



NATIONAL BANK OF CAMBODIA

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Opening Remarks
H.E. Chea Chanto, Governor of the National Bank of Cambodia
SEACEN-IMF – STI Course on Macroeconomic Diagnostics
Siem Reap, 17-28 October 2016

- **Dr. Ole Rummel, Director of Macroeconomic and Monetary Policy Management, The SEACEN Centre,**
- **Mr. Natan Epstein, Deputy Director of the IMF – Singapore Regional Training Institute,**
- **Distinguished Resource Speakers, Participants, Ladies and Gentlemen,**

A Very Good morning!

Today, on behalf of the National Bank of Cambodia, I have a great honor and pleasure to host the SEACEN-IMF – STI Course on Macroeconomic Diagnostics in Siem Reap Province, in collaboration with the SEACEN Center and the IMF – Singapore Regional Training Institute. I would like to warmly welcome our honorable guests and delegates to Cambodia and particularly to the Ancient City of Angkor in Siem Reap.

Taking this opportunity, I would like to express my special thanks and appreciation to our two excellent institutions, which are the SEACEN Centre and the IMF – STI, for their long-serving roles in providing all forms of trainings to our central banks in order to promote capacity development. These trainings clearly provide excellent opportunities for our staff not only to improve their technical skills but also to socialize and build network for future cooperation work.

Distinguished Guests, Ladies and Gentlemen,

This two-week course is fundamental and useful in the view of the central bank's function to promote and maintain macroeconomic stability, which has become increasingly challenging in today's economic environment, either at global, regional or domestic level.

Over the past two decades, we have seen the world changing very fast, due to rapid progress of technology and telecommunication, globalization, and openness of many emerging and developing countries to trade and finance. This shift has brought benefits to countries in terms of growth, job creation, productivity gain, and increase in social welfare in overall. However, growing interconnectedness and free flows of capital that comes alongside economic openness also have changed the economic structure and had large implications on macroeconomic management in every country.

If we recall the emerging market crises in the 90s and the recent global financial crisis, we at least observed the positive link between crises and failure in macroeconomic management. In the 90s, several emerging markets faced periods of crises after increased liberalization, mainly due to poor macroeconomic management. However, the experience of the recent global financial crisis also demonstrated the value of prudent and proper macroeconomic policies in helping them get through the crisis as well, as many emerging countries managed to maintain positive growth or recover quickly. We also see stronger link, as economies become more integrated.

Sound macroeconomic management still lies importantly under the current global economic environment. For too long, the world economy has been growing for too slow and fragile, creating considerable uncertainties and risk buildup. In such a challenging environment, building resilience through sound macroeconomic management is still the forefront policy.

In Cambodia, macroeconomic stability has been a key contribution to economic development. The growth has been robust at 7.7% on average over the past two decades, which raised the people's living standards and reduced poverty from 53% in 2004 to below 17% today. Inflation has been managed at below 5%, while exchange rate has been properly stabilized in the context of high dollarization. Balance of Payment is on surplus side, mainly contributed by inflows of FDIs. The budget policy is prudent, maintaining public debt at a low level. Official reserves cover 4.6 months of imports and continue to have an upward trend. Several reform agendas are under way to strengthen economic resilience and maintain macroeconomic stability.

How can we develop a sound macroeconomic management? There is no illusion of how challenging it is to achieve this objective. It requires action that goes beyond just economic theory. It requires, of course, timely and good-quality data, and importantly a strong capability to assess and diagnose economic conditions and the underlying risks. I would say right macroeconomic policies come only when we are able to diagnose correctly, and to diagnose correctly, it needs human capacity. This is why today's course on Macroeconomic Diagnostics is crucial for us as central banks and monetary authorities.

Distinguished Guests, Ladies and Gentlemen,

I strongly believe that this two-week course will present a great opportunity for our respective central bankers to develop their capacity. I have no doubt that, by the end of the course, all of you will have obtained a better understanding of core concepts and will be able to comprehensively assess macroeconomic conditions and design good policy framework. For these reasons, once again, I would like to express our deep appreciation to the SEACEN Centre and the IMF for the effective support and cooperation to make this course possible. We at the National Bank of Cambodia strongly welcome such important courses in the future and hope that both institutions will continue to initiate more trainings and technical assistances in this area in the future.

As for this course, I was told that there will be a one-full-day tour program on Saturday this week. I hope that you will be able to enjoy touring around the temple complex including Angkor Wat, which is ranked among the World's Wonders and registered as a UNESCO's world heritage site. I also hope that you find some time out of your class schedule to explore further other interesting places, do some shopping, and get to know more about our people, history and culture.

Finally, I wish you all good luck and a pleasant stay in Siem Reap. Also, have an active and productive course!

Thank you!