

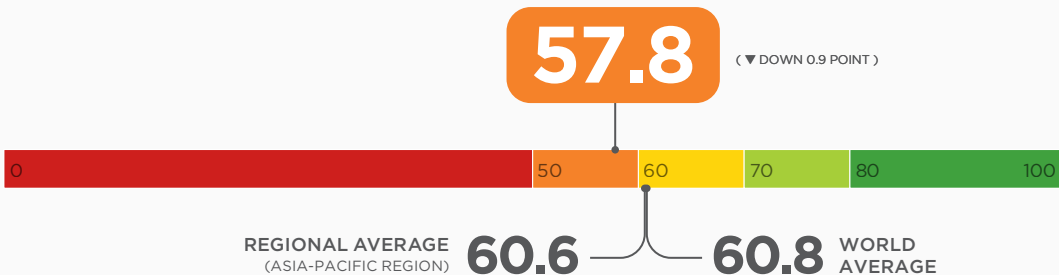
CAMBODIA

Cambodia's economic freedom score is 57.8, making its economy the 105th freest in the 2019 *Index*. Its overall score has decreased by 0.9 point, with a steep decline in **trade freedom** and a lower **fiscal health** score overwhelming improvements in **labor freedom** and **judicial effectiveness**. Cambodia is ranked 22nd among 43 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Through its "One Belt, One Road" program, China's influence in Cambodia will continue to grow as it finances major infrastructure projects without making Western-style demands for domestic policy reforms. The economically crucial garment sector is gradually losing its regional cost-competitiveness and has lost tariff-free access to the European Union because of the government's continuing crackdown on the political opposition. Weak property rights and pervasive corruption continue to constrain economic freedom, and institutionalization of a more independent judiciary remains a key area for reform.

WORLD RANK: **105** REGIONAL RANK: **22**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE

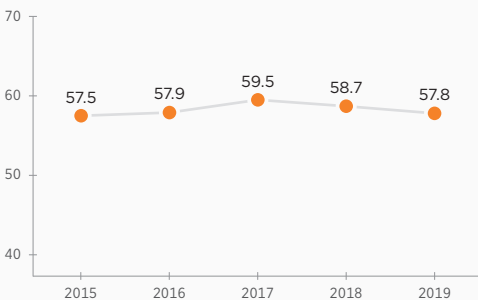


RELATIVE STRENGTHS:
Tax Burden and Fiscal Health

HISTORICAL INDEX SCORE CHANGE (SINCE 1997):
+5.0

CONCERNS:
Government Integrity and Judicial Effectiveness

FREEDOM TREND



QUICK FACTS

POPULATION:
16.0 million

GDP (PPP):
\$64.3 billion
6.9% growth in 2017
5-year compound annual growth 7.1%
\$4,012 per capita

UNEMPLOYMENT:
0.2%

INFLATION (CPI):
2.9%

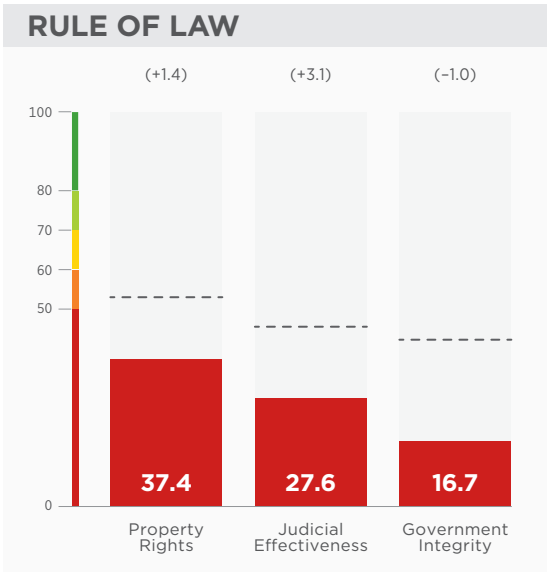
FDI INFLOW:
\$2.8 billion

PUBLIC DEBT:
35.1% of GDP

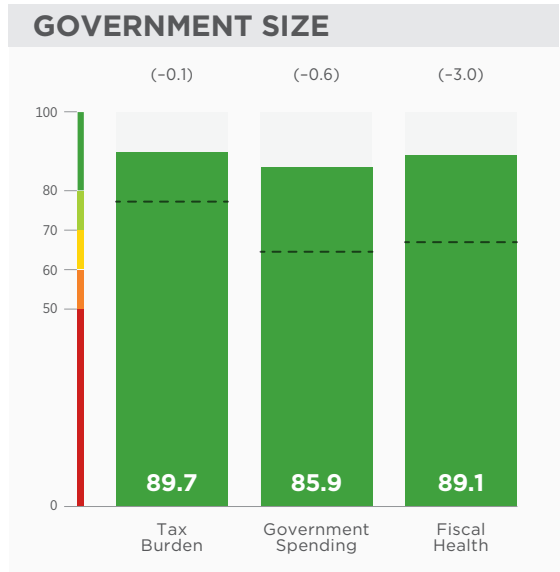
2017 data unless otherwise noted. Data compiled as of September 2018

BACKGROUND: Nominally a democracy, Cambodia has been ruled by former Khmer Rouge member and now Prime Minister Hun Sen since 1985. Hun Sen's Cambodian People's Party (CPP) implemented an unprecedented crackdown against the opposition Cambodia National Rescue Party (CNRP) in the lead-up to local elections in 2017 and formalized Cambodia's status as a one-party state in the 2018 national elections. CNRP leader Kem Sokha is imprisoned, and the party itself was banned and dissolved by the Cambodian Supreme Court. Media have been censored, and civil society groups have been repressed. The economy is still heavily dependent on tourism and the garment industry. More than half of the labor force is engaged in subsistence farming, and Cambodia remains one of Asia's poorest countries.

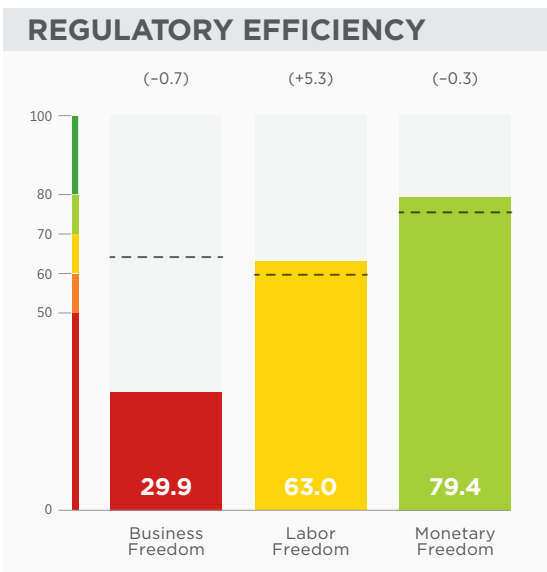
12 ECONOMIC FREEDOMS | CAMBODIA



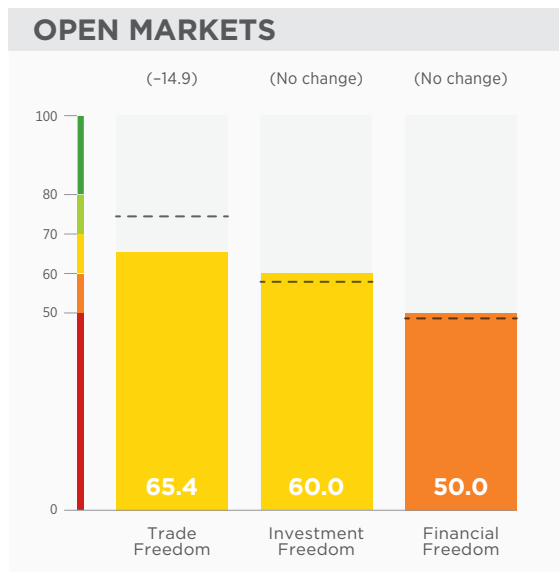
Property rights are regularly abused for politically favored private projects, and the land titling system is corrupt and costly. Powerful politicians, bureaucrats, and military officers have grabbed an estimated 12 percent (or more) of Cambodia's land through state-sanctioned seizures. The judiciary is subject to bribery and political pressure and marred by inefficiency, poor training, and a lack of independence. Corruption remains a serious problem.



The top individual income and corporate tax rates are 20 percent. Other taxes include excise and value-added taxes. The overall tax burden equals 15.0 percent of total domestic income. Over the past three years, government spending has amounted to 21.7 percent of the country's output (GDP), and budget deficits have averaged 2.3 percent of GDP. Public debt is equivalent to 35.1 percent of GDP.



Measures to modernize commercial codes and facilitate private-sector development have been implemented in recent years. All sectors of the economy are open to foreign competition and investment. Labor force participation is high, but many jobs are informal. The government provides households with annual energy subsidies costing tens of millions of dollars in an effort to lower the price of domestic electricity by 2020.



The combined value of exports and imports is equal to 124.9 percent of GDP. The average applied tariff rate is 9.8 percent. As of June 30, 2018, according to the WTO, Cambodia had one nontariff measure in force. New foreign investment may be screened by the government. Privatization has gradually improved financial-sector efficiency. Banking has become more market-oriented, with credit increasingly available to the private sector.