

# ■ ADB Maintains Growth Outlook for Cambodia as Uncertainties Ease

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PHNOM PENH, CAMBODIA – The Asian Development Bank (ADB) maintains its April projection for Cambodia’s economic growth at 7.0% in 2014, and 7.3% in 2015, says a new report released today.

This favorable outlook is supported by the recent easing of political uncertainty that followed last year’s national elections and labor tensions in the garment industry after the minimum monthly wage for garment workers was raised in February this year.

“Cambodia’s economy is expected to remain in good shape over the next two years, reflecting increased political stability and steady macroeconomic management that should further lift investors’ confidence,” said Jan Hansen, ADB Senior Country Economist for Cambodia.

*Asian Development Outlook Update 2014* reports exports of garments and footwear increasing by 14.5% to \$2.8 billion in the first half of 2014, compared with a 17.0% gain during the same period last year, and growth in total merchandise exports moderating to 20.0% from 27.0% over the same time period. Import growth decelerated to 6.7% from 24.7%. Tourist arrivals to Cambodia rose by 5.2% to 2.2 million in January-June, against a 19.1% rise in the year-earlier period.

The report notes that growth in credit to the private sector was 12.0% year on year in June 2014, well below the expansion rate a year earlier.

Inflation is projected to be higher than previously expected, driven by higher food prices and a tightening of customs duty collections in late 2013 that put some upward pressure on prices of imports. Inflation is expected at 4.4% in 2014, falling to 4.0% in 2015.

The Update maintains the April forecast for the current account deficit in 2014 at 11.3% of gross domestic product, excluding official transfers. Gross official reserves at midyear were \$3.9 billion, covering 3.8 months of imports of goods and services.

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