

## Why this Study?

Cambodia chose to compete in international markets when it became a member of ASEAN and the WTO respectively in 2000 and 2004. Whether Cambodia benefits from globalisation remains a major concern among Cambodians and international donor communities who support its development. In order to benefit from globalisation, Cambodia must be competitive. Although competitiveness is crucial for Cambodia to survive in international markets, there seems to be only a limited commitment by the government to improve the country's performance.

There have been a few studies attempting to identify new sources of, and key impediments to, Cambodia's growth, like the Investment Climate study by the World Bank. A study of National Export Strategy is being designed by the Ministry of Commerce (MoC). Nevertheless, there seems to be no comprehensive study comparing Cambodia's competitiveness to the rest of the world.

EIC has recognized the need for a comprehensive analysis of Cambodia's competitiveness, and is thus committed to carrying out a study with funding support from its core grant from USAID through The Asia Foundation. Meanwhile, the World Economic Forum (WEF) – a leading institution in assessing cross-national competitiveness – would also like to extend coverage to a large number of countries in their competitiveness assessment. This makes it possible for EIC to work in close partnership with this Forum in assessing Cambodia's competitiveness. EIC conducted the Executive Opinion Survey 2005 in Cambodia within the framework of the WEF that enabled them to rank the competitiveness of Cambodia with some 117 countries.

This report aims at providing information complementary to the findings on Cambodia's Competitiveness in the Global Competitiveness Report 2005-2006, released by the WEF. It provides a detailed analysis of the country's competitiveness from a business executive point of view. Proposed priority actions are highlighted to increase national competitiveness. The report is expected to be an important benchmark useful for deeper analyses of Cambodia's national competitiveness.

This report contains three basic sets of findings. First, it details outcomes of an executive opinion survey conducted among leading business executives in Cambodia. Second, it deals with the Growth Competitiveness Index of the WEF in which Cambodia is compared to its competitors. Third, Cambodia's performance is assessed within the framework of the Business Competitiveness Index of Professor Michael E Porter.

To better understand the country's current competitiveness, a brief overview of Cambodia's economic background is considered.