

## **Economic Growth and Development in Cambodia during the 1990s and 2000s**

Sovannroeun Samreth (Saitama University, Japan)

### Summary

Cambodia gained independence in 1953, after being under French colonial rule for nearly a century. The decades of the 1950s and 1960s were peaceful periods for Cambodia. Its economic growth performance, as a post-independence country, was remarkably good. However, influenced by the Cold War, after a coup in 1970, Cambodia fell into a civil war that lasted until 1998. During this time, many historical events occurred, influenced by a variety of political regimes. The most devastating period for Cambodia was the Khmer Rouge regime between 1975 and 1979. During that period, about one third of the Cambodian population died and normal economic activities were completely banned. It was a dark era in Cambodian history. After the fall of the regime in 1979, Cambodia adopted the socialist political regime and planned economic system. At the end of the 1980s, it has moved to the market economy. During the 1990s and 2000s, Cambodia achieved notable economic growth and development, except for during the violent conflicts and Asian financial crisis in 1997 and the global financial crisis in 2008 and 2009. The average growth rate of income per capita in Cambodia was around 6% between 2000 and 2015, according to the World Bank's data. Consequently, Cambodia is now a lower middle-income country.

This presentation provides an explanation and a discussion on economic growth and development in Cambodia, focusing on the 1990s and 2000s. It provides an illustration of Cambodian economic performance and the dynamics of its economic structure. It discusses the driving forces and potential sectors for Cambodian economic growth and development over those time periods. The roles of foreign aid and foreign direct investment in the economy are explained with a reflection on the socio-economic policies adopted by the government. Moreover, the trends of poverty and inequality are also illustrated and discussed. Cambodia is a highly dollarized country, where foreign currency, especially the U.S. dollar, is widely circulated in the economy as a means of payment, unit of accounts and store of value. The dollarization phenomenon has both positive and negative socio-economic effects. A discussion on dollarization and an illustration of the financial sector and its development is also provided. The presentation concludes with a summary of the potentials and challenges of the Cambodian economy.