

IMF forecasts Cambodia's current account balance as share of GDP at 2.26%

Cambodia has improved its trade efficiency through its trade partner diversification and competitive edge through foreign direct investment (FDI) and hard infrastructure advancements. KT/Chor Sokunthea.

Cambodia's current account balance as a share of GDP for the current year has been projected at 2.26 percent, as per the latest report released by the International Monetary Fund (IMF).

The current account balance as a percent of GDP provides an indication on the level of international competitiveness of a country.

Usually, countries recording a strong current account surplus have an economy heavily dependent on export revenues, with high savings ratings but weak domestic demand.

On the other hand, countries recording a current account deficit have strong imports, a low saving rates and high personal consumption rates as a percentage of disposable incomes.

IMF forecasts the rate to fall to 1.058 percent in 2026. The Kingdom's current account balance as a percent of GDP held a negative value for the years 2021, 2022 and 2024 with 2023 being an exception. It stood at - 29.584 percent in the year 2021, - 19 percent in 2022, - 1.693 percent in 2024 while in 2023 the rate was 1.28 percent.

Speaking to Khmer Times, Tom Goh, an economic analyst based in Singapore, said the number shows Cambodia's strong recovery from the pandemic lows.

"Except for the Trump tariff shock, the country is doing really well and it is reflected in all economic indicators including the current account balance as a share of GDP. Tourism and manufacturing are the key components of Cambodian economy.

"While tourism numbers have reached pre-pandemic levels, signaling a strong recovery, the substantial increase in Foreign Direct Investments (FDI) highlights the growth prospects for the manufacturing sector."

However, he urged the policymakers to diversify the trade surplus patterns to make exports more sustainable.

"Discovering new markets for Cambodian products along with strengthening local demand for various goods and services should remain the key economic policy initiatives. Cambodia should also exert efforts to enter into trade agreements with more countries."

Economist Darin Duch earlier told Khmer Times that Cambodia has improved its trade efficiency through its trade partner diversification and competitive edge through foreign direct investment (FDI) and hard infrastructure advancements.

"Through its economic diversification and industrialization initiatives combined with enhancements to logistics network, Cambodia has created a positive trade environment with the rest of the world.

"Investors are drawn to special economic zones (SEZs) and favorable investment regulations which maintain ongoing economic growth of seven percent on average since 1995. Enhanced participation in global value networks alongside advanced trade facilitation strategies would establish enduring economic stability and generate employment opportunities for Cambodian workers leading to inclusive and sustainable economic growth."

The IMF data forecasts Singapore, considered an advanced economy, to have the highest current account balance as a percent of GDP at 17.2 percent.

Among the other Asean economies, Brunei ranks next (15.4 percent) followed by Vietnam (3.2 percent), Cambodia (2.3 percent), Malaysia (1.6 percent) and Thailand (1.2 percent).

The Philippines is forecast to have a negative number at -3.4 percent along with Myanmar (-2.4 percent), Indonesia (-1.5 percent) and Laos (-0.1 percent).

Among other five members of the Regional Comprehensive Economic Partnership (RCEP), South Korea is forecast to record the biggest current account balance as a percent of GDP at 3.5 percent followed by Japan (3.4 percent) and China (1.9 percent).