231	3,440	4012	3875	28.1	18.25	15.67		
Waitresses*	–	2,600	2,683	2,358	3,543	3,652	4,225	4000	4600	57.5	69.64	29.83		
Rice-field workers	–	3,613	4,500	3,618	3,916	5,167	3,833	4219	4180	-14.8	16.63	6.74		
Garment workers	–	7,500	9,165	8,968	7,772	8,775	9,800	10000	10127	7.0	12.59	30.30		
Motorcycle-taxi drivers	–	12,050	10,559	9,791	14,327	11,978	11,300	12075	11400	7.0	23.33	-20.43		
Unskilled construction workers	–	8,261	5,625	4,841	7,025	6,912	6,525	5850	6162	16.0	20.85	-12.28		
Skilled construction workers	–	10,306	12,375	9,866	11,530	13,850	12,695	13350	12500	3.0	35.32	8.41		

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: CDRJ.

Table 6. Monetary Survey, 1994–2002 (end of period)

	1994	1995	1996	1997	1998	1999	2000	2001	2002			
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1	Q2	Q3	Q4
	Billions of riels											
Net foreign assets	391	550	881	1,172	1,550	1,961	2,589	2,892	3,366	3,614	3646	3682
Net domestic assets	59	99	31	-109	-435	-591	-759	-838	-959	-965	-923	-891
Net claims on government	143	148	128	54	141	111	3	-75	-152	-165	-125	-124
Credit to private sector	237	293	435	637	682	731	898	944	976	928	959	1011
Total liquidity	450	650	912	1,063	1,116	1,370	1,831	2,054	2,408	2,648	2723	2792
Money	200	279	329	385	466	515	540	568	676	748	771	780
Quasi-money	250	371	583	678	655	855	1,291	1,486	1,731	1,901	1952	2011
	Percentage change from previous year											
Total liquidity	35.1	44.3	40.3	16.6	4.9	22.7	33.6	12.2	26.8	33.4	28.2	26.6
Money	-1.9	39.5	17.9	17	21	10.5	4.9	5.2	23.4	37.5	35.3	27.9
Quasi-money	93.2	48.1	57.2	16.4	-3.4	30.5	51.0	15.1	28.1	32.0	25.5	26.1

Source: National Bank of Cambodia.

Table 7. National Budget Operations on Cash Basis, 1994–2002 (billion riels)

	1994	1995	1996	1997	1998	1999	2000	2001	2002			
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1	Q2	Q3	Q4
Total revenue	148	161	187	220	230	329	356	382	423	369	457	481
Current revenue								379	407	369	456	481
Tax revenue	91	111	134	149	169	239	260	274	252	302	323	339
Customs duties	70	80	86	87	94	108	98	94	81	104	116	122
Non-tax revenue	56	47	44	68	51	87	89	106	156	66	133	142
Forest exploitation	22	13	7	9	5	9	11	7.3	1	1	9	5
Post & Telecommunications	15	14	16	21	22	27	23	31	34	13	30.7	44
Capital revenue	0	2	10	3	9	3	7	2.3	15	0	1	0
Total expenditure	252	300	360	315	324	448	515	583	522	714	704	668
Capital expenditure	84	128	157	113	92	156	220	244	231	272	303	343
Current expenditure	168	172	203	202	245	291	295	339	290.1	442	401	325
Education and Health	23	25	31	32	33	70	62	86	34	108	85	96
Defense and Security	98	106	102	105	110	116	111	101	35.6	117	105	110
Other Ministries	48	41	71	65	83	103	123	159	221	217	212	120
Overall deficit	-105	-139	-173	-95	-95	-119	-160	-201	-100	-346	-248	-187
Foreign financing	108	140	170	111	67	104	167	192	264	237	273	287
Domestic financing	-3	-1	3	-16	28	15	-7	9	-164	110	-25	-100

Source: Ministry of Economy and Finance: Quarterly average [1994-2001 (Q1-Q4), quarterly average]

Table 8. Private Investment Projects Approved, 1994–2002\*

	1994	1995	1996	1997	1998	1999	2000	2001	2002			
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1	Q2	Q3	Q4
	Number of investment projects											
Total	46	51	75	34	35	24	24	47	9	9	11	8
Garment	27	30	36	12	21	11	13	19	5	4	5	2
	Registered capital (millions of dollars)											
Total	116.0	89.0	97.8	69.5	104.1	61.7	25.6	32.3	10.9	4.5	12.1	20.3
Garment	26.8	28.0	39.2	8.6	22.9	13.9	6.4	15	6.6	1.0	5	1
	Fixed assets (millions of dollars)											
Total	303.0	76.2	186.7	190.4	212.3	118.5	66.6	54.3	27.8	23.3	127.6	60.9
Garment	25.1	25.4	39.6	9.7	30.2	19.9	19.2	25.0	8.5	2.4	5.5	1.7

Source: Cambodian Investment Board [1994-2001 (Q1-Q4), quarterly average] \* Including existing investment expansion projects