

Economy Watch—External Performance

World Economic Growth

US real GDP increased at an annual rate of 2.2 percent in the third quarter of 2006, compared to 2.6 percent in the second quarter. This primarily reflected an increase in imports and downturns in residential investment, inventory investment, consumer spending on services and federal government spending.

The real GDP of the Euro zone in the third quarter grew by 2.6 percent compared to the same period a year earlier and by 0.5 percent compared to the previous quarter. Japanese real GDP grew by 2.7 from a year earlier and by 0.7 percent compared to the previous quarter.

Economic growth in China slowed to 10.4 percent in the third quarter, down from 11.3 percent growth in the previous quarter. Industry continued to grow at a faster pace than services and agriculture, while investment and exports remained the main drivers of this growth. The real GDP of South Korea in the third quarter grew by 4.8 percent from a year earlier and by 1.1 percent compared to the previous quarter. The real GDP of Taiwan and Hong Kong in the third quarter grew by 5.0 percent and 6.8 percent, respectively, compared to the same period a year earlier.

The Malaysian economy in the third quarter grew by 5.8 percent compared to the same period a year earlier. The manufacturing sub-sector and the service sector grew by 7.1 percent and 6.5 percent, respectively, while agriculture grew by 6.2 percent. On the expenditure side, growth of final consumption expenditure and exports expanded by 7.1 percent and 10.5 percent, respectively, from a year earlier.

The Singapore economy in the third quarter grew by 7.1 percent compared to the same period in 2005. Manufacturing grew by 10.0 percent, while services grew by 6.6 percent. The moderate growth in manufacturing was due to slower growth in biomedical manufacturing, electronics and chemicals.

Thai real GDP in the third quarter grew at 4.7 percent compared to the same period in 2005. Agriculture grew by 5.2 percent, less than in the previous quarter, due to a slowdown in crops and livestock production. The non-agricultural sector grew by 4.7 percent from a year earlier, compared

to 4.9 percent growth in the previous quarter. The slower growth in non-agriculture was due to a slowdown in the raw material industry, capital goods and high technology.

World Inflation and Exchange Rates in International Markets

The softening in world crude oil markets was the common factor that helped keep inflation in check in the world's largest economies during the third quarter of 2006. Consumer prices rose in the 12 months by 3.3 percent in the US, 0.6 percent in Japan and 2.1 percent in the EU area, a deceleration from 4.0 percent, 0.7 percent and 2.3 percent respectively a quarter earlier. Inflation was also basically stable in the ASEAN economies. In Malaysia, Singapore and Thailand, inflation was 3.6, 0.7 and 3.6 percent, respectively, in the third quarter, compared to 4.1, 1.2 and 6.0 percent, respectively, in the previous quarter.

The US dollar advanced against the Japanese yen but continued to depreciate against most other currencies. The US dollar bought JPY116.3, a 4.6 percent appreciation from the previous quarter. However, during the same period, it traded at EUR0.78, depreciating from EUR0.80 a quarter earlier. The US dollar also dropped against the South Korean won, the Chinese yuan and the Singapore dollar.

Commodity Prices in World Markets

In the third quarter, the prices of rice, maize, palm oil, soy beans and crude oil rose, while the price of gasoline and diesel went down. The price of white rice, Thai 100% B second grade, in the Bangkok market was USD289.91/tonne, up from USD283.86 in the second quarter. Palm oil sold at USD446.85/tonne, up from USD397.87, while maize and soy beans sold at USD108.67 and USD207.38/tonne, respectively. The price of crude oil in the third quarter rose by 3.0 percent from the previous quarter to USD67.00/barrel. The prices of gasoline and diesel went down from the previous quarter, by 5.7 percent and 0.4 percent, respectively. Gasoline sold at US 52.70 cents/litre and diesel at US 55.66 cents/litre.

Prepared by Hing Vutha and Phim Runsinarith

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Table 1. Real GDP Growth of Selected Trading Partners, 2001–2006 (percentage increase over previous year)

	2001	2002	2003	2004	2005	2006				2005
					Q3	Q4	Q1	Q2	Q3	
Selected ASEAN countries										
Cambodia	6.7	4.8	7	7.7	-	-	-	-	-	13.4
Indonesia	3.8	3.8	4.9	5.1	5.3	4.9	4.6	5.2	5.5	5.6
Malaysia	0.5	5.6	5.4	7	5.3	5.2	5.5	5.9	5.8	5.2
Singapore	-2.3	2.6	1.4	8.5	7	7.7	10.7	8.0	7.1	5.7
Thailand	1.9	6.1	6.9	6	5.3	4.7	6.0	4.9	4.7	4.5
Vietnam	6.0	6.7	7	7.5	-	-	-	-	-	8.4
Selected other Asian countries										
China	7.5	8.1	9.9	9.5	9.4	9.9	10.9	11.3	10.4	9.6
Hong Kong	0.5	5.0	3.2	8.3	8.2	7.6	8.2	5.2	6.8	6.5
South Korea	3.0	6.1	3	4.7	4.4	5.2	6.1	5.3	4.8	4.7
Taiwan	-2.2	4.2	3.1	5.7	-	6.0	4.9	4.6	5.0	-
Selected industrial countries										
Euro-12	1.4	0.7	0.5	1.8	1.5	1.8	2.0	2.4	2.6	1.5
Japan	0.4	0.4	2.6	3.4	2.9	4.5	3.0	2.2	2.7	2.5
United States	1.2	2.4	3.1	4.4	4.1	1.1	5.6	2.6	2.2	3.0

Sources: Economist, countries' national statistics offices and central banks and ADB's Asia Regional Information Centre

Table 2. Inflation Rate of Selected Trading Partners, 2001–2006 Q1 (percentage increase over previous year—period average)

	2001	2002	2003	2004	2005	2006				2005
					Q3	Q4	Q1	Q2	Q3	
Selected ASEAN countries										
Cambodia	-0.6	3.2	1.2	4.0	4.6	6.6	6.1	4.5	4.9	5.8
Indonesia	11.5	13.2	8.3	8.3	12	17.3	25.1	23.4	22.9	10.5
Malaysia	1.4	1.8	1.1	1.6	3.4	3.4	3.9	4.1	3.6	3.1
Singapore	1.0	-0.4	0.5	1.7	0.5	1.1	1.4	1.2	0.7	0.5
Thailand	1.7	0.6	1.8	2.7	5.6	6.0	5.7	6.0	3.6	4.5
Vietnam	-0.4	3.8	3.1	7.8	7.5	10.0	10.3	-	-	8.2
Selected other Asian countries										
China	0.9	-0.7	1.2	3.9	1.3	1.4	1.2	1.4	1.4	1.8
Hong Kong	-1.3	-3.0	-2.6	-0.4	1.4	1.8	2.0	2.1	2.3	1.1
South Korea	4.4	2.7	3.5	3.5	2.4	2.5	2.4	2.3	2.5	2.8
Taiwan	-0.01	-0.2	-0.3	1.6	3.0	2.5	1.4	1.5	-0.3	2.3
Selected industrial countries										
Euro-12	2.6	2.2	2.1	2.2	2.3	2.4	2.3	2.3	2.1	2.2
Japan	-0.6	-0.9	-0.3	Nil	-0.3	-0.5	0.4	0.7	0.6	-0.3
United States	2.8	1.6	2.3	2.7	3.8	3.7	3.7	4.0	3.3	3.4

Sources: International Monetary Fund, Economist and National Institute of Statistics

Table 3. Exchange Rates of Selected Trading Partners against US Dollar, 2001–2006 Q1 (period averages)

	2001	2002	2003	2004	2005	2006				2005
					Q3	Q4	Q1	Q2	Q3	
Selected ASEAN countries										
Cambodia (riel)	3,916.3	3,912.1	3,973	4,016.3	4,134.3	4,154.3	4,081.3	4,095.3	4,145.3	4,092.5
Indonesia (rupiah)	10,261	9,311	8,577	8,938	9,994	9,999	9,175	9,115	-	9,705
Malaysia (ringgit)	3.80	3.80	3.80	3.80	3.77	3.78	3.73	3.65	3.67	3.79
Singapore (\$)	1.79	1.79	1.74	1.69	1.68	1.69	1.63	1.59	1.58	1.66
Thailand (baht)	44.4	42.9	41.5	40.2	41.3	41.02	39.3	38.1	37.7	40.2
Vietnam (dong)	14,725	15,280	15,510	-	15,878	15,907	15,921	-	-	15,859
Selected other Asian countries										
China (yuan)	8.28	8.28	8.28	8.28	8.14	8.08	8.05	8.01	7.97	8.19
Hong Kong (HK\$)	7.80	7.80	7.78	7.79	7.77	7.75	7.76	7.76	7.78	7.78
South Korea (won)	1,291	1,251	1,192	1,145	1,029	1,036	976	949	955	1,024
Taiwan (NT\$)	33.8	34.5	34.4	33.6	32.3	33.4	32.3	32.2	32.8	32.1
Selected industrial countries										
Euro-12 (euro)	1.12	1.06	0.89	0.80	0.81	0.84	0.83	0.80	0.78	0.80
Japan (yen)	121.5	125.4	115.9	108.2	111.2	117.2	116.9	114.5	116.3	110.2

Sources: International Monetary Fund, Economist and National Bank of Cambodia

Table 4. Selected Commodity Prices on World Market, 2001–2006 (period averages)

	2001	2002	2003	2004	2005	2006				2005
					Q3	Q4	Q1	Q2	Q3	
Maize (USNo.2)—USA (\$/tonne)	81.18	89.98	95.42	110.65	90.61	90.64	95.37	99.95	108.67	89.19
Palm oil—north-west Europe (\$/tonne)	259.13	353.91	402.03	427.47	376.41	391.52	395.75	397.87	446.85	381.32
Rice (Thai 100% B)—Bangkok (\$/tonne)	160.81	178.59	182.22	221.67	255.77	259.40	275.12	283.86	289.91	262.88
Soybeans (US No.1)—USA (\$/tonne)	163.89	182.58	218.86	262.03	214.37	210.42	210.96	207.02	207.38	224.25
Crude oil—Dubai (\$/barrel)	22.8	23.9	26.8	33.5	57.27	52.99	57.89	65.03	67.00	50.14
Gasoline—US Gulf Coast (cents/litre)	19.5	19.1	23	30.9	52.37	42.29	41.18	55.89	52.70	42.19
Diesel (low sulphur No.2)—US Gulf Coast (cents/litre)	18.72	17.85	21.63	29.48	50.02	49.90	47.72	55.89	55.66	44.35

Sources: Food and Agriculture Organisation and US Energy Information Administration

Note: All prices have been converted from US\$/ton to US\$/tonne, which 1 ton = 0.907 tonne.

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Main Economic Activities

In the third quarter 2006, private investment approvals significant decline, while tourism, construction project approvals and trade balance increased.

In the third quarter 2006, Cambodia's private investment project approvals, including expansion project, decreased sharply by 34 percent from the same quarter 2005 and by 89 percent from the previous quarter to USD 266.2 m. The decline was primary due to a slowdown in fixed asset agriculture sector and service sector approvals. The agriculture sector approvals fell from USD 216.9 m in the preceding quarter to nil in the third quarter. Service sector approvals declined by 95 percent to USD 94.5 m, compared to the preceding quarter. The fall caused by the drop of construction services, and hotel and tourism sub sector approvals of 100 percent and 87 percent (to USD 3.5 m), respectively. Meanwhile, industries investment approvals doubled to USD 171.7 m. The drivers of the increase in industries investment approvals were fix asset garment sub-sector, doubled to USD 23.2 m and "cement product" attracted large investment of USD 132.0 m. However, from these project approvals in this third quarter, 14 projects of industries sector can absorb 22,588 persons to work and 6 projects of service sector need 1,059 of labors.

Construction project approvals in Phnom Penh continued to increase in the third quarter 2006. The total value of approvals was USD 95.5 m, 25 percent higher than in the same quarter last year and 16 percent more than the previous quarter. The increase was due to the rise in approvals in villa and house construction (33 percent) and in flat construction (30 percent). Compared to the same period 2005, flat and other type construction rose by 62 percent and 30 percent, respectively, while villa and house constructions fell by 60 percent.

The trade balance in the third quarter 2006 experienced a surplus of USD 23.2 m, following a deficit of USD 122.4 m in the preceding quarter. The surplus was 76 percent lower than the same quarter last year; however, Cambodia's exports were up. Although total imports expanded but it was 97 percent of total exports, it means that exports sufficient to pay for imports in this quarter. Total exports were USD 807.5 m, 10 percent more than the same quarter last year and 24 percent higher than the amount in the preceding quarter. Garment exports rose by 24 percent to USD 782.0 m, of which 67 percent were exported to the US, an increase of 19 percent, and 24 percent to EU, a 32 percent increase. Exports of clothing products were USD 758.5 m, a 27 percent increase from the previous quarter. Exports of shoes products and other textile products were USD 18.9 m (59 percent up) and USD 4.5 m (50 percent rise),

respectively. The trade agreement limits US imports of Chinese textiles, has provided temporary safeguard to Cambodia garment exports which continued to see growth until this agreement expires in December 2008. Therefore, increase in garment exports indicate short-term prospect of Cambodia's garment industry; the long-term prospects, however, remain uncertain. Agriculture exports in the third quarter 2006 rose by 26 percent to USD 25.5 m. Rubber exports rose by 39 percent and fish exports increased by 38 percent, while wood exports and other exports also increased by 8.7 percent and 10 percent, respectively, from the previous quarter.

Cambodia's imports continued to grow in the third quarter 2006. There was a slight increase of 1.2 percent from the previous quarter to USD 784.3 m. Compared to the same quarter 2005, total imports rose by 24 percent. Gasoline and construction material rose by 5.6 percent to USD 13.1 m and by 8.7 percent to USD 42.5 m, respectively, while diesel imports dropped by 6.5 percent to USD 30.1 m. The volume of gasoline imports was 41,900 tonnes, up 5.3 percent and diesel imports were 120,700 tonnes, up 4.8 percent.

Total visitor arrivals in the third quarter 2006 increased slightly by 3.5 percent to 370,620. This number is expected to increase further in subsequent months due to the organization of Cambodian-Korean Culture Exhibitions in Siem Reap province between November 2006 and January 2007. The number of holiday visitor arrivals was 322,380 persons, 10 percent more than the previous quarter and 87 percent of the total visitor arrivals to Cambodia. Of the total visitors, arrivals by air rose by 9.7 percent to 224,202, of which Phnom Penh airport received 101,575 persons and Siem Reap direct flights were 122,627 persons. Visitor arrivals by land and water rose by 4.7 percent to 146,418; arrivals by land were 137,411 and by water accounted for 9,007. Total visitor arrivals to Siem Reap province in the third quarter were 186,740, and to Phnom Penh and other destination were 183,880. Korea amounted for the largest number of arrivals at 53,686 or 14.5 percent of total foreign visitors, followed by Japan at 11 percent, or 40,079 persons.

Public Finance

The government's budget deficit was KHR 191.9 bn in the third quarter 2006. The deficit declined by 32 percent from the second quarter. Budget revenue collection increased, while budget expenditure declined. Capital revenue increased by four times from the preceding quarter to KHR 15.4 bn due to privatization receipts, while current revenue was KHR 716.8 bn, a 1.4 percent

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decline. Non-tax revenue decreased by 10 percent from the preceding quarter to KHR 151.0 bn. The drivers of the decrease in non-tax revenue were the dramatic decline of forest exploitation, and post and telecommunication, of 57 percent (to KHR 0.3 bn) and 61 percent (to KHR 11.7 bn), respectively, and slight decrease in quota and export licenses receipts, and tourism receipts by 2.6 percent (to KHR 30.2 bn) and 8.8 percent (KHR 12.4 bn), respectively. Meanwhile, tax revenue increased by 1.3 percent to KHR 565.8 bn, or 77 percent of the total revenue collection. Revenue collection from VAT, custom duties and excise duties increased slightly by 9.6 percent (KHR 216.3 bn), 3.6 percent (KHR 157.2 bn) and 0.3 percent (KHR 103.3 bn), respectively.

Budget expenditure declined by 8.7 percent from the second quarter to KHR 924.0 bn in the third quarter 2006. Current expenditure, which accounted for KHR 606.9 bn, or 66 percent of the total expenditure, dropped by 3.0 percent and capital expenditure fell by 18 percent to KHR 317.2 bn. Expenditure in education and health, and other social and administrative services decreased by 26 percent to KHR 155.3 bn and 1.6 percent to KHR 301.5 bn, respectively, while defense and security spending rose by 33 percent to KHR 155.3 bn. Following the payment to current expenditure, capital spending also dropped by 18 percent from the earlier quarter to KHR 307.2 bn. Funds for capital expense included 74 percent were provided from external funded and 26 percent from domestic financing.

Inflation and Foreign Exchange Rates

Consumer prices in Phnom Penh in the third quarter 2006 increased by 3.1 percent from the second quarter. Food prices, and transportation and communication costs rose by 4.6 percent and 2.5 percent, respectively, from the preceding quarter. Compared to the same quarter in 2005, overall prices grew by 4.9 percent, while food prices, and transportation and communication costs grew by 5.8 percent and 10 percent, respectively. The annual growth of food prices, and transportation and communication costs in the year to the third quarter in 2006, however, was less than in the previous twelve months to third quarter in 2005.

The riel exchanged with the US dollar at 4,145.3 riels/USD in the third quarter, a depreciation of 0.9 percent from the second quarter and of 0.3 percent compared to the preceding year the same quarter. The riel also depreciated against Thai baht by 2.1 percent to 110.3 riels/baht. The riel, however, appreciated slightly by 0.4 percent against the Vietnamese dong, trading at 24.9 riels per 100 dong in the third quarter 2006. The riel depreciation has benefited many people in the cities

who hold foreign currency i.e., US dollar than people in rural areas, who usually hold local currency.

Monetary Development

According to Cambodia monetary survey, money supply (M2) in the third quarter 2006 rose by 6.9 percent to KHR 6,461.0 bn. Currency in circulation increased by 3.6 percent to KHR 1,512.4 bn. Riel deposits decreased by 13 percent from the preceding quarter to KHR 144.0 bn, while foreign currency deposits increased by 8.7 percent. Net Domestic Assets (NDA) increased by 11 percent to KHR 497.2 bn, of which domestic credits rose by 11 percent to KHR 2,398.6 bn and other deposits and reserves increased by 3.3 percent to KHR 2,895.8 bn. Of the domestic credit components, private sectors credits increased by 9.8 percent to KHR 3,290.2 bn, while net government credits fell by 7.3 percent to KHR 891.6 bn. Government deposits increased by 5.2 percent to KHR 1,162.1 bn in the third quarter. Net Foreign Assets (NFA) grew by 4.1 percent from the preceding quarter to KHR 6,958.3 bn. The increase of NFA and NDA enlarged money supply, also currency in circulation. These increases are usually offset by increases in government deposits, which take money out of circulation, as an apparently conscious policy response to ensure stable prices.

Poverty Situation—Real Daily Earnings of Vulnerable Workers

According to CDRI vulnerable worker survey in November 2006, real daily earnings of porters, waitresses/waiters, rice field workers and garment workers increased, while the earnings of cyclo drivers, small vegetable traders, scavengers, motorcycle taxi drivers, unskilled and skilled construction workers all decreased compared to the same period in 2005.

As shown in Table 8, daily earnings of motorcycle taxi drivers in November 2006 declined by 13 percent from the same period in 2005 to 8386 riels. The increase in the number of tuk-tuks and the number of motorcycle taxi drivers was the major cause of the earnings decline. About 90 percent of motorcycle taxi drivers came from provinces such as Prey Veng, Svay Rieng, Takeo, Kampong Cham and Kandal. Of this, 70 percent came alone, while 30 percent came with family. The majority of motorcycle taxi drivers take meals at food stands around/in the market, spending from 2500 riels to 5000 riels per day on food.

The earnings of small vegetable traders in November 2006 fell by 27 percent from 8385 riels in November 2005 to 6125 riels. The decline in earning was due to the increased number of small vegetable traders. As

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the result, 63 percent of small traders have no place for selling. The majority of small vegetable traders, 97 percent, were women, of which 45 percent are married, 33 percent are single and 22 percent are widows. Sixty percent of the small traders migrated from the provinces, mainly Kandal Kampong Speu, Svay Rieng, Prey Veng and Takeo. Of those who are from provinces, 54 percent hired accommodation, 25 percent stayed with relative, and 21 percent returned home.

The earnings of scavengers in November 2006 declined by 19 percent compared to the same period last year to 3903 riels, the lowest earning since 2004. A decrease in rubbish prices and an increase in number of scavengers were the major causes of the decline in earning. Scavengers spent about 2100 riels per day on food.

Real daily earnings of skilled and unskilled construction workers in November 2006 decreased by 9 percent and 21 percent, respectively, compared to the same period 2005. The decline in earning was primarily due to the increasing number of skilled and unskilled construction workers. Because the majority of skilled construction worker, 95 percent, and unskilled workers, 97 percent, are the primary family earners, their earning were not adequate to support their whole family.

The average daily earnings of garment workers rose by 3 percent from the same period in 2005 to 9264

riels. Sixty-one percent of garment workers reported their salaries vary according to their overtime work and absence. They usually send some money back home to support their families, leaving little savings for their future.

The daily earnings of rice field workers increased by 10 percent compared to the same period last year to 4653 riels. The availability of employment in the city, such as garment and construction workers, encourages labourers in rural areas, particularly youth, to migrate to work in the city. This movement cause rice field workers decreased and thus earning increase. Seventy-two percent of rice field workers have less than a hectare agriculture land and 28 percent have no land. In addition, 43 percent of rice field workers were in debt. Some of them borrowed from lenders who have large land holdings and pay back by labour sale, some borrowed from other money lenders at high interest rate, and others borrowed from NGOs.

The real daily earnings of waitresses and waiters in November 2006 rose by 16 percent compared to the same period 2005. Waitresses and waiters normally do not spend much in daily food because the restaurant owners provided food and accommodations for them.

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Economy Watch—Indicators

Table 1. Private Investment Projects Approved, 1998–2006

	1998	1999	2000	2001	2002	2003	2004	2005	2006			
								Q3	Q4	Q1	Q2	Q3
	Fixed Assets (USD m)											
Agriculture	51.6	63.9	9.8	0.4	40.3	3.7	12.3	10.4	9.1	126.5	216.9	0.0
Industry	650.5	162.6	109.4	105.2	67.7	137.2	189.2	349.7	82.0	40.1	76.9	171.7
. <i>Garment</i>	126.5	67.7	81.5	26.5	27.2	68.1	133.9	56.5	27.3	30.5	9.6	23.2
Services	154.7	222.6	150.1	118.4	145.3	168.4	92.0	44.1	28.1	60.7	2,043.2	94.5
. <i>Hotels and tourism</i>	112.0	171.8	79.8	73.8	47.1	124.1	55.9	33.6	22.6	0.0	26.2	3.5
Total	856.8	449.1	269.2	224.0	253.3	309.3	293.5	404.2	119.2	227.3	2,337.0	266.2
	Percentage change over previous quarter											
Total	-	-	-	-	-	-	-	320.6	-70.5	90.7	928.1	-88.6
	Percentage change over previous year											
Total	15.0	-47.6	-40.0	-19.5	10.5	31.1	-12.4	392.9	628.1	-52.2	2331.2	-34.1

Including expansion project approvals. Up to June 2006. Source: Cambodian Investment Board

Table 2. Value of Construction Project Approvals in Phnom Penh, 1998–2006

	1998	1999	2000	2001	2002	2003	2004	2005	2006			
								Q3	Q4	Q1	Q2	Q3
	USD m											
Villas and houses	21.2	20.0	16.4	15.9	23.4	20.0	30.3	19.2	5.4	10.1	5.7	7.6
Flats	227.3	290.5	174.8	167.8	179.9	91.6	167.6	41.3	45.1	39.9	51.8	67.1
Other	27.0	16.4	14.2	12.6	16.6	87.3	65.6	16.0	21.3	17.4	24.7	20.8
Total	275.5	326.9	205.4	196.3	219.9	198.9	263.5	76.5	71.8	67.4	82.2	95.5
	Percentage change over previous quarter											
Total	-	-	-	-	-	-	-	-26.7	-6.1	-6.2	22.2	16.1
	Percentage change over previous year											
Total	6.9	18.7	-37.2	-4.4	12.0	-9.5	32.5	-1.8	12.0	-36.5	-21.2	24.8

Source: Department of Cadastre and Geography of Phnom Penh Municipality

Table 3. Exports and Imports, 1998–2006

	1998	1999	2000	2001	2002	2003	2004	2005		2006		
								Q3	Q4	Q1	Q2	Q3
	USD m											
Total exports	784.4	941.1	1,056.2	1,268.2	1,453.2	1,708.1	2108.1	730.0	644.8	603.2	652.5	807.5
Of which: Garment	378.0	554.0	962.1	1,202.2	1,355.8	1,628.4	2,027.0	709.8	601.0	568.5	632.4	782.0
. To U S	74.1	486.0	714.1	840.9	943.4	1,099.8	1,270.9	489.5	408.1	402.5	438.6	522.8
. To EU	-	-	228.1	323.3	356.3	414.7	590.8	162.5	145.3	110.6	142.2	188.1
. To rest of the world	82.0	68.0	19.9	38.0	56.1	113.8	165.3	57.8	47.5	55.3	51.6	71.0
Agriculture	-	-	94.2	66.0	97.3	79.7	81.2	20.2	43.8	34.7	20.2	25.5
. Rubber	-	-	29.6	25.9	29.7	35.1	38.3	9.8	13.4	7.8	9.8	13.6
. Wood	-	-	32.9	22.3	16.0	10.2	11.1	2.1	2.0	2.1	2.3	2.5
. Fish	-	-	5.4	6.0	4.3	2.8	10.6	0.8	6.6	1.9	1.0	1.6
. Other	-	-	26.2	11.8	47.4	31.6	21.3	7.5	21.9	22.9	7.0	7.7
Total imports	1,112.2	1,237.4	1,417.7	1,501.4	1,707.8	1,824.9	2149.0	632.3	691.1	690.7	774.9	784.3
Of which: Gasoline	-	-	-	-	25.9	33.2	30.2	9.9	10.7	10.9	12.4	13.1
Di esel	-	-	-	-	100.8	109.6	109.4	24.6	21.1	32.5	32.2	30.1
Construction materials	-	-	-	-	12.9	80.8	95.3	38.7	26.2	37.0	39.1	42.5
Other	-	-	-	-	1,568.2	1,601.3	1914.0	559.1	633.1	610.3	691.2	698.5
Trade balance	-327.8	-296.3	-361.5	-233.2	-254.6	-116.8	-40.9	97.7	-46.3	-87.5	-122.4	23.2
	Percentage change over previous quarter											
Total garment exports	-	-	-	-	-	-	-	42.6	-15.3	-5.4	11.2	23.7
Total exports	-	-	-	-	-	-	-	41.7	-11.7	-6.4	8.2	23.7
Total imports	-	-	-	-	-	-	-	-5.1	9.3	-0.03	12.2	1.2
	Percentage change over previous year											
Total garment exports	66.4	47.0	74.0	24.9	12.8	20.1	24.5	10.3	15.5	27.8	27.1	10.2
Total exports	59.0	20.0	12.2	20.1	14.6	17.5	23.4	9.2	18.3	30.3	26.7	10.6
Total imports	1.6	11.3	14.6	5.9	13.7	6.9	17.8	20.5	26.1	32.6	15.6	24.3

Import data include tax-exempt imports. Sources: Department of Trade Preferences Systems, MOC and Customs and Excise Department, MEF.

Table 4. Foreign Visitor Arrivals in Cambodia, 1998–2006

	1998	1999	2000	2001	2002	2003	2004	2005	2006			
								Q3	Q4	Q1	Q2	Q3
	Thousands of passengers											
By air	186.3	262.9	351.7	408.4	523.0	456.0	626.1	202.8	251.5	275.4	204.4	224.2
By land and water	100.2	104.8	114.7	196.5	263.5	245.0	428.9	120.4	164.5	181.9	153.6	146.4
Total	286.5	367.7	466.4	604.9	786.5	701.1	1055.0	323.2	416.0	457.3	358.0	370.6
	Percentage change over previous quarter											
Total	-	-	-	-	-	-	-	10.0	28.7	9.9	-21.7	4.1
	Percentage change over previous year											
Total	30.9	28.3	26.8	29.7	30.0	-10.9	50.5	41.8	9.8	20.2	21.2	14.7

Source: Ministry of Tourism

Economy Watch—Indicators

Table 5. National Budget Operations on Cash Basis, 1998–2006 (Billions of riels)

	1998	1999	2000	2001	2002	2003	2004	2005 Q3	2005 Q4	2006 Q1*	2006 Q2*	2006 Q3
Total revenue	920	1326	1,528	1,530	1,744	1,764	2,126	624.1	827.9	595.9	731.5	732.2
Current revenue	-	-	-	1,521	1,728	1,733	2,107	609.5	701.6	593.2	726.9	716.8
Tax revenue	676	956	1,096	1,096	1,227	1,220	1,577	436.2	553.8	484.7	558.6	565.8
Customs duties	376	432	376	376	424	395	513	123.7	189.8	135.5	151.7	157.2
Non-tax revenue	204	348	424	424	501	513	530	173.2	147.8	108.5	168.3	151.0
Forest exploitation	20	36	28	29	15	7	2	0.3	0.1	0.5	0.7	0.3
Posts & telecommunications	88	108	124	122	123	120	94	30.9	38.0	11.4	30.0	11.7
Capital revenue	36	12	8	9	16	31	19	14.6	126.3	2.7	4.6	15.4
Total expenditure	1,348	1,788	2,332	2,332	2,948	2,757	2,932	912.4	998.9	881.7	1,012.0	924.0
Capital expenditure	368	624	976	977	1,388	1,171	1,163	335.4	350.3	340.1	386.6	317.2
Current expenditure	980	1,164	1,356	1,355	1,560	1,586	1,769	577.0	648.6	541.7	625.4	606.9
Education and Health	132	280	344	343	454	473	518	202.1	228.4	80.3	202.3	150.1
Defence and Security	448	464	404	405	438	411	423	116.7	71.4	78.1	116.7	155.3
Other ministries	332	412	636	637	668	702	828	258.2	348.8	383.2	306.4	301.5
Overall balance	-428	-462	-804	-802	-1,204	-993	-806	-288.3	-171.0	-285.9	-280.5	-191.9
Foreign financing	268	416	768	766	1,249	886	864	335.8	269.0	257.6	333.3	228.6
Domestic financing	112	60	36	37	-45	106	148	-47.5	-97.9	28.3	-52.8	-36.7

Provisional for 2006. * Revised. Source: Ministry of Economy and Finance.

Table 6. Consumer Price Index (change), Exchange Rates and Gold Prices (period averages), 1998–2005

	1998	1999	2000	2001*	2002	2003	2004	2005 Q3	2005 Q4	2006 Q1	2006 Q2	2006 Q3
Consumer price index (percentage change over previous year)												
Provinces	-	5.8	5.4	-0.1	0.9	4.4	14.4	14.5	16.6	15.8	12.0	
Phnom Penh - All Items	14.8	4.0	-0.8	0.2	3.3	1.1	3.9	4.6	6.6	6.1	4.5	4.9
- Foods	14.1	7.6	-3.4	-2.5	1.8	1.5	6.4	6.0	10.6	10.6	6.3	5.8
- Transportation	15.1	3.5	6.6	-4.2	0.3	4.9	9.7	11.9	10.2	9.7	10.0	10.1
Exchange rates, gold and oil prices (Phnom Penh market rates)												
Riels per US dollar	-	-	3,840.8	3,916.3	3,912.1	3,973.3	4,016.3	4,134.3	4,154.3	4,094.8	4,106.6	4,145.3
Riels per Thai baht	-	-	95.8	88.2	91.1	95.8	99.9	100.2	101.4	103.5	108.0	110.3
Riels per 100 Vietnamese dong	-	-	27.1	26.6	25.6	25.5	25.5	25.9	26.1	25.4	25.0	24.9
Gold prices (US dollars per chi)	40.4	36.0	33.3	32.8	36.8	41.4	46.3	55.4	57.0	64.2	72.2	73.0
Diesel (riels/litre)	883	1,065	1,105	1,329	1,521	1,508	3,442	2,767	2,921	2,867	3,110	3,333
Gasoline (riels/litre)	1,378	1,613	1,760	2,113	2,084	2,150	2,633	3,633	3,750	3,767	4,000	4,200

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

Table 7. Monetary Survey, 1998–2006 (end of period)

	1998	1999	2000	2001	2002	2003	2004	2005 Q3	2005 Q4	2006 Q1	2006 Q2	2006 Q3
Billions of riels												
Net foreign assets	1,726	2,019	2,589	3,080	3,737	4,027	4,797	5,391	5,475	6,410	6,682	6,958
Net domestic assets	-496	-576	-759	-876	-849	-698	-467	-397	-450	-699	-637	-497
Net claims on government	178	103	3	-75	-119	-128	-209	-404	-421	-755	-831	-892
Credit to private sector	655	763	898	936	1,059	1,337	1,817	2,386	2,394	2,778	2,997	3,288
Total liquidity	1,230	1,443	1,830	2,204	2,888	3,329	4,330	4,994	5,025	5,711	6,045	6,461
Money	543	531	540	609	813	937	1,153	1,279	1,323	1,449	1,512	1,563
Quasi-money	687	912	1,290	1,595	2,075	2,392	3,177	3,715	3,702	4,262	4,533	4,898
Percentage change over previous year												
Total liquidity	15.7	17.3	26.8	20.4	31.0	15.2	30.0	19.8	16.1	27.0	30.6	29.4
Money	41	-2.2	1.7	12.8	33.5	15.3	23.0	18.6	14.7	20.9	24.4	22.2
Quasi-money	1.3	32.7	41.4	23.6	30.0	15.2	32.8	20.2	16.6	33.6	32.8	31.9

Source: National Bank of Cambodia

Table 8. Real Average Daily Earnings of Vulnerable Workers (at constant Nov 2000 prices)

	Daily earnings (riels)									Percentage change over previous year		
	2000 Nov	2002	2003	2004	2005 Nov	2006 Feb	May	Aug	Nov	2006 May	Aug	Nov
Cyclo drivers	7594	8975	8572	7614	7768	7873	8546	6063	7393	11%	-23%	-5%
Porters	6233	7044	6676	6895	6473	6519	7375	5238	7045	5%	-13%	9%
Small vegetable sellers	5256	6566	6532	6947	8385	6186	6492	5197	6125	-24%	-12%	-27%
Scavengers	2718	3685	3944	4446	4801	4984	4512	4266	3903	-14%	-2%	-19%
Waitresses*	2111	4365	4932	4448	3893	4670	4243	4292	4498	-1%	-8%	16%
Rice-field workers	4198	4304	4177	4139	4224	4127	4541	4137	4653	19%	3%	10%
Garment workers	6701	8904	9577	9277	8659	9184	7860	9264	8957	9%	6%	3%
Motorcycle-taxi drivers	8610	12,184	10,092	9204	9645	8884	8790	6744	8386	-23%	-28%	-13%
Unskilled construction workers	5399	6453	6558	6382	6691	5974	6407	6028	5263	-21%	-1%	-21%
Skilled construction workers	13,127	12,605	13,111	12,679	11,253	11,750	9833	9466	10215	-20%	-8%	-9%

* Waitresses' earnings do not include meals and accommodation provided by shop owners.

Surveys on the revenue of waitresses, rice-field workers, garment workers, unskilled workers, motorcycle taxi drivers and construction workers began in February 2000. Source: CDRI