

COVID 19 ECONOMIC RELIEF PLAN

KINGDOM OF CAMBODIA

KEY TAKEAWAYS

GENERAL

Additional fiscal resources to the health sector of around USD 60 millions are expected. The government has announced a package of tax concessions, expenditure support, and credit support. Social assistance is being strengthened, including grants to households and subsidies for wages and health and employment insurance. Other spending will be rationalized, including capital spending. The government will disburse special low-interest loans to specialized banks, in addition to packages issued to SMEs and rice producers. Temporarily laid-off garment workers are to receive income support.

GARMENT SECTOR

- The government has provided tax holidays of **six months to one year** for factories severely impacted by the COVID-19 outbreak and the EBA suspension.

TOURISM SECTOR

- Tax relief is being made available to hotel businesses in the six tourist attraction provinces in the form of an exemption from all monthly taxes for the period **February to May 2020** as well as an exemption from “comprehensive tax audits” for the 2020 tax year.
- The government has offered special deals for tourists visiting the Angkor Archaeological Park in Siem Reap and where the Angkor Wat temple is located.

EASING IMPORT RULES

- The General Department of Customs and Excise (GDCE) will be more lenient in facilitating the import of raw materials, accessories, and parts used for textile and garment production.

SUSPENSION OF STAMP DUTY TAX ON PROPERTY

- An exemption from stamp duty is being made available with regard to certain transfers of immovable residential property having a value of U.S. \$70,000 or less.

SUPPORT FOR THE AGRICULTURE SECTOR

- The government is allocating **US\$50 million** in the form of low-interest loans to help SMEs. The funds will be distributed through the state-owned Rural Development Bank (RDB) with the goal to increase local production capacity.

Economic outlook/2021

source: ADB-Asia Development Outlook

GDP

GROWTH IS EXPECTED TO SLOW TO 2.3% IN 2020 AS A DIRECT RESULT OF THE COVID-19 OUTBREAK, LOW GROWTH IN THE PRC AND MINOR CONTRACTION IN MAJOR ADVANCED ECONOMIES, AND REDUCED ACCESS TO EXPORT MARKETS, BEFORE REBOUNDED TO 5.7% IN 2021

Table 3.23.1 Selected economic indicators (%)

	2018	2019	2020	2021
GDP growth	7.5	7.1	2.3	5.7
Inflation	2.5	1.9	2.1	1.8
Current acct. bal. (share of GDP)	-12.2	-17.6	-19.0	-16.9

Sources: National Institute of Statistics; ADB estimates.

However,

ALTHOUGH GROWTH IS EXPECTED TO SLOW SHARPLY IN 2020 AS EXPORT GROWTH EASES FOLLOWING PARTIAL SUSPENSION BY THE EUROPEAN UNION OF TRADE PREFERENCES AND COVID-19. GOVERNMENT TENDS TO ISSUE GOVERNMENT BONDS IN LOCAL CURRENCY TO PROMOTE THE DEVELOPMENT OF LOCAL CAPITAL MARKETS AND DOMESTIC INVESTMENT AND GROWTH IN CONSTRUCTION AND REAL ESTATE SECTOR IS ESTIMATED.

	2018	2019e	2020f	2021f	2022f
Real GDP growth, at constant market prices	7.5	7.1	2.5	5.9	6.3
Private consumption	3.0	7.0	4.9	5.0	5.4
Government consumption	5.1	-9.1	1.3	17.1	9.5
Gross fixed capital investment	6.1	10.7	-2.2	7.4	7.2
Exports, goods, and services	5.3	7.8	2.6	7.0	7.5
Imports, goods, and services	4.1	6.0	3.0	6.9	7.1
Real GDP growth, at constant factor prices	7.4	6.8	2.4	6.0	6.3
Agriculture	1.1	-0.5	0.3	0.4	0.5
Industry	11.6	11.3	7.5	9.2	9.3
Services	6.8	6.2	-1.4	5.3	5.6
Inflation (consumer price index)	3.1	3.2	2.3	2.0	2.1
Current account balance (% of GDP)	-8.9	-8.8	-10.9	-11.9	-12.8
Net foreign direct investment (% of GDP)	12.6	10.6	9.0	9.1	9.3
Fiscal balance (% of GDP)	0.4	0.5	-3.0	-0.4	-0.6
Debt (% of GDP)	30.0	30.0	32.2	33.4	33.0
Primary balance (% of GDP)	0.8	0.9	-2.5	0.1	-0.1

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.
Note: e = estimate, f = forecast.

MOREOVER, WORLD BANK GROUP

HAS APPROVED **US\$20 MILLION CREDIT** FROM THE INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) FOR THE CAMBODIA COVID-19 EMERGENCY RESPONSE PROJECT.

