Cambodia’s economic freedom score is 56.5, making its economy the 110th freest in the 2023 Index. Its score is 0.6 point worse than last year. Cambodia is ranked 24th out of 39 countries in the Asia–Pacific region, and its overall score is lower than the regional average.

Institutional weaknesses still restrict economic freedom and prevent more dynamic growth. The rule of law, one of the basic foundations of economic freedom, remains fragile because of corruption and an inefficient judicial system that is vulnerable to political interference. Government tariffs and other restrictions reduce the benefits of international trade.

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**BACKGROUND:** Prime Minister and former Khmer Rouge member Hun Sen has ruled since 1985. In 2017, his Cambodian People’s Party cracked down on the Cambodia National Rescue Party, which was later banned and dissolved by the Cambodian Supreme Court. The economy is heavily dependent on tourism revenues and garment exports. More than half of the labor force is engaged in subsistence farming, and Cambodia remains one of Asia’s poorest countries. The European Union, Cambodia’s largest export market, partially suspended Cambodia’s preferential trade treatment in 2020 because of government human rights violations. China is reportedly building a secret naval base in Cambodia.

**RECENT FREEDOM TREND**

**QUICK FACTS**

**POPULATION:** 16.9 million

**GDP (PPP):** $78.7 billion

2.2% growth in 2021

5-year compound annual growth 4.1%

$4,967 per capita

**UNEMPLOYMENT:** 1.2%

**INFLATION (CPI):** 3.0%

**FDI INFLOW:** $3.5 billion

**PUBLIC DEBT:** 36.3% of GDP

2021 data unless otherwise noted. Data compiled as of September 2022.
The overall rule of law is weak in Cambodia. The country’s property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.

Measures to modernize commercial codes and facilitate private-sector development have been adopted in recent years. The non-salary cost of employing a worker is low, but enforcement of many aspects of the labor codes is not effective. The most recent available inflation rate is 3.0 percent.

The top individual and corporate tax rates are 20 percent. The tax burden equals 20.2 percent of GDP. Three-year government spending and budget balance averages are, respectively, 26.6 percent and -2.1 percent of GDP. Public debt equals 36.3 percent of GDP.

The trade-weighted average tariff rate is 9.1 percent. One formal nontariff measure is in force, but other impediments to trade flows persist. The lack of transparency in approval processes undermines inflows of new foreign investment. Banking has become more market-oriented.