



UNDER EMBARGO UNTIL 12.00 HRS., BANGKOK TIME, THURSDAY, 28 APRIL 2016

CAMBODIA

GDP (current US\$, billions):	\$16.78	Population (thousands):	15,328
Share of GDP in developing Asia-Pacific:	0.09%	GDP per capita (current US\$):	\$1,094.58
Share of GDP in South-East Asia:	0.7%	Average inflation (2015)	1.2%

- Economic growth remained high at 6.9% in 2015, although this rate moderated slightly relative to that in past years. The strong growth was fuelled by robust consumer spending on the back of rapid expansion in real income and credit, while investment in equipment and structure benefited from strong FDI inflows, including from China.
- Healthy economic expansion in 2015 was not broad-based. Tourist arrivals decreased, while agricultural activity, which accounts for two thirds of employment and a third of GDP, grew by only 1%.
- Strong domestic demand and improvements in revenue administration resulted in stronger-than-targeted revenue growth, which helped lower the fiscal deficit (excluding grants) to 3.7% of GDP in 2015.
- Exports of major items, such as garments and rice, also softened amid increased competition driven by Myanmar's liberalization and Viet Nam's engagement in free trade agreements.
- Driven by strong domestic demand, economic growth is projected to remain high at 7-7.1% in 2016 and 2017.
- Reduction of tariff and non-tariff barriers under the ASEAN Economic Community should be used as an opportunity to accelerate economic diversification, especially because the role of garment exports in driving the economy may not be as strong as in the past.
- In August 2015, the Government launched a new industrial development policy that is aimed at expanding the industrial base beyond garments and food processing to such areas as machinery and electrical equipment assembly and agro-industrial production. To realize such a development, it will be important to attract FDI into higher value-added sectors and channel more credit to upgrade the industrial sector.