



On the Cover:

The present bi-annual 60 page special issue presents the country's latest economic performance and prospects based on the analysis of current data from Cambodia *Economist Watch*.



Despite the exports of some agricultural products, especially paddy, to international markets, available data for 2009 reveal that the global crisis seems to have had no effect on the agricultural sector. Cultivated area was slightly increased, demand for agricultural product remains high in the international market, and local livestock production keeps increasing. However, the agricultural sector is natural resource-based and depends largely on rainfall.

As 2009 has been another rainy year, followed equally wet years in last four years; the total agricultural sector growth is expected to increase 3.5 percent growth in 2009, down from 5.7 percent in 2008, as prices of agro-inputs increased remarkably, especially price of imported fertilizer. (page 18)

In this Issue

Introduction		Price & Money		50 Achievements from Mid-Term Review NSDP (2006-2010) and NSDP Update (2009-2013)	
8	Report Highlights	38	Price and Monetary Development		
Economic Growth		Fiscal Policy & Debt		Economic & Financial Indicators	
12	Cambodian Economic Growth	42	Fiscal Development and External Debt	52	Main Economic Indicators
18	Agriculture	Reforms Summary		52	Monetary Survey (Billion Riel)
22	Industry	46	Key Reforms in Cambodia's Trade Openness Policy and Investment (2005-2009)	53	Budget Operations (Billion Riel)
27	Services	47	Key Cambodian Policy Reforms in Private Sector Development (2004-2009)	54	Balance of Payment (Million US\$)
Labor Force & Income		48	Cambodia Key Reforms in Public Financial Management and Banking (2006-2009)	54	GDP by Industry Origin at Constant 2000 Prices (million US\$)
30	Labor Force, Incomes and Poverty	55		55	Investment and Saving (million US\$)
Trade & Investment		55		55	Employment by Sector
34	Trade, Investment and Productivity				



Industry

Unlike agriculture, some industrial sectors, especially garments and construction, are closely tied to external markets and investors, so the industry sector experienced negative growth in 2009 on the back of declines in target markets and more cautious investors.

Garment exports and construction activities both posted significant declines, while other industrial activities are growing at a slower pace. The industrial sector contracted by 8.3 percent in 2009, down from 4 percent positive growth in 2008. (page 22)



Services

The service sector was in 2009 affected by the global crisis, especially the tourism sector, because of a decline in real global as well as local revenue. But, based on current available updated data, it's unlikely to post as alarming a negative growth rate as that of industrial sector. A negative growth rate is expected for trade activities and a significant slow down expected in the tourism, transport and other service sectors. (page 27)

Labor Force, Incomes, and Poverty

Updated labor force data is expected with the release of findings from the Cambodia Socio Economic Survey (CSES) of 2007. The 2004 CSES pegged the total labor force at about 7.5 million, or 56 percent of the total population, with an approximated 0.2 million people entering the labor market every year.

Based on these figures, Cambodia's total labor force was an estimated 8.6 million in 2008 and is likely to reach about 8.8 million in 2009, of which about 20 percent are under 18 years 2004-2007. Thus, the rate would have included the under-employed, especially in the agricultural sector. (page 30)



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