

ECONOMY WATCH – EXTERNAL ENVIRONMENT

Expectation of diminishing geopolitical risks, in the third quarter of 2003, is likely to have led to more business and consumer spending, stimulating growth in key economies, e.g. that of the US. The end of the SARS epidemic was also a positive factor, especially for the East Asia region.

World Economic Growth

US economic growth accelerated in the third quarter of 2003 to hit a 7-quarter record annual rate of 3.3 percent. Consumers enriched by President George W. Bush's 350 billion dollar tax cut and super-low interest rates, splashed out in the third quarter and drove economic growth to its fastest rate in recent months, Channel News Asia reported. Real personal consumption expenditures increased by 6.9 percent in the third quarter, compared with an increase of 3.3 percent in the second, while real residential fixed investment jumped by 21.9 percent, compared with an increase of 4.5 percent in the second quarter, according to the Bureau of Economic Analysis. Also, the US improved its international trade position, contributing to faster growth. Real exports of goods and services rose, by 9.9 percent in the third quarter, in contrast to a decrease of 1.1 percent in the second. At the same time, the rate of growth of real imports of goods and services declined sharply, from 9.1 percent to 0.8 percent.

Economic performance of the Euro area remained weak. In the third quarter 2003, output grew by 0.3 percent over the same quarter of 2002, just one percentage point more than the growth in the preceding quarter. This was largely due to a fall in economic activity in Germany and France, which together constitutes the largest component of the Euro area economy. In September 2003, German industrial production fell by 3.6 percent, year-on-year. At the same time, the volume of retail sales declined by 3.1 percent. According to *The Economist*, recent business surveys suggest stronger growth in the fourth quarter 2003, although much will depend on the strength of the Euro.

Japan's economy grew by 1.8 percent in the third quarter 2003, slower than the 3 percent growth rate achieved in the preceding quarter. Machinery orders weakened, while private consumption and public investment dropped off, especially between the second and third quarter 2003. In September 2003, the volume of retail sales in Japan fell by 1.8 percent year-on-year. The fact that Japan's economy grew by 1.8 percent in the third quarter 2003 over the same quarter of 2002, is explained by an improvement in industrial production (4.1 percent increase in September 2003), a jump in fixed capital investment (by 14.2 percent), and an increasing trade surplus (US\$ 97.7 billion in September 2003).

In the third quarter of 2003, GDP growth in China climbed to an annual rate of 9.1 percent, after a slowdown in the second quarter when it experienced 6.7 percent growth. The main reason for the recovery lies in the expansion in the service sector with an increase of 7.6

percent in the third quarter. According to China Bureau of National Statistics, farm incomes also recovered in the third quarter, rising by 6.5 percent despite a decrease of 3.3 percent in the second quarter. This was due to a large increase in the number of farmers going to work in urban areas.

Economic output in South Korea rose by 2.3 percent in the third quarter of 2003, compared to the third quarter 2002. The faster growth was boosted largely by stronger exports. According to the Central Bank of South Korea, exports of goods and services surged by 10.8 percent in the third quarter, driven by a recovering global economy, while private consumption began to pick up as well, growing at 1.2 percent.

Thailand's economy grew somewhat faster in the third quarter 2003 at 6.5 percent, up from 5.8 percent in the second quarter. According to *The National Economic and Social Development Board (NESDB)*, private investment and private consumption were the main drivers. Increasing private consumption was fuelled by low interest rates, improving consumer confidence and expanding in farm incomes. Growth in investment (of 10.8 percent) was derived predominantly from higher capacity utilization both in export and domestic industrial sectors.

World Inflation and Exchange Rates

In the third quarter 2003, consumer prices in the US rose at an annual rate of 2.2 percent, slightly above the 2.1 percent recorded in the second quarter, despite the strengthening US economy. This was mainly due to a rise in energy prices, a 3.0 percent increase between August and September 2003, according to the US Department of Labor. While the inflation rate in the Euro Area continued to remain close to the target of 2 percent, deflationary pressures in Japan remained persistent, due to sluggish consumer demand. Consumer prices fell by 0.2 percent in the third quarter of 2003, after a similar decline in the second quarter.

The US dollar remained unchanged at 0.88 Euro/US\$ in the third quarter of 2003, the same rate as in the second quarter. Meanwhile, the US dollar weakened against the Yen to 117.7 Yen/US\$, down from 119.1 in the second quarter of 2003. Compared to the same quarter of 2002, the US dollar depreciated significantly, by 13.7 percent against the Euro, and by 1.6 percent against the Yen.

Commodity Prices in World Markets

In the third quarter of 2003, crude oil prices rose by 8.2 percent to US\$ 26.5/barrel, up from US\$ 24.5/barrel in the second quarter. Compared to the third quarter 2002, the price of crude oil increased by 4.3 percent. The price of first quality rice in the Bangkok international market and of rubber in the Malaysian international market rose by 1 percent to US\$ 199.4/tonne and by 4 percent to US\$ 1,015.4/tonne, respectively, compared to the preceding quarter. Conversely, the price of soybeans in the US market declined by 9.5% to US\$ 214.9/tonne in the third quarter of 2003, down from US\$ 237.6/tonne in the second quarter.

By Dr. Kang Chandarot/Mr. Tong Kim Sun

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

	2000	2001	2002				2003			2002
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Selected ASEAN countries										
Cambodia	7.3	6.7	-	-	-	-	-	-	-	4.2
Indonesia	4.4	3.8	2.5	3.5	3.9	3.8	3.4	3.8	3.9	3.8
Malaysia	8.7	0.5	1.1	3.8	5.6	5.4	4.0	4.4	3.5	5.6
Singapore	9.5	-2.3	-1.7	3.9	3.7	3.0	1.6	-4.2	1.7	2.6
Thailand	4.4	1.9	3.9	5.1	5.8	5.6	6.7	5.8	6.5	6.1
Vietnam		6.0	-	-	-	-	-	6.9	-	6.7
Selected other Asian countries										
China	8.0	7.5	7.6	8.0	8.1	8.1	9.9	6.7	9.1	8.1
Hong Kong	10.6	0.3	-0.9	0.5	3.3	5.0	4.5	-0.5	4.0	5.0
South Korea	9.1	3.0	5.7	6.3	5.8	6.8	3.7	1.9	2.3	6.1
Taiwan	6.0	-2.1	0.9	3.0	4.8	4.2	3.2	-0.4	4.2	4.2
Selected industrial countries										
Euro-11	3.5	1.4	0.1	0.7	0.8	1.3	0.8	0.2	0.3	0.7
Japan	1.6	-1.3	-1.6	-0.7	1.3	2.8	2.6	3.0	1.8	0.5
United States	5.0	1.2	1.5	2.1	3.2	2.9	2.1	2.5	3.5	2.4

Source: 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			2002
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Selected ASEAN countries										
Cambodia	-0.3	-0.4	3.4	3.3	3.5	3.0	1.8	1.6	0.2	3.3
Indonesia	3.7	11.3	14.5	12.6	10.2	10.3	7.7	6.5	5.6	11.9
Malaysia	1.5	1.4	1.5	1.9	2.1	1.9	1.3	0.9	1.0	1.9
Singapore	1.4	1.0	-0.9	-0.4	-0.4	0.1	0.7	0.1	3.2	-0.4
Thailand	1.6	1.8	0.6	0.2	0.3	1.4	2.0	1.7	1.8	0.6
Vietnam	-1.7	0.0	2.3	2.7	2.9	3.7	2.2	2.3	3.5	2.8
Selected other Asian countries										
China	0.3	1.0	-0.5	-0.7	-0.8	-0.6	0.5	0.6		-0.7
Hong Kong	-3.7	-1.5	-2.7	-3.1	-3.5	-2.9	-2.0	-2.5	-3.7	-3.1
South Korea	2.3	4.3	2.5	2.7	2.5	3.2	4.1	3.3	3.1	2.7
Taiwan	1.4	0.5	-0.1	-0.1	-0.3	-0.5	0.3	-0.1	-	-0.3
Selected industrial countries										
Euro-11	2.3	2.6	2.5	2.0	2.0	2.3	2.4	2.0	2.0	2.2
Japan	-0.6	-0.5	-1.4	-0.9	-0.8	-0.5	-0.3	-0.2	-0.3	-0.9
United States	3.4	2.9	1.2	1.3	1.6	2.2	2.9	2.1	2.2	1.6

Source: 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			2002
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Selected ASEAN countries										
Cambodia (riel)	3,871	3,935	3,910	3,916	3,935	3,948	3,948	4,008	4,015	3,927
Indonesia (rupiah)	8,421	10,236	10,078	9,077	8,940	9,027	8,884	8,428	8,482	9,280
Malaysia (ringgit)	3.80	3.80	3.80	3.80	3.8	3.8	3.8	3.8	3.8	3.80
Singapore (S\$)	1.72	1.79	1.83	1.81	1.76	1.77	1.74	1.75	1.75	1.79
Thailand (baht)	40.1	44.4	43.77	42.78	42.09	43.4	42.7	42.2	41.5	43.0
Vietnam (dong)	14,083	14,827	15,142	15,231	15,314	15,297	15,427	15,470	15,693	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	7.79	7.80
South Korea (won)	1,131	1,291	1,319	1,273	1,197	1,214	1,199	1,206	1,184	1,251
Taiwan (NT\$)	31.8	34.1	35.1	33.8	33.8	34.8	34.7	35.0	34.2	34.4
Selected industrial countries										
Euro-11 (euro)	1.08	1.12	1.15	1.09	1.02	1.00	0.93	0.88	0.88	1.07
Japan (yen)	108	122	133.3	127.6	119.6	123.0	118	119.1	117.7	126

Source: 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			2002
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Hardwood (logs) - Malaysia (\$/m3)	190.1	160.1	137.6	153.0	178.7	181.2	186.3	182.1	183.0	162.5
Hardwood (sawn) - Malaysia (\$/m3)	599.2	488.3	479.7	493.0	536	565.4	550.4	552.4	552.0	518.5
Rubber - Malaysia (\$/ton)	720.8	602.0	622.3	754.0	863	834.1	945.5	975.8	1017.4	768.4
Rice - Bangkok (\$/ton)	203.7	172.6	193.7	196.6	192.6	189.6	198.3	197.5	199.6	193.1
Soybeans - USA (\$/ton)	211.3	195.6	179.9	189.8	219.3	239.0	243.3	245.7	244.3	202.3
Crude oil - Dubai (\$/barrel)	26.1	22.8	19.9	24.3	25.4	26.2	29.3	24.5	26.5	24.0
Gold - London (\$/fine ounce)	279.0	279.0	281.0	280.9	313.7	317.8	352.1	346.7	363.3	298.3

Source: The International Monetary Fund and The Economist

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Economic Activities

Cambodia's trade balance registered a surplus of US\$ 56 million in the third quarter 2003, the first time since the first quarter of 2000. Exports grew by 20.5 percent compared to the second quarter 2003, and by 8.9 percent compared to the third quarter 2002, mainly boosted by an increase in garment exports. Garment exports to the US grew moderately by 2.7 percent, exports to the rest of the world jumped by a massive 26 percent.

According to seasonal and historical trends, Cambodia's garment export can be expected to shrink in the last quarter of 2003. And as garments represent the largest share of Cambodia's exports, total exports can be expected to decline as well.

In the third quarter 2003, the value of total imports fell to US\$ 436.2 million (a drop of 10 percent) compared to the same quarter 2002. This reflects reduced imports of major items like diesel (from US\$ 31.3 million to US\$ 25.1 million) and construction materials (from US\$ 3.7 million to US\$ 2.4 million). During January-September 2003, gasoline imports were worth US\$ 24 million, diesel imports totalled US\$ 83.5 million, and construction material imports were US\$ 8.6 million. Compared to the same period 2002, gasoline imports decreased by 5.1 percent, diesel imports by 19.8 percent, and construction material imports by 35.1 percent.

In the third quarter 2003, the tourism sector showed some signs of recovery, after the slow down experienced in the first half of 2003. The total number of international arrivals by air, land and boat rose from 103,000 persons in the second quarter 2003 to 158,200 persons in the third quarter. The number of passengers by air increased from 59,600 persons to 97,600 persons, and visitors by land and boat rose from 43,500 persons to 60,600 persons. Most passengers from abroad were tourists (with tourist visas). Despite some recovery, total number of passengers in the third quarter 2003, fell by 8.9 percent compared to the same quarter 2002. In particular, the number of air passengers dropped sharply by 14.7 percent to 97,600. The number of passengers with "official visas" declined dramatically to 5,100 persons from 52,000, while the number of tourist and business passengers increased from 46,000 persons to 76,200 and from 15,600 persons to 16,300, respectively.

The construction sector continued to grow in the third quarter 2003. Project approvals for construction in Phnom Penh were 190 projects: 25 projects for mansion construction, 148 projects for apartment construction, and the remaining 17 projects for other construction activities. The total value of construction projects rose to US\$ 68.2 million in the third quarter, up from US\$ 59.6 million in the second quarter. Investment in apartment construction rose to US\$ 48.8 million, from US\$ 34.3 million in the second quarter 2003. However, mansion construction and other construction activities fell from US\$ 7.9 million to US\$ 5 million, and from US\$ 17.4 million to US\$ 12.85 million, respectively. Despite

some recovery, the number of construction projects in Phnom Penh in the third quarter 2003 was still 10.4 percent lower than in the same period 2002.

Inflation and Foreign Exchange Rates

The inflation rate in Phnom Penh declined to 0.8 percent in the third quarter 2003, the lowest rate in over a year. The major reason for this decline was a slower increase in food prices, by 1.5 percent in the third quarter 2003, down from 2.3 percent in the second quarter. The price of gasoline in Phnom Penh fell by 0.7 percent to 2,367 riels/litre, while the diesel price held steady at 1,683 riels/litre. Compared to the third quarter 2002, both diesel and gasoline prices rose by 8.6 percent and 7.6 percent, respectively. The gold price hit an 18-quarter high at 41.5 US\$/chi in the third quarter of 2003, mirroring international price movements.

The value of the riel against the US dollar remained almost steady, trading at 4,015 riel/US dollar in the third quarter 2003, compared with 4,008 riel/US dollar in the second quarter. This is likely to be associated with the tight monetary policy of the National Bank of Cambodia. Riel balances rose by 1.7 percent between the second and third quarter 2003, compared to a 5 percent expansion between the first and second quarter 2003. However, compared to one year ago, the riel depreciated by 2 percent in the third quarter 2003. The generally weaker riel is likely to be related to the continuing political uncertainty as a result of the failure to form a new government in Cambodia. In the third quarter 2003, for example, the exchange rate with the baht was 96.9 riel/baht, a 2.1 percent depreciation compared to the second quarter.

Monetary Development

Total liquidity (M2) rose to 3,007 billion riels in the third quarter 2003, a 9.3 percent increase compared to the same quarter 2002. Of the total liquidity, 886 billion riels were in riel and the remaining 2,120 billion riels were in US dollars. Outstanding credit provided to private banks reached 1,287 billion riels by the end of the third quarter 2003. Banks are generally reluctant to make long-term loans to the private sector. According to the Mekong Private Sector Development Facility, 70 percent of loans for small and medium enterprise are for periods of less than one year, and 29 percent is for 1-2 years.

Public Finance

In the third quarter 2003, Cambodia's national budget operations showed a smaller deficit at 263 billion riels, compared to a deficit of 281 billion riels in the second quarter. The main reason for this was a 5.7 percent increase in total revenues, mainly current revenues. Compared to a year ago, however, the overall deficit in the third quarter 2003 was 6 percent higher. This mirrors a decrease in total revenue (12.4 percent), largely related

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to a decline in current revenues (by 12.4 percent). Tax revenue, the largest share in current revenue, dropped by 15.4 percent to 273.1 billion riels in the third quarter 2003. Especially, "customs duties", which represents the main component in the tax revenue, fell by 21 percent to 91.6 billion riels in the third quarter, 2003.

Private Investment and Employment

In the third quarter 2003, fixed assets approved by the Council for the Development of Cambodia (CDC) amounted to US\$ 95.1 million, i.e. an increase of 97 percent compared to the second quarter. Of this, the agriculture sector accounted for US\$ 1.2 million (1 project), the industrial sector for US\$ 89 million (15 projects), and the tourism sector (1 project) for US\$ 4.8 million. However, the value of private investment in the third quarter 2003 declined sharply by 25.5 percent, compared to the same period 2002, despite adding 6 more projects.

Poverty Situation - Earnings of Vulnerable Workers

CDRI survey of vulnerable workers in the period 3-21 November 2003 shows that average nominal daily earnings of six groups (Cyclo drivers, Porters, Waitresses, Rice-field workers, Unskilled workers, and Skilled construction workers) increased and of three groups (Small vegetable sellers, Scavengers, and Motor-taxi drivers) fell compared to November last year. The garment workers' average nominal daily earnings, however, remained unchanged. In general, average nominal daily earnings of all groups was around 7,890 riels.

Although average nominal daily earnings of Cyclo drivers rose by 10.6 percent to 9,817 riel in November 2003 compared to a year ago, eighty-seven percent in the sample felt that their nominal earnings had declined. The survey also revealed that sixty-three percent of cyclo drivers graduated from primary school, while five percent graduated from secondary school. In addition, fifty-eight percent reported owning less than a hectare of land. Twenty-two percent and twenty-four percent of cyclo drivers were permanent residents of Prey Veng and Takeo province, respectively. On average, cyclo drivers reported working for 6 months in a year.

Average nominal daily earnings of porters increased by 3 percent to 6,500 riels in November 2003 compared to 6,312 riels in November last year, although eighty three percent of porters reported that their daily nominal earnings declined. Their earnings in 2003 were 2 percent higher than that of a year ago.

Average nominal daily earnings of waitresses and rice field workers rose by 10.8 percent and 5.5 percent in November 2003, compared to the same month last year. Nonetheless, eighty percent of waitresses felt that their average nominal daily earnings remained unchanged. It is worth noting that waitresses spend the least (928 riels per day) among the 10 groups of vulnerable workers in the sample, as meals and accommodation are provided by the shop owners.

Average nominal daily earnings of garment workers remained unchanged at 10,000 riels in November 2003, the same amount as in November last year. However, their nominal earnings fell by 3 percent compared to the previous survey (August 2003). The average working hours per week was 62 hours. The survey also indicated that garment workers could save about 114,531 riels (28.6US\$) per month, and eighty one percent of them sent their savings home to support their families.

Average nominal daily earnings of small vegetable traders and scavengers fell by 6.4 percent and 2.8 percent respectively in November 2003, compared to the same period last year. The decline in nominal daily earnings of small vegetable traders reflects a drop in vegetable cultivation due to bad weather, and an increasing number of traders. The survey also reveals that recycled rubbish is cheaper than was the case 3 months ago leading to a fall in nominal daily earnings of scavengers. In addition, ninety five percent of scavengers claimed that their numbers have increased. They have mainly come from Prey Veng (34 percent) and Svay Rieng (20 percent). Moto-taxi drivers experienced a 17 percent decline in average nominal daily earnings compared to November 2002 and a 8 percent decrease compared to August 2003. None of the motor-taxi drivers thought that their earnings were enough to fully support their families.

Nominal daily earnings of skilled construction workers increased by 26.6 percent in November 2003 compared to the same period in 2002, largely due to an increase of construction activities. However, only twenty two percent of skilled construction workers claimed that their daily income was able to support their families. Skilled construction workers normally work for 8 months a year. Average nominal daily earnings of unskilled workers rose by 6 percent to 6,200 riels in November 2003, up from 5,850 riels in the same period 2002. However, their earnings fell by 18 percent compared to August 2003 because of increased competition, according to respondents.

By Dr. Kang Chandarot,
Mr.Tong Kimsun and Ms. Pon Dorina

ECONOMY WATCH—INDICATORS

Table 1. Private Investment Projects Approved, 1996–2003

	1996	1997	1998	1999	2000	2001	2002			2003		
							Q2	Q3	Q4	Q1	Q2	Q3
	Number of investment projects											
Total	300	136	140	96	96	188	9	11	8	20	14	17
Garment	144	48	84	44	52	76	4	5	2	6	7	12
	Registered capital (millions of dollars)											
Total	391.2	278	416.4	246.8	102.4	129.2	4.5	12.1	20.3	41.6	10.4	4.0
Garment	156.8	34.4	91.6	55.6	25.6	60	1.0	5	1	5	4.1	1.0
	Fixed assets (millions of dollars)											
Total	746.8	761.6	849.2	474	266.4	217.2	23.3	127.6	60.9	108.5	48.3	95.1
Garment	158.4	38.8	120.8	79.6	76.8	100	2.4	5.5	1.7	6.5	10.5	43.3

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

Table 2. Projects Approved of Construction in Phnom Penh (1996-2003)

	1996	1997	1998	1999	2000	2001	2002			2003		
							Q2	Q3	Q4	Q1	Q2	Q3
Mansion	205	179	143	136	111	108	38	36	40	29	39	25
Apartment	537	528	678	864	520	499	126	154	123	125	104	148
Other	116	117	132	74	64	57	20	22	14	21	23	17
Total	858	824	953	1074	695	664	184	212	177	175	166	190

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

Table 3. Exports and Imports, 1996-2003

	1996	1997	1998	1999	2000	2001	2002			2003		
							Q2	Q3	Q4	Q1	Q2	Q3
	Millions of dollars											
Total exports	387.1	493.4	784.4	941.1	1055.5	1267.0	314.1	451.7	412.9	331.5	408.5	492.3
Of which: - Garment	78.8	227.2	378	554	962.1	1201.0	289.5	431.7	385.4	314.7	389.9	475.2
. To U S	0.4	107.2	74.1	486	714.1	840.9	203.5	295.2	269.2	230.6	267.8	303.2
. To Rest of the world	78.4	120	82	68	248.0	360.1	86.0	136.5	116.2	84.1	122.1	172.0
- Agriculture	-	-	-	-	90.5	66.0	24.7	20.1	27.4	16.8	18.7	17.0
. Rubber	-	-	-	-	29.6	25.9	5.5	9.2	9.1	6.3	6.7	10.0
. Wood	-	-	-	-	32.5	22.3	5.3	4.1	3.3	2.8	2.8	2.1
. Fisheries	-	-	-	-	5.4	6.0	1.6	1.0	0.5	0.8	0.7	0.6
. Other	-	-	-	-	26.0	11.8	12.3	5.8	14.5	6.9	8.5	4.3
Total Imports	1114.4	1094.5	1112.2	1237.4	1417.7	1501.4	470.4	484.4	438.7	393.8	507.3	436.2
Of which: - Gasoline	-	-	-	-	-	-	7.5	5.9	7.6	10.4	8.0	5.6
- Diesel	-	-	-	-	-	-	28.3	31.3	23.3	25.0	33.4	25.1
- Construction material	-	-	-	-	-	-	3.2	3.7	2.9	2.8	3.4	2.4
- Others	-	-	-	-	-	-	431.4	443.5	404.9	355.6	462.5	403.1
Trade Balance	-727.3	-601.2	-327.8	-296.3	-362.2	-234.0	-156.3	-32.7	-25.8	-62.3	-98.8	56.1
	Percentage change over previous year											
Total Exports Garment	198	188	66	47	74	24.8	2.8	27.5	33.2	26.3	34.7	10.1
Total Exports	2.1	27.5	58.9	12.4	19.7	20	5.5	28.0	35.3	20.7	30.0	9.0
Total Imports	1.2	-1.8	1.6	11.3	14.5	5.9	29	59	27	22	7.8	-10.0

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

Table 4. Passenger Arrivals in Cambodia, 1996-2003

	1996	1997	1998	1999	2000	2001	2002			2003		
							Q2	Q3	Q4	Q1	Q2	Q3
	Thousands of passengers											
Tourist visas	194.4	163.0	141.9	199.6	209.6	335.4	24.9	46.9	58.7	183.7	83.8	132.0
by Air	194.4	163.0	141.9	199.6	209.6	335.4	24.9	46.9	58.7	124.6	44.4	76.2
land and boat	-	-	-	-	-	-	-	-	-	59.1	39.4	55.8
Business visas	58.4	48.6	37.6	55.4	46.9	62.4	19.5	15.6	16.1	20.4	14.7	20.3
by Air	58.4	48.6	37.6	55.4	46.9	62.4	19.5	15.6	16.1	17.2	11.2	16.3
land and boat	-	-	-	-	-	-	-	-	-	3.2	3.5	4.0
Official visas	7.6	7.2	6.8	7.9	95.2	10.6	57.4	52.0	92.9	4.7	4.6	5.9
by Air	7.6	7.2	6.8	7.9	95.2	10.6	57.4	52.0	92.9	4.0	4.0	5.1
land and boat	-	-	-	-	-	-	-	-	-	0.7	0.6	0.8
Total by Air	-	-	186.3	262.9	351.7	408.4	101.8	114.5	167.7	145.8	59.6	97.6
Total Land and boat	-	-	100.2	104.8	114.7	196.5	62.8	59.3	69.6	63	43.5	60.6
Total of passenger	260.4	218.8	286.5	367.7	466.4	604.9	164.6	173.8	237.3	208.8	103.1	158.2
	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	-8.9

Sources: Ministry of Tourism

ECONOMY WATCH—INDICATORS

Table 5. Consumer Price Index (CPI), Exchange Rates and Gold Prices, 1996-2003 (period averages)

	1996	1997	1998	1999	2000	2001	2002			2003		
							Q2	Q3	Q4	Q1	Q2	Q3
	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	-1.9
Phnom Penh - All Items	7.1	8.0	14.8	4.0	-0.8	-0.6	3.3	3.5	3.04	1.8	1.6	0.8
- Foods	7.6	6.7	14.1	7.6	-3.3	-2.8	1.02	2.0	2.00	3.20	2.3	1.5
- Energy	20.7	20.0	15.1	3.5	6.6	-1.1	-0.02	0.9	2.25	4.75	5.2	5.1
	Exchange rates, Gold and Oil prices (Phnom Penh market rates)											
Riel per US dollar	2,666	3,029	3824	3832	3,879	3,935	3,913	3,935	3,948	3948	4008	4015
Riel per Thai baht	105	98	88	101	96.3	88	91.4	93.5	90.9	92.4	94.9	96.9
Riel per 100 Vietnamese dong	24.0	25.6	28.6	27.8	27.4	26.6	25.7	25.7	25.8	25.6	25.9	24.9
Gold prices (US dollar per chi)	46.3	40.4	36.0	34.0	33.3	32.7	36.2	38.0	38.5	39.8	40.0	41.5
Price of Diesel (Riels/litre)	779	883	1,065	1,105	1,329	1,521	1,450	1,550	1550	1697	1683	1683
Price of Gasoline (Riels/litre)	1,118	1,378	1,613	1,760	2,113	2,084	2,167	2,200	2200	2433	2383	2367

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

Table 6. Monetary Survey, 1996-2003 (end of period)

	1996	1997	1998	1999	2000	2001	2002			2003		
							Q2	Q3	Q4	Q1	Q2	Q3
	Billions of riels											
Net foreign assets	881	1,177	1,726	2,019	2,589	3,080	3,614	3,693	3,737	3,741	3,594	3627
Net domestic assets	31	-114	-496	-576	-759	-876	-965	-943	-849	-737	-641	-621
Net claims on government	128	54	178	103	3	-75	-165	-106	-119	-72	-19	18
Credit to private sector	435	637	655	763	898	936	928	971	1,059	1,125	1,224	1287
Total liquidity	912	1,063	1,230	1,443	1,831	2,204	2,648	2,751	2,888	3,004	2,953	3007
Money	329	385	543	531	540	609	748	771	813	829	871	886
Quasi-money	583	678	687	911	1,291	1,594	1,901	1,979	2,075	2,175	2,082	2120
	Percentage change from previous year											
Total liquidity	40.3	16.6	15.7	17.3	26.9	20.4	33.4	29.5	24.1	24.6	11.5	9.3
Money	18.3	17	41	-2.2	1.7	12.8	37.5	35.5	33.4	22.6	16.4	14.9
Quasi-money	57.1	16.3	1.3	32.6	41.7	23.5	32.0	27.3	30.2	25.7	9.5	7.1

Source: National Bank of Cambodia.

Table 7. National Budget Operations on Cash Basis, 1996-2003 (billion riels)

	1996	1997	1998	1999	2000	2001	2002			2003		
							Q2	Q3	Q4	Q1	Q2	Q3
Total revenue	748	880	920	1326	1528	1529	369	457	481	400	379	400.5
Current revenue	-	-	-	-	-	1521	369	456	481	400	377	399.2
Tax revenue	536	596	676	956	1096	1096	302	323	339	273	287	273.1
Customs duties	344	348	376	432	376	376	104	116	122	92	94	91.6
Non-tax revenue	176	272	204	348	424	424	66	133	142	127	90	126.2
Forest exploitation	28	36	20	36	28	29	1	9	5	1	1	4.5
Post & Telecommunications	64	84	88	108	124	122	13	30.7	44	19	18	33.5
Capital revenue	40	12	36	12	8	9	0	1	0	0	2	1.3
Total expenditure	1440	1260	1296	1792	2332	2332	714	704	668	660	660	663.5
Capital expenditure	628	452	368	624	976	977	272	303	343	276	271	251.8
Current expenditure	812	808	980	1164	1356	1355	442	401	325	384	388	411.8
Education and Health	124	128	132	280	344	343	108	85	96	36	88	122.4
Defense and Security	408	420	448	464	404	405	117	105	110	70	119	75.4
Other Ministries	284	260	332	412	636	637	217	212	120	279	182	213.9
Overall deficit	-692	-380	-380	-476	-804	-803	-346	-248	-187	-260	-281	-263
Foreign financing	680	444	268	416	768	766	237	273	287	176	201	201
Domestic financing	12	-64	112	60	36	37	110	-25	-100	84	80	62

Source: Ministry of Economy and Finance.

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	May	Aug	Nov	Feb	May	Aug	Nov	May	Aug	Nov
Cyclo drivers	12,250	6,262	9,375	8,900	8,878	9,200	9,572	9,380	9,817	2.10	5.4	10.58
Porters	9,675	5,000	6,675	7,600	6,312	7,600	7,955	7,240	6,500	19.18	-4.7	2.98
Small vegetable sellers	7,050	5,096	6,712	6,862	7,158	7,250	6,674	6,860	6,700	-0.57	-0.3	-6.40
Scavengers	4,155	3,393	4,231	3,440	4,012	3,875	3,605	4,900	3,900	-14.80	42.7	-2.79
Waitresses*	-	2,358	3,652	4,225	4,000	4,600	4,341	4,520	4,435	18.87	7.0	10.88
Rice-field workers	-	3,618	5,167	3,833	4,219	4,180	3,712	4,600	4,450	-28.15	20.0	5.48
Garment workers	-	8,968	8,775	9,800	10,000	10,127	9,123	10,300	10,000	3.97	5.1	0.0
Motorcycle-taxi drivers	-	9,791	11,978	11,300	12,075	11,400	9372	10,900	10,000	3.26	16.7	-17.18
Unskilled construction workers	-	4,841	6,912	6,525	5,850	6,162	7100	7600	6200	-17.49	-3.5	5.98
Skilled construction workers	-	9,866	13,850	12,695	13,350	12,500	12,050	12,700	16,900	-3.72	0.0	26.59

Notes: The survey 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.