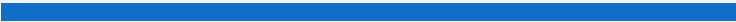




Cambodia: Recent Economic Developments

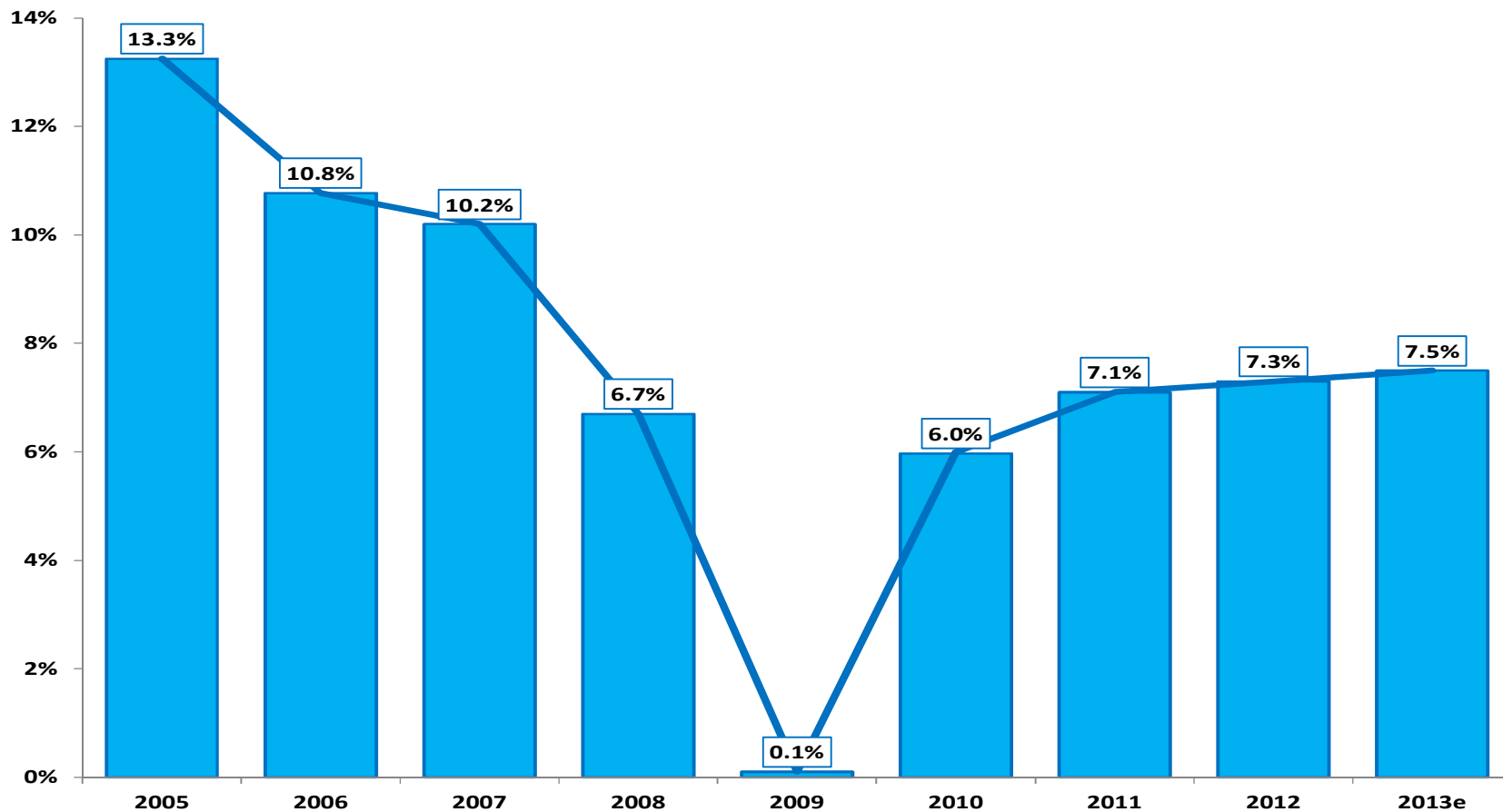
**Ministry of Economy and
Finance**

12 Jun, 2014



Macroeconomic Developments

Economic growth



- Economic growth recorded at 7.5% of GDP in 2013 as compared to 7.3% in 2012; and projected at ~7% in 2014.


Economic growth by sectors

- Agriculture grew at 1.7% of GDP in 2013, compared to 4.3% in 2012; ➡
- Industry posted a 11% growth in 2013, compared to 9.3% of GDP in 2012; ➡
- The services sector expanded by 8.7% of GDP in 2013, higher than 8.1% in 2012. ➡


Agriculture

- **Main sub-sector of agriculture - rice production:**
- Total paddy rice production increased to around 9.4 mill. tons in 2013, up from 9.3 mill. tons in 2012.

(in thousand tons)	2009	2010	2011	2012	2013
Paddy Production	7,586	8,249	8,779	9,291	9,390
Milled Rice Surplus	2,245	2,517	2,780	3,031	3,091
Milled Rice Exports	13	105	202	206	379

- Rice exports increased to 379,000 tons in 2013. During recent years the increase in rice exports has been mainly owing to: (i) Introduction of “Rice Policy” and (ii) the EU’s “Everything But Arms” initiative. 

Industry

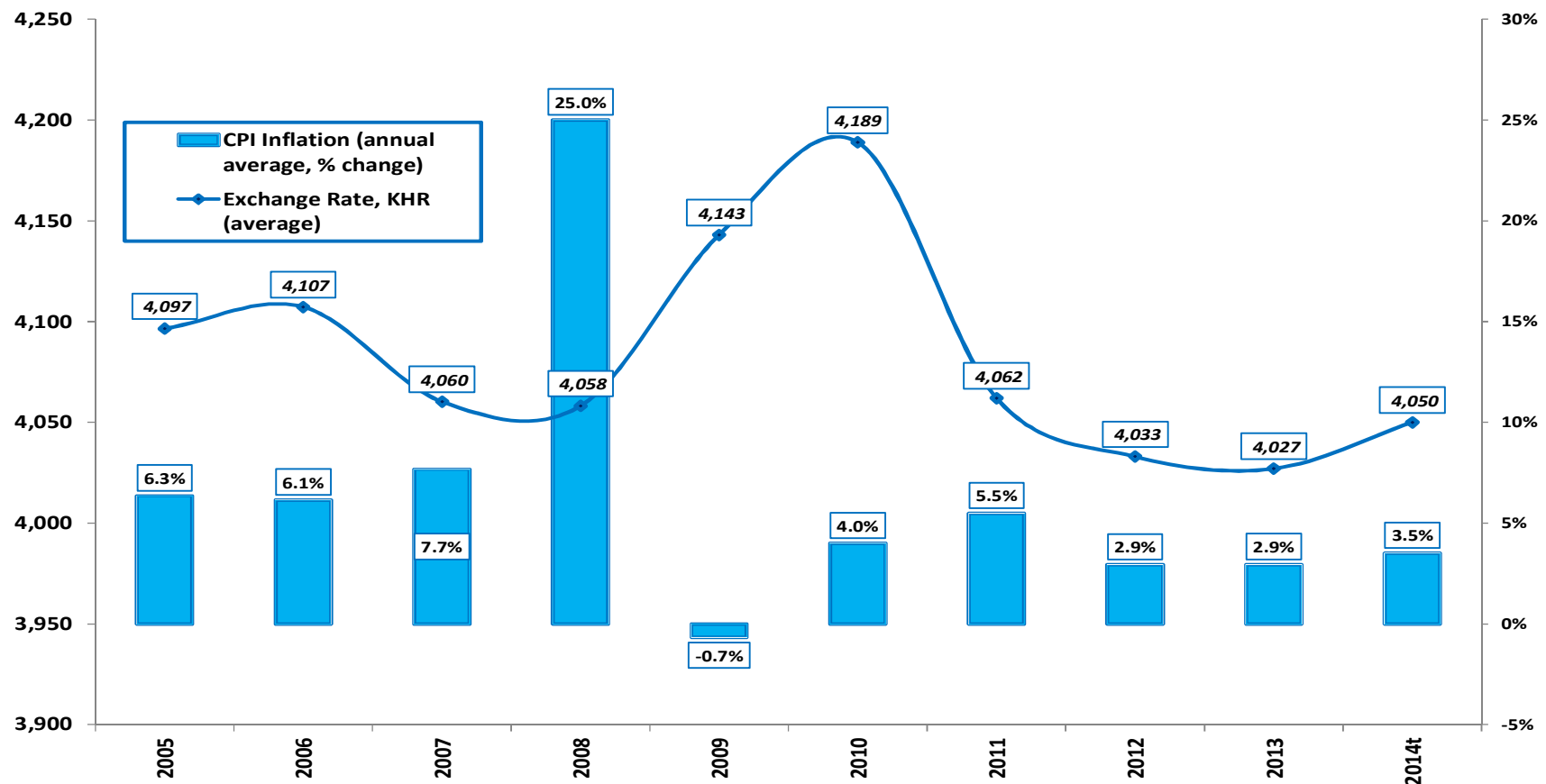
- **Main sub-sector of industry - garment:**
- Garment productions increased by 10.7% of GDP in 2013 as compared with a growth of 6.5% in 2012, while garment exports grew by 15.7% (y-o-y) in 2013 as compared to 7.8% in 2012;
- The value added generated by Garment is projected to grow by 8.3% of GDP in 2014.
- **Other Manufacturing** has increasingly become an emerging sector, and further grew by 7.8% of GDP in 2013, as compared with 9.0% in 2012; it is projected to grow by 5.7% of GDP in 2014. 

Services

- **Main sub-sector of services - tourism:**

- In 2013, total amount of international tourists reached 4.2 mill. (an increase by 17.5% over 2012);
- Vietnamese took the first place with an increase of 11.9%; Chinese ranked the 2nd (↑38.7%); Korean – 3rd (↑5.7%); while Japanese ranked the 6th (↑15.4%);
- Siem Reap-Angkor received about 2.2 mill. international tourists (increased by 8.4% as compared to 28.2% in 2012); and there is estimated around 8 to 8.5 mil. domestic tourists visit Angkor every year;
- Tourism industry estimated to provide 350,000 direct jobs and bringing about \$2.6 bill. in revenue into Cambodian economy in 2013.

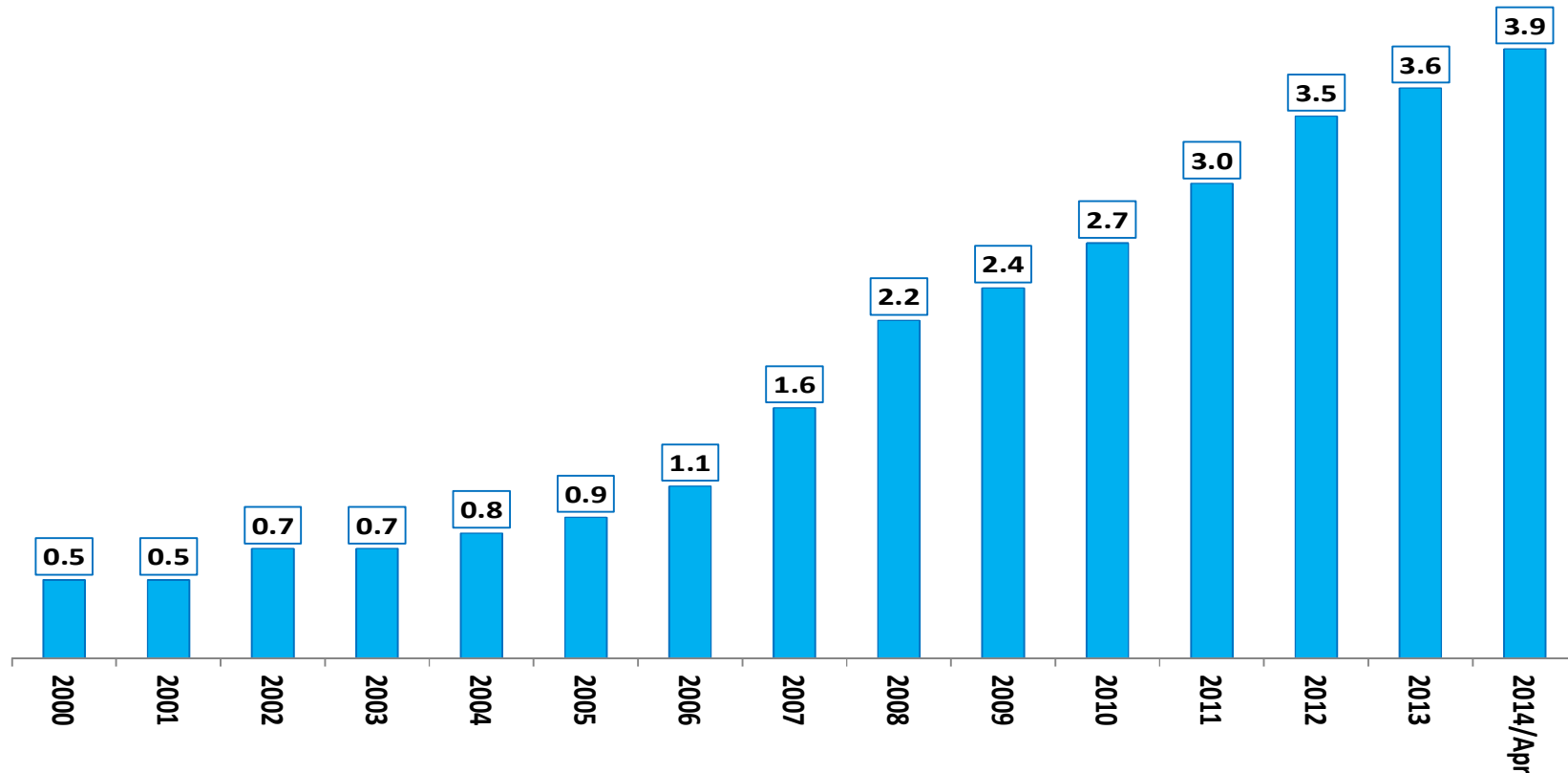
ER is strengthening, inflation is low



- Inflation an average stood below 3% in 2013, similar level as in 2012;
- ER has been stable and even appreciated during past years; at the end of 2013, it is appreciated from 4,033 to 4,027 Riels per USD.

International reserves are growing

International Reserves (in billion USD)



- International reserves increased to \$3.6 bill. in Dec. 2013; and reached \$3.9 bill. in Apr. 2014.

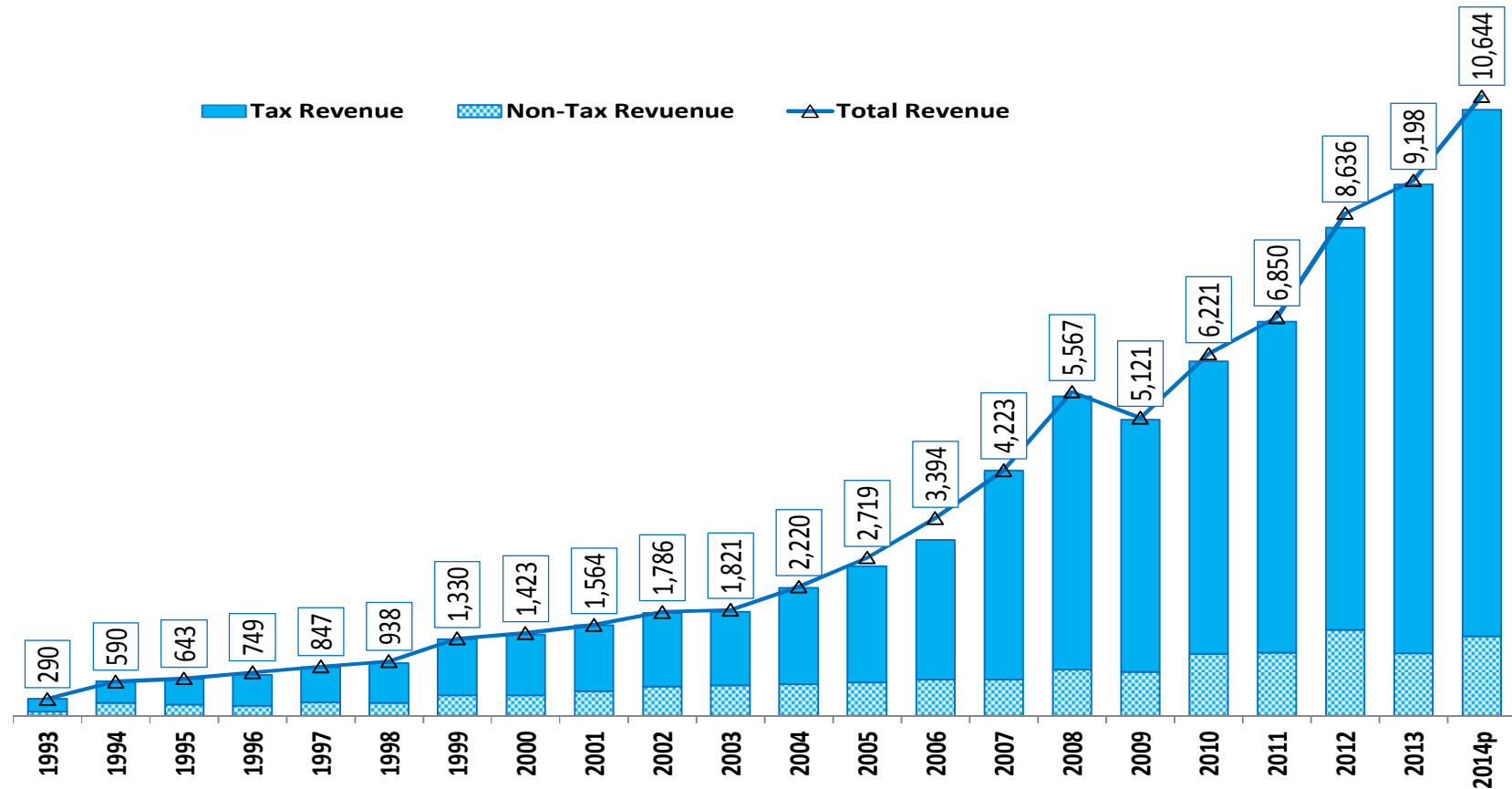
Fiscal developments

Revenue

- Domestic revenue has further increased by 6.5% (y-o-y) in 2013 and accounted for 15% of GDP comparing to 15.2% in 2012; the revenue projected at 15.8% of GDP in 2014;
- Tax Revenue increased by 16.5% (y-o-y) (or 13.1% of DGP) in 2013 as compared to 21.4% (or 12.2% of GDP) in 2012;
- Non-tax revenues reduced by 27% (y-o-y) in 2013 and accounted for only 1.8% of GDP as compared to 2.6% in 2012.

Government revenue collection

Revenue (in billion Riels)



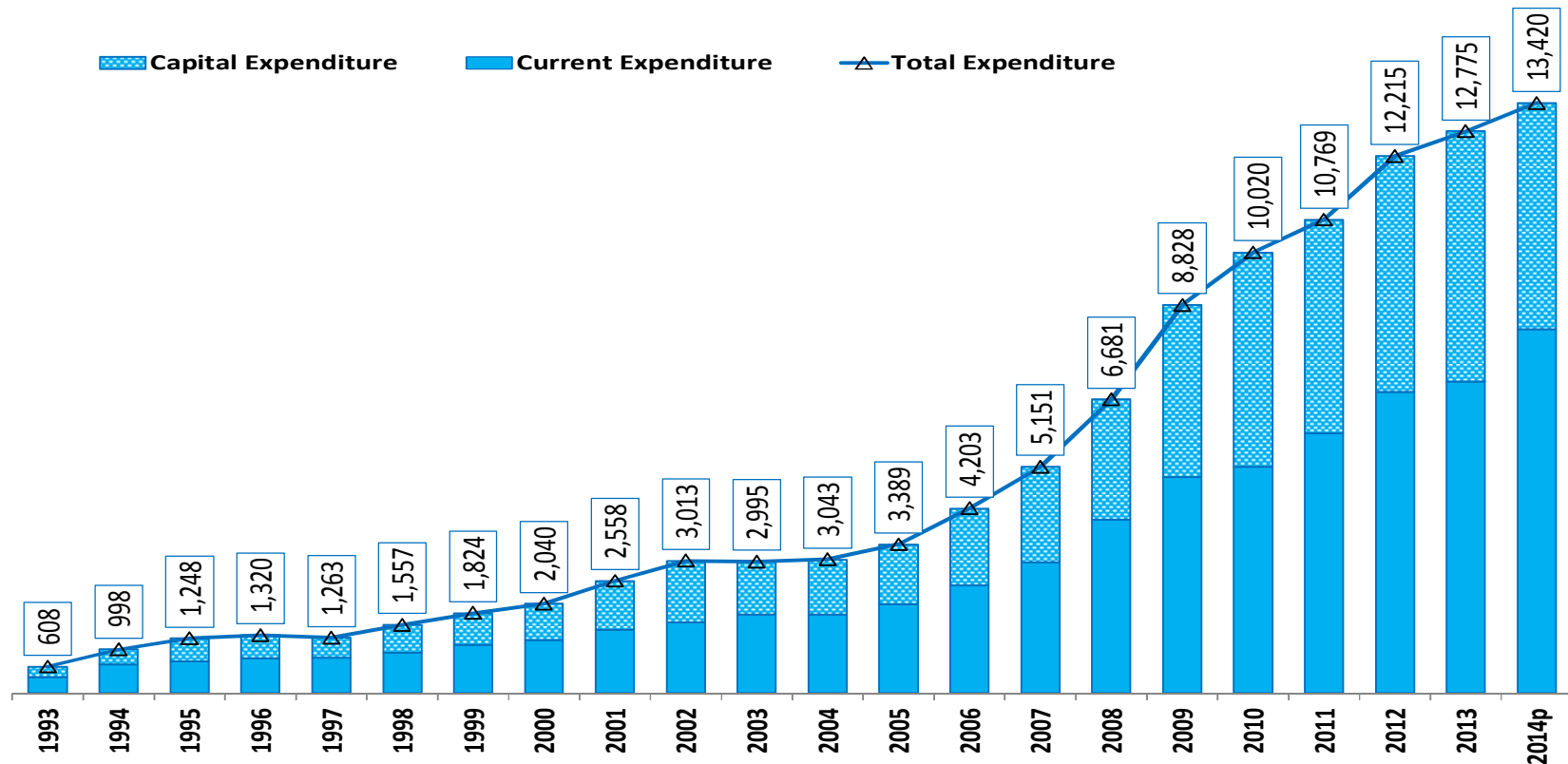
- Total revenue projected to increase to 17.4% of GDP by 2018 through implementation of RMP.

Expenditure

- As a result of continued fiscal consolidation, the overall fiscal deficit in 2013 narrowed to 6.1% of GDP, lower than 7.3% in 2011 and 6.5% in 2012;
- Total expenditure reduced to 20.8% of GDP from 21.6% in 2012;
- Current expenditure declined to 11.5% of GDP in 2013 as compared to 12.1% in 2012;
- With continued tightening, the capital expenditure/GDP ratio reduced from 9.5% in 2012 to 9.3% in 2013;
- Due to the expenditure rationalizations, the current budget surplus in 2013 increased to 3.1% of GDP, up from 2.8% in 2012.

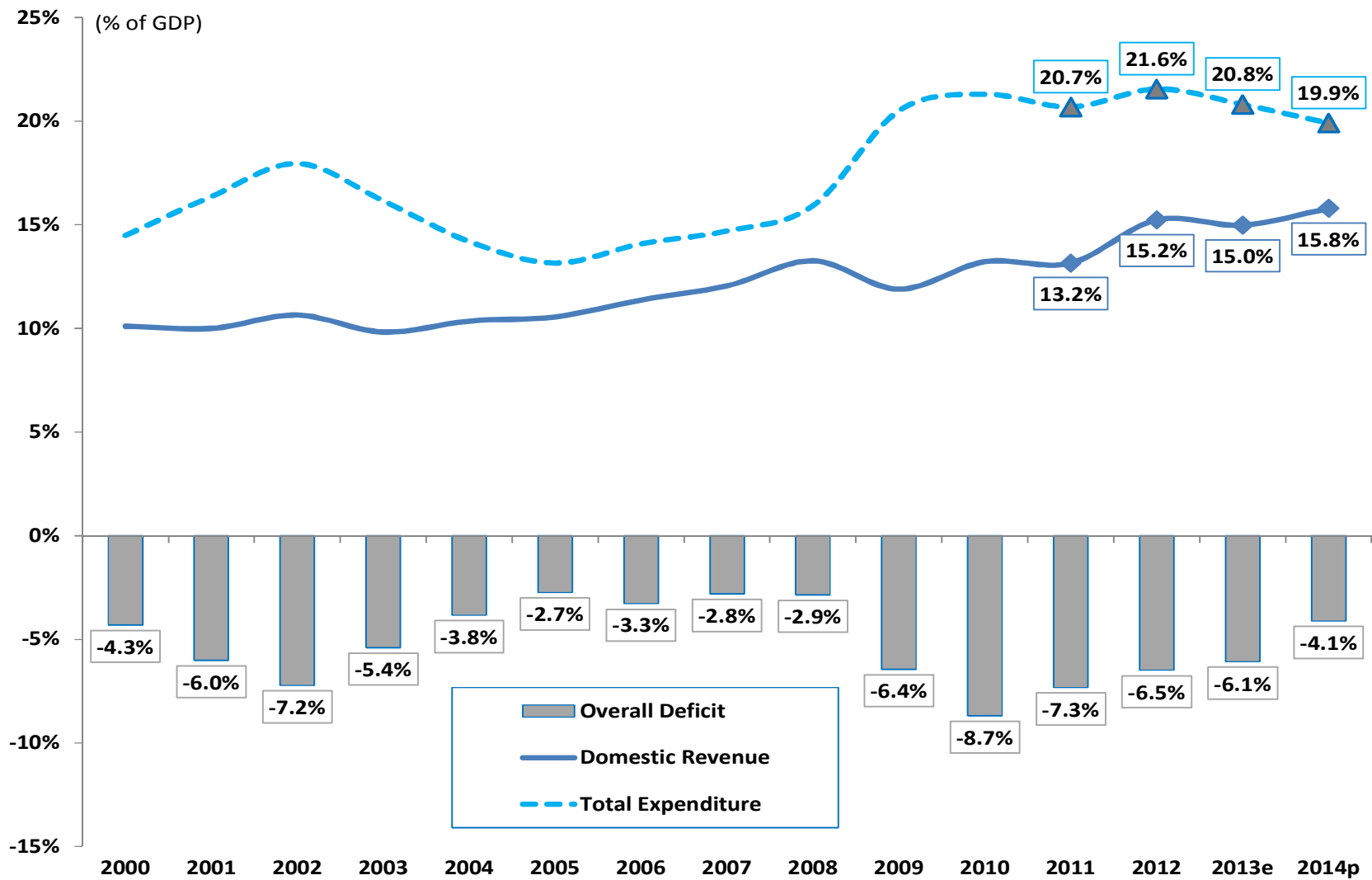
Government expenditure

Expenditure (in billion Riels)



- Spending priorities: connectivity; human resource development; and an increase in public wages.

Government budget



External Debt

External Debt (**including** unresolved debt with Russian and USA)

	Threshold	2008	2009	2010	2011	2012	2013e	2014p
% of GDP	40	25.2	27.6	27.1	28.1	30.4	27.2	28.1
% of Exports	150	74.7	96	81.2	69.9	71.1	42.1	43.5
% of Budget Revenue	250	190.4	233	211.5	217	210.4	182.5	184.4

- As % of GDP = 27.2% in 2013 (30.4% in 2012);
- As % of Exports = 42.1% in 2013 (71.1% in 2012);
- As % of Budget Revenue = 182.5% in 2013 (210.4% in 2012).

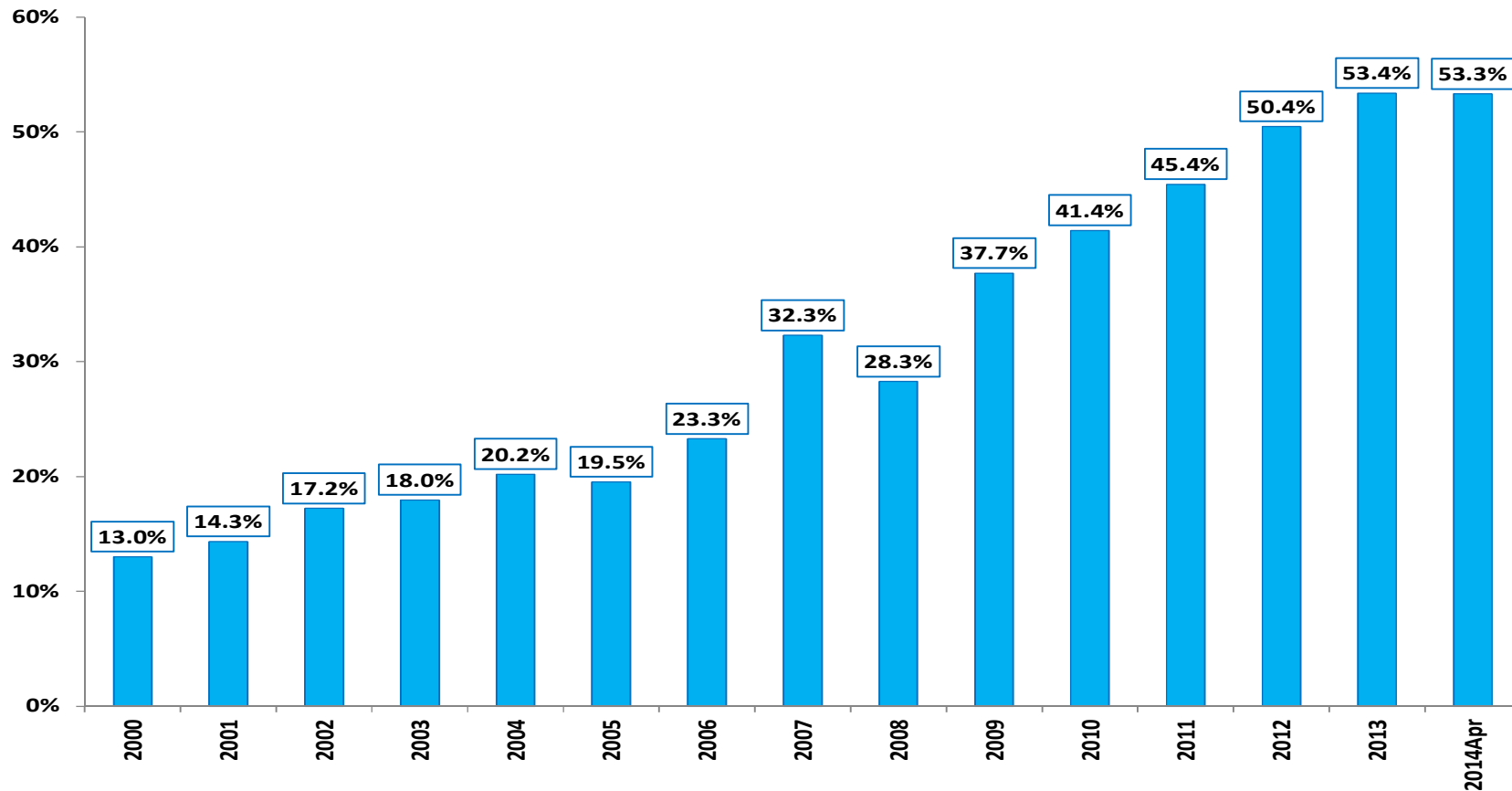
External Debt (**excluding** unresolved debt with Russian and USA)

	Threshold	2008	2009	2010	2011	2012	2013e	2014p
% of GDP	40	19.2	21.7	21.8	23.3	26	23.1	23.3
% of Exports	150	56.9	75.3	65.2	58	60.7	35.8	36.1
% of Budget Revenue	250	145.1	182.7	169.9	180.1	179.9	155	153.2

Banking Sector

Financial deepening (M2/GDP)

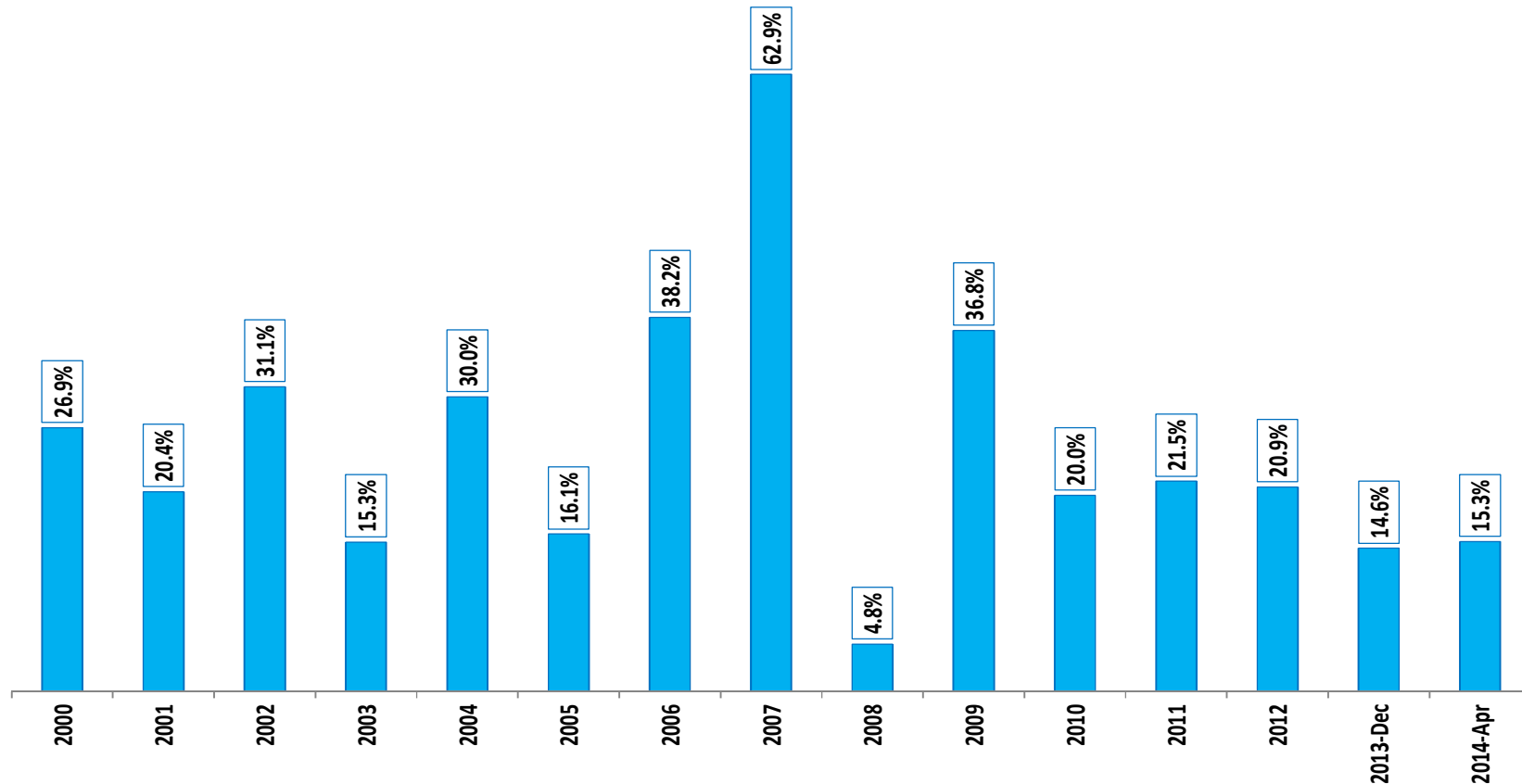
M2/GDP



- M2/GDP ratio continues to increase, reached 53.3% in Apr. 2014.

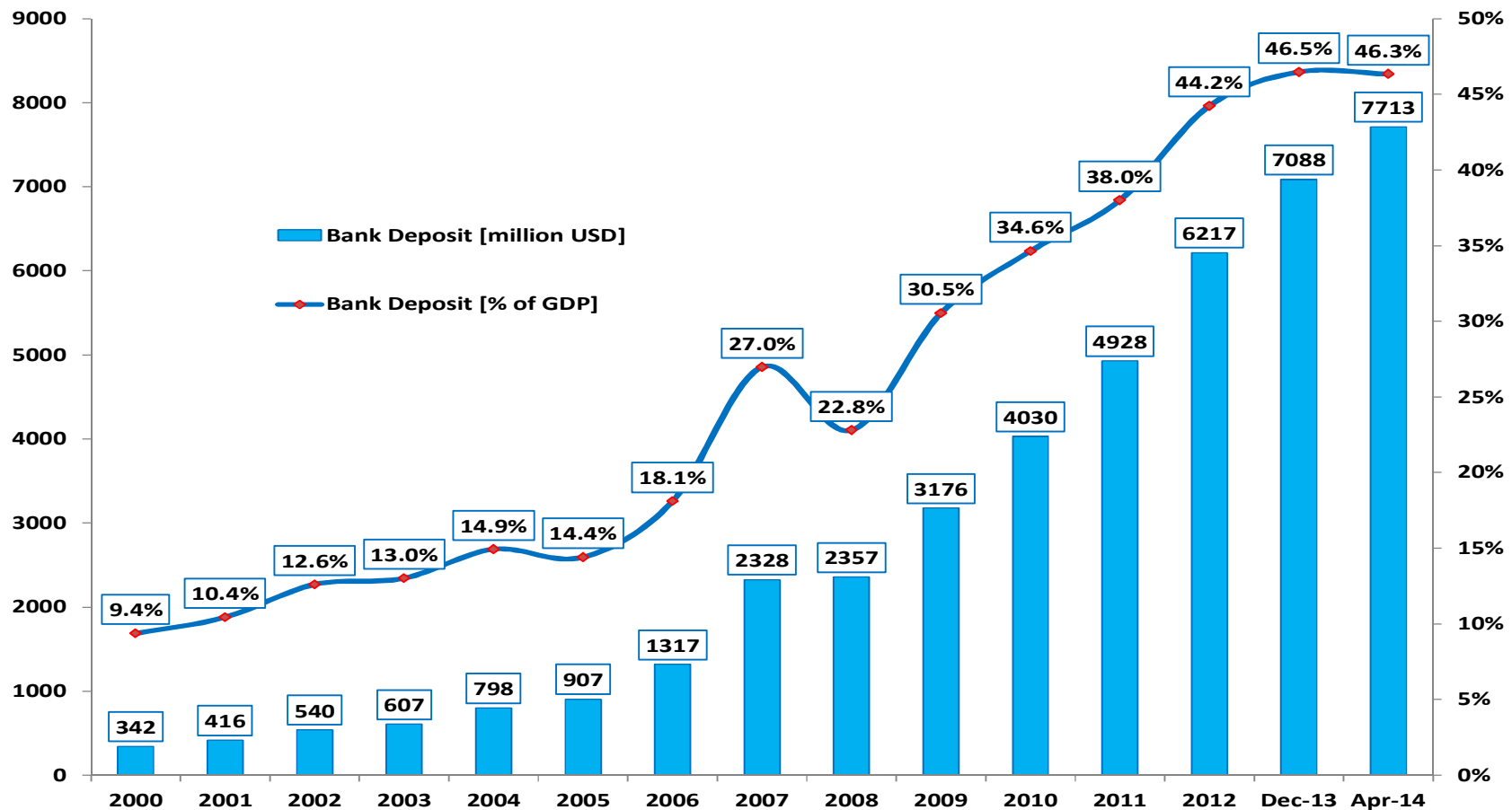
Growth of broad money

Broad Money (y-o-y, % change)



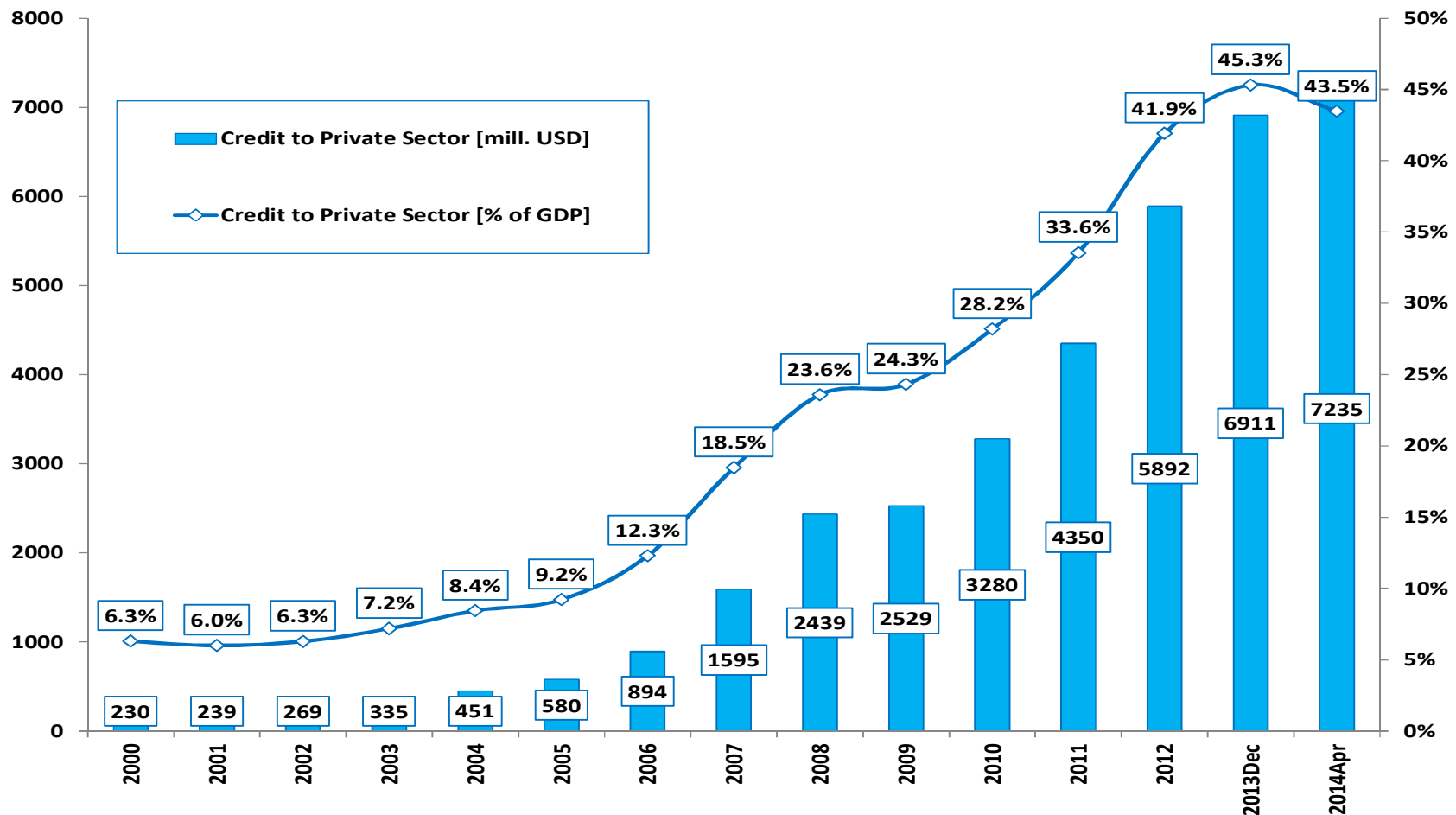
- M2 has recorded an average growth during 2010 - 2012 of around 20% (y-o-y); in Apr. 2014, it grew by 15.3%.

Bank deposit



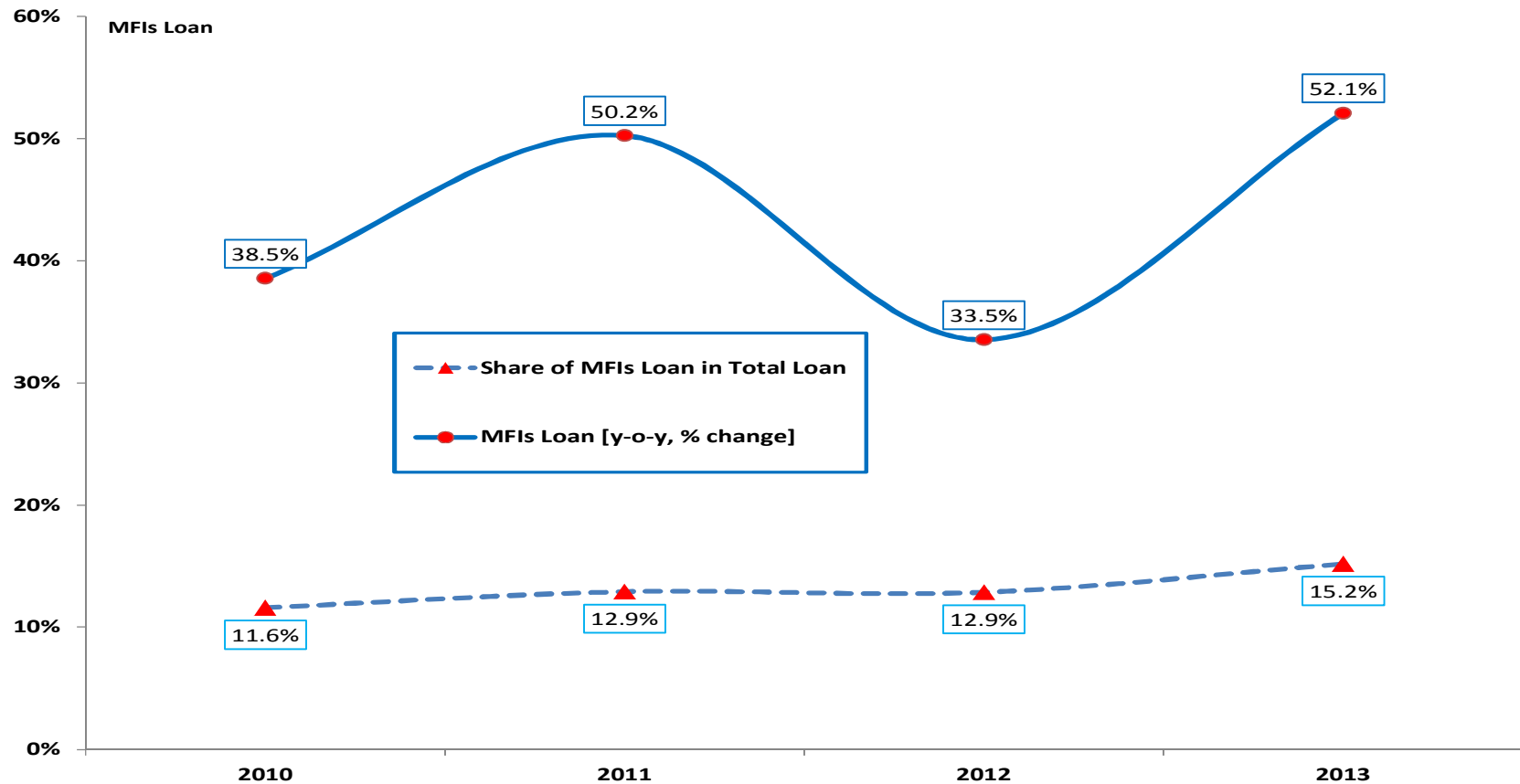
- Deposits increased by 14% (y-o-y) to \$7 bill. in Dec. 2013, and accounted for about 46.5% of GDP.

Credit to private sectors



- PS credit increased to \$6.9 bill. in Dec. 2013; and accounted for about 45.3% of GDP.

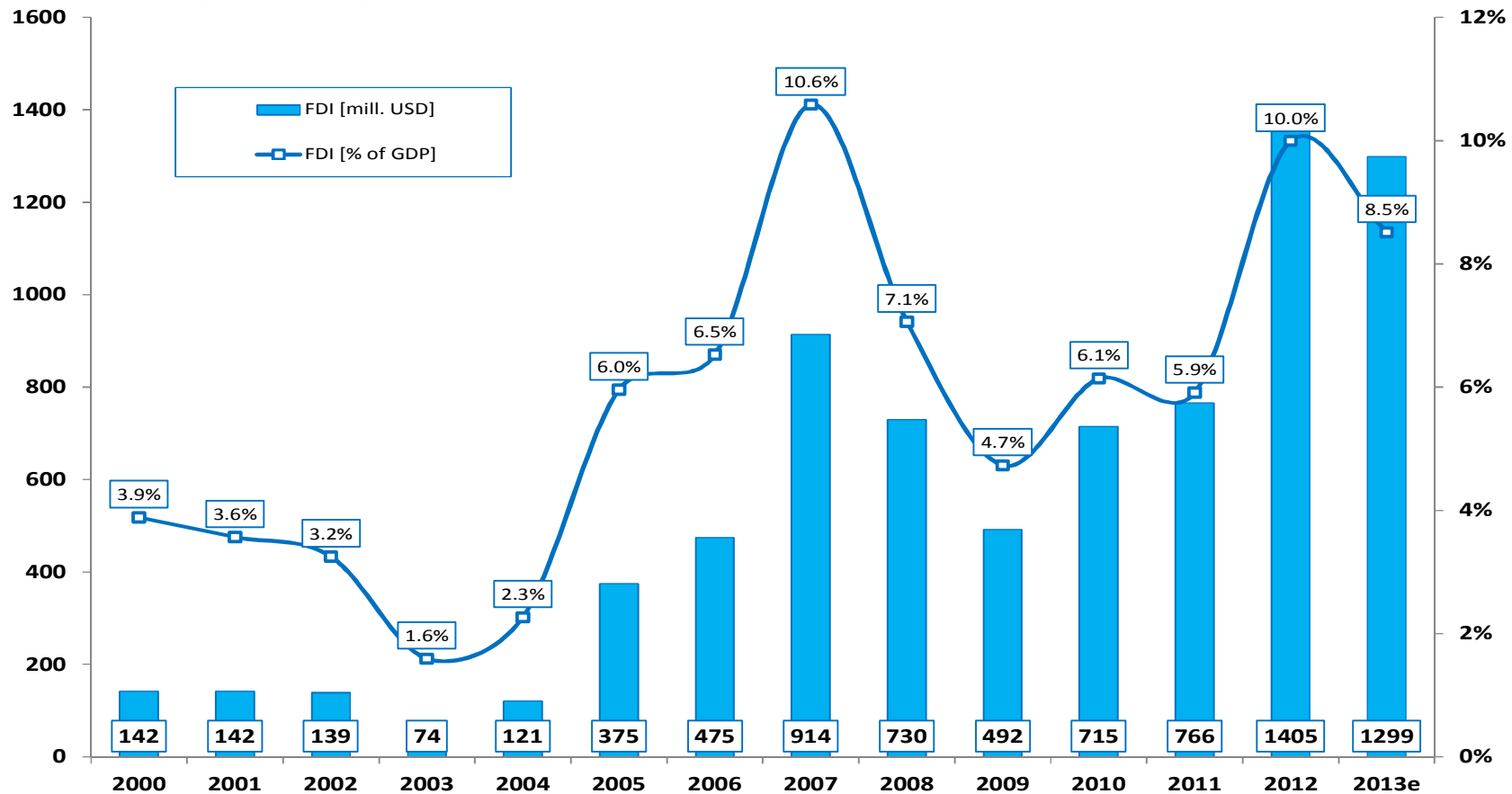
Microfinance Institutions are growing



- In 2013, loan extended by MFIs grew markedly by 52% (y-o-y); and the share of MFI's loan in total loan has steadily risen during past years and accounted for about 15.2% in 2013.

Foreign direct investments

FDI disbursement (in million USD)



- FDI flow has reached \$1.4 bill. in 2012 and \$1.2 bill. in 2013; accounted for 10% and 8.5% of GDP respectively.

Snap shots of Cambodia socio-economic developments

- GDP grew an average by 8% during past 10 years;
- Since year 2000, per capita income has tripled to reach \$973 in 2012 and \$1040 in 2013 (\$288 in 2000);
- The number of people living under poverty lines fell from 53.2% in 2004 to 20.5% in 2011;
- Garment has been one of the key sectors contributing to growth;
- Tourism generated more than 2 billion USD annually to the national economy during past three years.

Macroeconomic outlook

- GDP growth of over 7% is expected for both 2014 and 2015;
- Inflation in 2014 and 2015 expected to be within the range of 3% - 5%;
- Domestic budget revenue/GDP ratio will be raised up to 15.8% in 2014 and targeted to increase to 17.4% in the medium term;
- Budget deficit/GDP will be reduced to below 5% in 2014. The aim is to reduce it further to pre-crisis level of 3% in the medium term;
- The growth outlook for Cambodia is favorable, however the actual outcome will depend on the effectiveness of the reforms and Cambodia's success in addressing economic diversification & modernization.

Economic policies to support broad based growth

- Support private sector (including make credit available) to invest in the economy, and as a result create jobs;
- Further develop financial sector that is vibrant, that is focused on the real economy;
- Build-up fiscal space through the adoption and vigorous implementation of the *Medium Term Revenue Mobilization Policy 2014-2018*;
- Allocate public expenditure efficiently and effectively via strengthening the implementation of Public Financial Management Reform Program;
- Continue to improve investment climate to attract more quality investment;

Economic policies to support broad based growth (cont...)

- Make necessary level of investments in key elements (including Agro-processing, Logistic Infrastructures, Electricity/Energy, Human Resource Development, and Export Oriented Manufacturing Industry) to diversify and increase competitiveness of the Cambodian economy; and
- Undertake needed structural reforms to ensure that the future source of growth will be on broader manufacturing and industrial basis; this will be done through effective implementation of *IDP 2014 - 2024*.



The Angkor, a hydrolic city



The Preah Vihear Temple



The Sihanoukville



Mondulkiri, Bousra Waterfall



Thank You!