Economy Watch – External Environment

The quick end to the US-Iraq war removed some of the uncertainties facing the world economy in the second quarter of 2003. In Asia, however, the SARS outbreak led to weaker economic growth in the same period.

World Economic Growth

The US economy expanded by an annual growth rate of 2.5 percent in the second quarter of 2003, faster than the first quarter growth rate of 2.1 percent. A 52-year record surge in defence spending, strong consumer spending, an extremely active housing market and recovery in business investment accelerated overall GDP growth, according to the Business Times online edition. Government defence spending increased by 44.1 percent, the strongest growth since a jump of 110 percent in the third quarter of 1951, as President George Bush's administration opened up the coffers for the Iraq war and anti-terrorism efforts. Real personal consumption expenditure in the US rose by 3.3 percent in the second quarter of 2003 on an annualised basis. According to the Business Times, business investment showed definite signs of revival in the second quarter of 2003 as non-residential spending - the largest category of investment in the US - climbed at an annual rate of 6.9 percent after decreasing by 4.4 percent in the first quarter of 2003. This was mainly due to lower long-term interest rates and the rally in US equity prices in recent months, which led to lower financing costs for business.

The Euro region's economy experienced a slower growth at 0.2 percent year-on-year in the second quarter of 2003, from 0.8 percent in the first quarter. The German economy - the region's largest economy, which accounts for more than half the economy of the Euro zone - shrank by 0.1 percent in the second quarter, compared to the first quarter, according to the Federal Statistics Office. France - the second largest economy in the region - also shrank by 0.3 percent in the same period. The Italian economy fell into the first recession in more than a decade in the second quarter of 2003. The European economy may have to rely on exports, as unemployment across the region puts pressure on consumer spending, according to Bloomberg News. However, the Euro continued to appreciate by 5.37 percent against the US dollar in the second quarter, compared to the preceding quarter, peaking at 0.88 Euro/US$, hurting sales and profits of exporters in the region. According to Buhrmann NV (the world largest distributor of office supplies), a 10 percent increase in the Euro against the US dollar reduces the Amsterdam-based company's profits by 5 percent.

Japan's economy grew at an annual rate of 3.0 percent in the second quarter of 2003, faster than the first quarter growth rate of 2.6 percent. Despite slower growth in industrial production of 2.6 percent year-on-year in the second quarter 2003 (compared to 5.5 percent in the first quarter), improved consumer confidence led to an increase in personal spending of 0.3 percent between the first and second quarters of 2003. According to “The Economist”, machinery orders jumped by 17.5 percent year-on-year in June 2003, a positive sign for capital investment. Also, Japan’s current account experienced a larger surplus of US$ 112.6 billion in June compared to US$ 109.9 billion in March 2003. This increase is likely to be related to the weaker Yen in the second quarter.

Most Asian economies were affected by the SARS outbreak in the second quarter, which began to have an impact from mid-May onwards. Singapore, Hong Kong and Taiwan were particularly heavily hit by SARS. Singapore's economy contracted by 4.2 percent year-on-year, compared to a positive growth of 1.6 percent in the first quarter of 2003. With the exception of the financial services and the construction sectors, the performance of all industries deteriorated from the previous quarter, according to the Singapore Ministry of Trade and Industry. Hong Kong's economy also contracted by 0.5 percent in the second quarter over a year earlier. In Hong Kong, inbound tourism and the travel-related sectors were most severely hit. Taiwan's economic growth rate slowed to just 0.4 percent year-on-year as consumer spending and exports contracted during the SARS outbreak, according to the China Post. Other East Asian and ASEAN countries also experienced slower growth in their economies.

World Inflation and Exchange Rates in the International Markets

Consumer prices in the US grew at a slower pace of 2.1 percent in the second quarter, compared to 2.9 percent in the first quarter. Excluding food and energy, the core inflation rate declined to 1.5 percent, down from 1.8 percent in the previous quarter, which led to deflationary concerns. The inflation rate in the Euro area fell to 2.0 percent in the second quarter of 2003, down from 2.4 percent in the previous quarter. The slower rise in consumer prices partly reflected declining energy prices in recent months in the Euro area. Japan continued to experience deflationary pressures. However, the drop in prices was smaller, just 0.2 percent in the second quarter, compared to 0.3 percent in the first quarter. This is associated with higher personal spending in the second quarter.

The value of the US dollar against the Euro continued to fall, to 0.88 Euro/US$ - a 4-year low – in the second quarter 2003. In contrast, the US dollar strengthened to 119.1 Yen/US$ against the Japanese yen, an appreciation of 0.93 percent from the previous quarter.

Commodity Prices in World Markets

After rising for the sixth consecutive month, the price of crude oil dropped by 16.3 percent to US$ 24.5/barrel in the second quarter of 2003. An additional supply of Iraqi oil in the world market reduced prices. The price of first quality rice in the Bangkok international market declined to US$ 197.5/tonne, from US$ 198.3/tonne in the first quarter of 2003. In contrast, the price of rubber in the Malaysian international market surged to US$ 975.8/tonne, a 3.2 percent increase from the previous

Economy Watch—External Environment

Table 1. Real GDP Growth of Selected Trading Partners, 2000—2003 (percentage increase over the previous year)

	2000	2001	2002				2003		2001	2002
		Q4	Q1	Q2	Q3	Q4	Q1	Q2		
Selected ASEAN countries										
Cambodia	-	-	-	-	-	-	-			4.18
Indonesia	4.4	4.1	2.5	3.5	3.9	3.8	3.4	3.8	3.8	3.8
Malaysia	8.7	-0.5	1.1	3.8	5.6	5.4	4.0	4.4	0.5	5.6
Singapore	9.5	-7.0	-1.7	3.9	3.7	3.0	1.6	-4.2	-2.3	2.6
Thailand	4.4	2.1	3.9	5.1	5.8	5.6	6.7	5.8	1.9	6.1
Vietnam		-	-	-	-	-	-	6.9	6.0	6.7
Selected other Asian countries										
China	8.0	6.6	7.6	8.0	8.1	8.1	9.9	6.7	7.5	8.1
Hong Kong	10.6	-1.6	-0.9	0.5	3.3	5.0	4.5	-0.5	0.3	5.0
South Korea	9.1	3.7	5.7	6.3	5.8	6.8	3.7	1.9	3.0	6.1
Taiwan	6.0	-2.7	0.9	3.0	4.8	4.2	3.2	-0.4	-2.1	4.2
Selected industrial countries										
Euro-11	3.5	0.6	0.1	0.7	0.8	1.3	0.8	0.2	1.4	0.7
Japan	1.6	-1.9	-1.6	-0.7	1.3	2.8	2.6	3.0	-1.3	0.45
United States	5.0	0.4	1.5	2.1	3.2	2.9	2.1	2.5	1.2	2.4

Sources: The Economist and Country's National Statistics offices and Central Banks

Table 2. Inflation Rate of Selected Trading Partners, 2000—2003 (percentage increase over the previous year—period average)

	2000	2001	2002				2003		2001	2002
		Q4	Q1	Q2	Q3	Q4	Q1	Q2		
Selected ASEAN countries										
Cambodia	-0.3	-0.6	3.4	3.3	3.5	3.0	1.8	1.6	-0.4	3.3
Indonesia	3.7	12.7	14.5	12.6	10.2	10.3	7.7	6.5	11.3	11.9
Malaysia	1.5	1.2	1.5	1.9	2.1	1.9	1.3	0.9	1.4	1.9
Singapore	1.4	-0.2	-0.9	-0.4	-0.4	0.1	0.7	0.1	1.0	-0.4
Thailand	1.6	1.1	0.6	0.2	0.3	1.4	2.0	1.7	1.8	0.6
Vietnam	-1.7	0.1	2.3	2.7	2.9	3.7	2.2	2.3	0.0	2.8
Selected other Asian countries										
China	0.3	-0.1	-0.5	-0.7	-0.8	-0.6	0.5	0.6	1.0	-0.7
Hong Kong	-3.7	-1.3	-2.7	-3.1	-3.5	-2.9	-2.0	-0.25	-1.5	-3.1
South Korea	2.3	3.4	2.5	2.7	2.5	3.2	4.1	3.3	4.3	2.7
Taiwan	1.4	-0.6	-0.1	-0.1	-0.3	-0.5	0.3	-0.1	0.5	-0.3
Selected industrial countries										
Euro-11	2.3	2.2	2.5	2.0	2.0	2.3	2.4	2.0	2.6	2.2
Japan	-0.6	-1.0	-1.4	-0.9	-0.8	-0.5	-0.3	- 0.2	-0.5	-0.9
United States	3.4	1.9	1.2	1.3	1.6	2.2	2.9	2.1	2.9	1.6

Sources: The International Monetary Fund and the Economist

Table 3. Exchange Rates of Selected Trading Partners Against the US Dollar, 2000—2003 (period averages)

	2000	2001	2002				2003		2001	2002
		Q4	Q1	Q2	Q3	Q4	Q1	Q2		
Selected ASEAN countries										
Cambodia (riel)	3,871	3,932	3,910	3916	3935	3948	3948	4,008	3,935	3927
Indonesia (rupiah)	8,421	10,365	10,078	9076.6	8,940	9027	8884	8,428	10,236	9,280
Malaysia (ringgit)	3.80	3.80	3.80	3.80	3.8	3.8	3.8	3.8	3.80	3.80
Singapore (S$)	1.72	1.83	1.83	1.81	1.76	1.77	1.74	1.75	1.79	1.79
Thailand (baht)	40.1	44.3	43.77	42.78	42.09	43.4	42.7	42.2	44.4	43.0
Vietnam (dong)	14,083	15,084	15,142	15231	15,314	15297	15427	15,470	14,827	15,246
Selected other Asian countries										
China (yuan)	8.28	8.28	8.28	8.28	8.28	8.28	8.27	8.28	8.28	8.28
Hong Kong (HK$)	7.80	7.80	7.80	7.80	7.80	7.80	7.80	7.80	7.80	7.80
South Korea (won)	1,131	1,290	1,319	1273	1,197	1,214	1199	1,206	1,291	1,251
Taiwan (NT$)	31.8	34.7	35.1	33.8	33.8	34.8	34.7	35.0	34.1	34.4
Selected industrial countries										
Euro-11 (euro)	1.08	1.12	1.15	1.09	1.02	1.00	0.93	0.88	1.12	1.07
Japan (yen)	108	125.5	133.3	127.6	119.6	123.0	118	119.1	122	126

sources: The International Monetary Fund and The Economist and National Bank of Cambodia

Table 4. Selected Commodity Prices on the World Market, 2000—2003 (period averages)

	2000	2001	2002				2003		2001	2002
		Q4	Q1	Q2	Q3	Q4	Q1	Q2		
Hardwood (logs) - Malaysia ($/m3)	190.1	146.2	137.6	153.0	178.7	181.2	186.3	182.1	160.1	162.5
Hardwood (sawn) -Malaysia ($/m3)	599.2	471.8	479.7	493.0	536	565.4	550.4	552.4	488.3	518.5
Rubber – Malaysia ($/ton)	720.8	549.4	622.3	754.0	863	834.1	945.5	975.8	602.0	768.4
Rice - Bangkok ($/ton)	203.7	173.3	193.7	196.6	192.6	189.6	198.3	197.5	172.6	193.1
Soybeans – USA ($/ton)	211.3	188.0	179.9	189.8	219.3	220.0	224.5	237.6	195.6	202.3
Crude oil – Dubai ($/barrel)	26.1	18.2	19.9	24.3	25.4	26.2	29.3	24.5	22.8	24.0
Gold - London ($/fine ounce)	279.0	278.4	281.0	280.9	313.7	317.8	352.1	346.7	279.0	298.3

Sources: The International Monetary Fund and The Economist

Economy Watch—Domestic Performance

Economic Activity

After falling at the end of 2002 and in the first quarter of 2003, the value of Cambodia's exports grew by 23 percent to US$ 408.5 million in the second quarter of 2003, from US$ 331.5 million in the first quarter, according to the Ministry of Commerce. The main contributor was increasing exports of garment products (by 24 percent), reaching US$ 389.9 million in the second quarter, compared to US$ 314.7 million in the first quarter. Of US$ 389.9 million, US$ 267.8 million (69 percent) was accounted for by the US market, and the remaining US$ 122.1 million (31 percent) by the rest of the world. Cambodia's garment exports to the US rose by 16 percent compared to the first quarter of 2003, and by 32 percent compared to the same quarter last year. Past trends suggest that garment exports are lowest in the first quarter and peak in the third quarter of the year. An increase in garment exports therefore could be expected in the third quarter of this year.

The tourism sector, which plays an important role in Cambodia's economic growth, was adversely affected by SARS, the anti-Thai riots in January 2003, and the national elections of July 2003. In the second quarter of 2003, the total number of international arrivals dropped sharply to 103,000, 51 percent less than in the first quarter, or 37 percent less than in the same period last year. International arrivals by air totalled 59,600 in the second quarter, 41 percent less than that of a year ago, while international arrivals by land and boat reached 43,500, 31 percent less than the previous year. In terms of the purpose of visit, the number of visitors with tourist visas rose to 83,800 in the second quarter of 2003, from 24,900 in the same period last year. However, the number of visitors with official visas dropped dramatically to 4,600 from 57,400 a year ago. Also, the number of visitors with business visas declined to 14,700 in the second quarter of 2003, from 19,500 a year ago. According to the Ministry of Economy and Finance, both tourism income and visa fees fell by 7.4 percent and 37.3 percent, respectively, in the second quarter of 2003, compared to the same quarter last year.

The construction sector began to recover in the second quarter. According to the Department of Cadastre and Geography of the Municipality of Phnom Penh, the value of construction projects approved rose to US$ 59.6 million in the second quarter of 2003, up from US$ 39.1 million in the first quarter. Apartment construction, which accounts for the largest share of total construction activities, reached US$ 34.3 million, 23.4 percent more than in the first quarter of 2003, although the number of projects approved declined from 125 in the first quarter to 104 in the second quarter. Other construction activities such as commercial buildings expanded to US$ 17.4 million (23 projects) in the second quarter of 2003, from US$ 7.6 million (21 projects) in the first quarter. Despite the recovery in the second quarter of 2003, the performance of the construction sector during the first half of 2003 was poorer than in the first half of 2002. During January to July 2003, the value of construction projects approved declined by 8 percent to US$ 98.7 million, or the number of projects by 10 percent to 341, compared to the same period last year.

Inflation and Foreign Exchange Rates

In the second quarter of 2003, the inflation rate in Phnom Penh declined marginally to 1.6 percent, from 1.8 percent in the first quarter. This is largely due to the movement of prices in the segment of "food, beverage and tobacco", which has the largest share of the household budget, where prices fell by 0.9 percentage points between the first and second quarters of 2003. In contrast, the price of energy in Phnom Penh increased by 5.2 percent, from a 4.8 percent increase in the first quarter. Prices of petroleum products declined slightly between the first and second quarters of 2003: the gasoline price by 2 percent, and the diesel price by 0.8 percent. Compared to the second quarter of 2002, however, the price of gasoline in Phnom Penh jumped by 10 percent in the second quarter of 2003, resulting in the costs of transport and communication rising at an annualised rate of 5.4 percent.

After stabilising for the second consecutive quarter, the Cambodian riel began to lose its value against the US dollar in the second quarter of 2003, trading at 4,008 riels/dollar – a depreciation of 1.5 percent compared to the first quarter. The rate of 4,008 riels/US dollar was the lowest recorded rate (quarterly average) for 10 years. Against the Thai baht and Vietnamese dong, the riel also depreciated by 2.7 percent and 1.2 percent, respectively, in the second quarter, compared to the first quarter 2003. The depreciation of the riel is likely to relate to a lower inflow of dollars into Cambodia and increasing demand for foreign exchange, mainly the dollar, which are associated with a declining number of tourists, a slowdown of foreign direct investment, slower growth of exports, and the national elections in July 2003.

Monetary Development

According to the National Bank of Cambodia (NBC), liquidity (M2) by the end of the second quarter 2003 amounted to 2,953 billion riels (or US$ 737 million), a decrease of 1.7 percent from the end of the preceding quarter. Foreign currency deposits, which account for the largest share of total money supply, fell notably by 5.7 percent to US$ 502.9 million by the end of June 2003, from US$ 533.2 million by the end of March 2003. In riel terms, the value of foreign currency deposits also declined by 4.6 percent, overcompensating for the increase in the riel component of 45 billion riels during March to June 2003. The withdrawal of foreign currency deposits may reflect fears relating to the elections in July 2003. A contracting supply of dollars reduces the financial resources available for investment and consumption, hampering growth of the dollarised Cambodian economy. The consequent increase in demand for the dollar is likely to result in devaluation of the Cambodian riel, causing higher inflation (in riel terms).

ECONOMY WATCH—DOMESTIC PERFORMANCE

Public Finance

According to the Ministry of Economy and Finance, the national budget deficit continued to rise for the second consecutive quarter to 280 billion riels in the second quarter 2003, from 252 billion riels in the first quarter. In the first six months of 2003, the national budget operated with a deficit of 532 billion riels (or US$ 134 million), 19 percent higher than in the same period last year. While total revenues increased by 2 percent, total expenditure (including expenditure adjustments) rose by 12 percent. The large increase in budget expenditure is attributed to higher expenditure on public investments. Capital expenditure amounted to 576 billion riels (or US$145 million) between January-June 2003, 14.5 percent more than a year ago, although the sum reached just 55 percent of the target set by the Budget Law for 2003. Of this capital, 395 billion riels (69 percent) was raised from foreign sources, and 181 billion riels (31 percent) from domestic sources. Foreign assistance of 395 billion riels (or US$ 99 million) consisted of grants of 180 billion riels (or US$ 45 million), and loans of 215 billion riels (or US$ 44 million). Of loans of 215 billion riels, the Asian Development Bank's share was 55 percent, the World Bank's 33 percent, and the remaining 12 percent was derived from bilateral assistance. Current expenditure, which usually accounts for the largest share in total expenditure, rose by 5.5 percent to 772 billion riels during the first six months of 2003, compared to the same period last year. During the same period, there was little change in total budget revenue compared to the previous year.

Private Investment and Employment

The national assembly passed the New Investment Law on February 3rd 2003, simplifying administrative procedures. In the second quarter of 2003, fixed assets approved by the Council for the Development of Cambodia (CDC) declined by 55.5 percent to US$ 48.3 million, from US$ 108.5 million in the first quarter, despite a rise in investment projects in the garment sector from US$ 6.5 million to US$ 10.5 million. Of the US$ 48.3 million, the service sector absorbed 70 percent (US$ 33.7 million), and the industrial sector the remaining 30 percent (US$ 14.6 million). Nonetheless, only 711 additional workers were hired in the service sector during the second quarter of 2003, whereas the industrial sector employed 8,998 additional workers during the same period. In the second quarter of this year, the United States was the top foreign investor in Cambodia, followed by Malaysia and Taiwan.

Poverty Situation – Earnings of Vulnerable Workers

A CDRI survey of 10 groups of vulnerable workers over the period 4-22 August, 2003, revealed that seven groups have improved their daily nominal earnings, while the other three groups earned less, compared to the same period last year. Average nominal earnings were found to be around 2 dollars per day, close to the moderate poverty line set by the World Bank.

Despite a 2 percent decline compared to May 2003, the nominal daily earnings of cyclo-drivers rose by 5.4 percent over a year ago, to 9,380 riels. Some of the cyclo-drivers claimed that their experience contributed a lot to their earnings.

Moto-taxi drivers' nominal daily earnings fell by 5 percent in August 2003 over the previous year. The decline was mainly due to the fact that most people travelled less than usual after the national election on 27 July 2003. Sixty-six percent of moto-taxi drivers reported that daily nominal earnings were not enough to support their families. They added that after spending on food, accommodation and repairing their motorcycle, there was little left to save. The survey also indicated that 73 percent of moto-taxi drivers were from the provinces, and 50 percent had agricultural land of less than one hectare.

The average nominal daily earnings of a porter decreased by 9 percent compared to the last survey in May 2003. This reflects increasing migration from the provinces. Nonetheless, 42 percent of porters claimed that their nominal daily earnings remained unchanged, while 44 percent of porters said their earnings declined compared to the same period last year.

In August 2003, 58 percent of small vegetable traders said that their nominal daily earnings declined, while 34 percent reported that earnings remained unchanged, compared to the same period last year. The decline was due to an increase in some vegetable prices and a large influx of "teenager traders" who, mostly, were pupils on vacation between the months of July-September.

The nominal daily earnings of scavengers in August 2003 increased by 36 percent compared to May 2003--the largest gain among all groups. In August 2003, the houses of scavengers living at the Stung Meanchey rubbish site were burned down by the local authorities, making it more difficult to live there. Eighty-four percent of scavengers are from the provinces, in particular from Prey Veng, Svay Rieng, Takeo and Kandal provinces.

Garment workers' earnings rose by 5 percent in August 2003, compared to the same period last year. An increase in daily nominal earnings reflects their overtime work, not an increase in salary. In general, garment workers spent about US$ 26 (33 percent of their monthly income) on food, accommodation, transportation and personal care. The survey also indicates that 83 percent of garment workers support their families. Eighty-two percent reported that monthly savings were not enough to run a small business after quitting work at the garment factory.

Skilled construction workers--the highest paid group--experienced a fall in nominal daily earnings of 4.7 percent from May 2003. Seventy percent of skilled construction workers reported that there is more work available than in recent months. *By Dr. Kang Chandararot,*

Economy Watch—Indicators

Table 1. Private Investment Projects Approved

	1995	1996	1997	1998	1999	2000	2001	2002			2003	
								Q2	Q3	Q4	Q1	Q2
	Number of investment projects											
Total	204	300	136	140	96	96	188	9	11	8	20	14
Garment	120	144	48	84	44	52	76	4	5	2	6	7
	Registered capital (millions of dollars)											
Total	356.0	391.2	278	416.4	246.8	102.4	129.2	4.5	12.1	20.3	41.6	10.4
Garment	112.0	156.8	34.4	91.6	55.6	25.6	60	1.0	5	1	5	4.1
	Fixed assets (millions of dollars)											
Total	304.8	746.8	761.6	849.2	474	266.4	217.2	23.3	127.6	60.9	108.5	48.3
Garment	101.6	158.4	38.8	120.8	79.6	76.8	100	2.4	5.5	1.7	6.5	10.5

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

Table 2. Projects Approved of Construction in Phnom Penh (1995-2003)

	1995	1996	1997	1998	1999	2000	2001	2002			2003	
								Q2	Q3	Q4	Q1	Q2
Mansion	201	205	179	143	136	111	108	38	36	40	29	39
Apartment	542	537	528	678	864	520	499	126	154	123	125	104
Other	91	116	117	132	74	64	57	20	22	14	21	23
Total	834	858	824	953	1074	695	664	184	212	177	175	166

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

Table 3. Exports and Imports, 1995-2003

	1995	1996	1997	1998	1999	2000	2001	2002			2003	
								Q2	Q3	Q4	Q1	Q2
	Millions of dollars											
Total exports	379.2	387.1	493.4	784.4	941.1	1055.5	1267.0	314.1	451.7	412.9	331.5	408.5
Of which:- Garment	26.4	78.8	227.2	378	554	962.1	1201.0	289.5	431.7	385.4	314.7	389.9
. To U S	0.08	0.4	107.2	74.1	486	714.1	840.9	203.5	295.2	269.2	230.6	267.8
. To Rest of the world	26.4	78.4	120	82	68	248.0	360.1	86.0	136.5	116.2	84.1	122.1
- Agriculture	-	-	-	-	-	90.5	66.0	24.7	20.1	27.4	16.8	18.7
. Rubber	-	-	-	-	-	29.6	25.9	5.5	9.2	9.1	6.3	6.7
. Wood	-	-	-	-	-	32.5	22.3	5.3	4.1	3.3	2.8	2.8
. Fisheries	-	-	-	-	-	5.4	6.0	1.6	1.0	0.5	0.8	0.7
. Other	-	-	-	-	-	26.0	11.8	12.3	5.8	14.5	6.9	8.5
Total Imports	1100.8	1114.4	1094.5	1112.2	1237.4	1417.7	1501.4	470.4	484.4	438.7	393.8	507.3
Trade Balance	-721.7	-727.3	-601.2	-327.8	-296.3	-362.2	-234.0	-156.3	-32.7	-25.8	-62.3	-98.8
	Percentage change over previous year											
Total Exports Garment	560	198	188	66	47	74	24.8	2.8	27.5	33.2	26.3	34.7
Total Exports	-	2.1	27.5	58.9	12.4	19.7	20	5.5	28.0	35.3	20.7	30.0
Total Imports	-	1.2	-1.8	1.6	11.3	14.5	5.9	29	59	27	22	7.8

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

Table 4. Passenger Arrivals in Cambodia

	1995	1996	1997	1998	1999	2000	2001	2002			2003	
								Q2	Q3	Q4	Q1	Q2
	Thousands of passengers											
Tourist visas	162.3	194.4	163.0	141.9	199.6	209.6	335.4	24.9	46.9	58.7	183.7	83.8
by air	162.3	194.4	163.0	141.9	199.6	209.6	335.4	24.9	46.9	58.7	124.6	44.4
land and boat	-	-	-	-	-	-	-	-	-	-	59.1	39.4
Business visas	43.9	58.4	48.6	37.6	55.4	46.9	62.4	19.5	15.6	16.1	20.4	14.7
by air												43.9
land and boat	-	-	-	-	-	-	-	-	-	-	3.2	3.5
Official visas	13.5	7.6	7.2	6.8	7.9	95.2	10.6	57.4	52.0	92.9	4.7	4.6
by air	13.5	7.6	7.2	6.8	7.9	95.2	10.6	57.4	52.0	92.9	4.0	4.0
land and boat	-	-	-	-	-	-	-	-	-	-	0.7	0.6
Total by air	219.7	260.4	218.8	186.3	262.9	351.7	408.4	101.8	114.5	167.7	145.8	59.6
Total Land and boat	-	-	-	100.2	104.8	114.7	196.5	62.8	59.3	69.6	63.0	43.5
Total of passenger	219.7	260.4	218.8	286.5	367.7	466.4	604.9	164.6	173.8	237.3	208.8	103.1
	Percentage change over previous year											
Total of passenger	-	18.5	-15.9	30.9	28.3	26.8	29.7	26.9	24.7	41.3	-0.9	-37.4

Sources: Ministry of Tourism

Economy Watch—Indicators

Table 5. Consumer Price Index (CPI), Exchange Rates and Gold Prices, 1995-2003 (period averages)

	1995	1996	1997	1998	1999	2000	2001	2002			2003	
								Q2	Q3	Q4	Q1	Q2
	Consumer price index (percentage change over previous year)											
Provinces	-	-	6.1	16.3	6.2	5.4	0.9	0.0	2.0	-0.3	7.4	5.9
Phnom Penh - All Items	7.8	7.1	8.0	14.8	4.0	-0.8	-0.6	3.3	3.5	3.04	1.8	1.6
- Food	4.9	7.6	6.7	14.1	7.6	-3.3	-2.8	1.02	2.0	2.00	3.20	2.3
- Energy	19.4	20.7	20.0	15.1	3.5	6.6	-1.1	-0.02	0.9	2.25	4.75	5.2
	Exchange rates, Gold and Oil prices (Phnom Penh market rates)											
Riel per US dollar	2,479	2,666	3,029	3824	3832	3,879	3,935	3,913	3,935	3,948	3948	4008
Riel per Thai baht	99	105	98	88	101	96.3	88	91.4	93.5	90.9	92.4	94.9
Riel per 100 Vietnamese dong	22.3	24.0	25.6	28.6	27.8	27.4	26.6	25.7	25.7	25.8	25.6	25.9
Gold prices (US dollar per chi)	45.9	46.3	40.4	36.0	34.0	33.3	32.7	36.2	38.0	38.5	39.8	40.0
Price of Diesel (Riels/litre)	716	779	883	1,065	1,105	1,329	1,521	1,450	1,550	1550	1697	1683
Price of Gasoline (Riels/litre)	847	1,118	1,378	1,613	1,760	2,113	2,084	2,167	2,200	2200	2433	2383

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

Table 6. Monetary Survey, 1995-–2003 (end of period)

	1995	1996	1997	1998	1999	2000	2001	2002			2003	
								Q2	Q3	Q4	Q1	Q2
	Billions of riels											
Net foreign assets	550	881	1,177	1,726	2,019	2,589	3,080	3,614	3,693	3,737	3,741	3,588
Net domestic assets	99	31	-114	-496	-576	-759	-876	-965	-943	-849	-737	-635
Net claims on government	148	128	54	178	103	3	-75	-165	-106	-119	-72	-19
Credit to private sector	293	435	637	655	763	898	936	928	971	1,059	1,125	1,224
Total liquidity	650	912	1,063	1,230	1,443	1,831	2204	2,648	2,751	2,888	3,004	2,953
Money	278	329	385	543	531	540	609	748	771	813	829	871
Quasi-money	371	583	678	687	911	1,291	1,594	1,901	1,979	2,075	2,175	2,082
	Percentage change from previous year											
Total liquidity	44.4	40.3	16.6	15.7	17.3	26.9	20.4	33.4	29.5	24.1	24.6	11.5
Money	39.0	18.3	17.0	41.0	-2.2	1.7	12.8	37.5	35.5	33.4	22.6	16.4
Quasi-money	48.4	57.1	16.3	1.3	32.6	41.7	23.5	32.0	27.3	30.2	25.7	9.5

Sources: National Bank of Cambodia.

Table 7. National Budget Operations on Cash Basis, 1995—2003 (billion riels)

	1995	1996	1997	1998	1999	2000	2001	2002			2003	
								Q2	Q3	Q4	Q1	Q2
Total revenue	644	748	880	920	1326	1528	1529	369	457	481	428	379
Current revenue	-	-	-	-	-	-	1521	369	456	481	399	377
Tax revenue	444	536	596	676	956	1096	1096	302	323	339	273	287
Customs duties	320	344	348	376	432	376	376	104	116	122	92	94
Non-tax revenue	188	176	272	204	348	424	424	66	133	142	127	90
Forest exploitation	52	28	36	20	36	28	29	1	9	5	1	1
Post & Telecommunications	56	64	84	88	108	124	122	13	30.7	44	19	18
Capital revenue	8	40	12	36	12	8	9	0	1	0	0	2
Total expenditure	1200	1440	1260	1296	1792	2332	2332	714	704	668	680	659
Capital expenditure	512	628	452	368	624	976	977	272	303	343	305	271
Current expenditure	172	812	808	980	1164	1356	1355	442	401	325	384	388
Education and Health	100	124	128	132	280	344	343	108	85	96	36	88
Defense and Security	424	408	420	448	464	404	405	117	105	110	70	119
Other Ministries	164	284	260	332	412	636	637	217	212	120	269	181
Overall deficit	-556	-692	-380	-380	-476	-804	-803	-346	-248	-187	-252	-280
Foreign financing	560	680	444	268	416	768	766	237	273	287	178	200
Domestic financing	-4	12	-64	112	60	36	37	110	-25	-100	74	80

Source: Ministry of Economy and Finance: Quarterly average [1995-2001 (Q1-Q4), quarterly average]

Table 8. Average Daily Earnings of Vulnerable Workers, 1997–2003

	Daily earnings (riels)									Change from last year (%)		
	1997	2001	2002				2003			2003		
	Pre-Jul	Nov	Feb	May	Aug	Nov	Feb	May	Aug	Feb	May	Aug
Cyclo drivers	12,250	6,262	9,450	9,375	8,900	8878	9200	9572	9380	-2.65	2.10	5.4
Porters	9,675	5,000	8,137	6,675	7,600	6312	7600	7955	7240	-6.60	19.18	-4.7
Small vegetable sellers	7,050	5,096	6,062	6,712	6,862	7158	7250	6674	6860	19.60	-0.57	-0.3
Scavengers	4,155	3,393	3,350	4,231	3,440	4012	3875	3605	4900	15.67	-14.80	42.7
Waitresses*	–	2,358	3,543	3,652	4,225	4000	4600	4341	4520	29.83	18.87	7.0
Rice-field workers	–	3,618	3,916	5,167	3,833	4219	4180	3712	4600	6.74	-28.15	20.0
Garment workers	–	8,968	7,772	8,775	9,800	10000	10127	9123	10300	30.30	3.97	5.1
Motorcycle-taxi drivers	–	9,791	14,327	11,978	11,300	12075	11400	7137	7600	-20.43	3.26	16.7
Unskilled construction workers	–	4,841	7,025	6,912	6,525	5850	6162	9883	10900	-12.28	-17.49	-3.5
Skilled construction workers	–	9,866	11,530	13,850	12,695	13350	12500	13335	12700	8.41	-3.72	0.0

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