



**Workshop on
Enhancing the
Development Potential of
Trade in Services for
the Least Developed Countries
through Preferential Treatment**

26 March 2018

Statement

Cambodia

Mr. Rithi Pich, Permanent Representative of Cambodia to the World Trade Organization, Geneva



UNCTAD Workshop on

“Enhancing the Development Potential of Trade in Services for LDCs through Preferential Treatment”

26 March 2018 – At 10:00AM to 1:00PM

at UN Building, Room: XXVI, Geneva, Switzerland

- Mr. Chairman (George Riddell),
 - Ms. Isabelle Durant, Deputy Secretary-General of UNCTAD,
 - Ambassadors, Deputy Permanent Representatives,
 - Distinguished Speakers and Consultants,
 - Ladies and gentlemen,
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- First of all, I wish thank UNCTAD for organizing this important Workshop today.
 - Thank the Kingdom of Sweden for financing the UNCTAD's project *"Capacity Building of LDCs in Services Trade for Sustainable Development"*
 - Thank UNCTAD for the study "Effective Market Access for LDCs' Services Exports - is LDC Services Waiver being implemented?"
 - I am pleased to share with you today Cambodia's experience in promoting inclusive economic growth through services and services trade.
 - Cambodia has made great achievement toward sustained rapid and inclusive economic growth in the last decades. With an average annual growth of 7.8% since 1999, Cambodia has become one of the fastest growing economies in Asia, graduating from low income to lower-middle income status in 2015.
 - Strong GDP growth over the past two decades has resulted in a reduction in poverty and inequality. In 2005, 50 % of our population lived below the national poverty line and by 2015, we reduced this to below 14 %.

- Cambodia's economic growth owes much of its driving force to services trade. Tourism and related travel services remain Cambodia's main services export, but the economy is rapidly diversifying its services industries. Today, Cambodia exports banking services including in Mode 3 to regional markets, IT-related services, Business Processing Operations (BPOs), animation services and other professional services to regional and global markets.
- The services sector is the largest contributor to GDP accounting for 41% of value added in 2016, followed by industry 32% and agriculture, fisheries and forestry 27%.
- Cambodia is committed to achieving economic development, poverty reduction and job creation. From our experience, rapid economic growth and employment cannot occur by relying on the domestic market alone, but require access to larger markets abroad. For this purpose, the Government of Cambodia has been actively participating in the multilateral and regional fora to improve market access and reduce barriers to our exports.
- Cambodia has been a WTO member since 2004 and has also concluded a number of regional Free Trade Agreements (FTAs) which include trade in services as well. First, with ASEAN Member States and second, ASEAN Plus 1 Free Trade Agreements (FTAs) with China, ROK, Japan, Australia & New Zealand, and India.
- Parallel to improving and securing market access for our services trade in export markets, we designed and are implementing a series of national reforms geared towards promoting trade, enhancing the competitiveness and productivity of our economic sectors including services, improving the business environment and investment climate including through adopting technological solutions (e.g.: electronic application for certain procedures, such as companies' registration, certificates of origin, as well as the elimination of informal payments) and trade facilitation measures (e.g: Cambodia officially launched the single window service to streamline work across several departments).
- Despite the significant headway made over the past decades, serious challenges remain to be addressed. Cambodia is working towards more services export diversification and towards securing market access for its services exports abroad.

- For us, services exports do not only generate significant revenues but also contribute to building competencies and excellence at home. Supporting us to upgrade and develop our services economy through enhanced market access is not only a trade measure but is also a significant development measure.
- The reflections we are having today on enhancing LDC services exports are essential to developing concrete perspectives on what should be done to facilitate and develop LDC services trade.
- In this spirit, we would like to underline the importance of the international efforts to allow further trade liberalization in the domain of trade in services, including through WTO Services Waiver.
- However, despite current liberalization efforts, Cambodia services exports still encounter market access, national treatment and regulatory challenges in its export markets (including incorporation, local partnering requirements, visas, local content requirements and access to public procurement, etc). Most of these challenges have not yet been addressed by the notifications on preferences by WTO Members partly due to lack of attention to detail in designing preferences and partly due to the fact that most of Cambodia's key trading partners have not yet responded to the call for preference in the context of the Waiver.
- Therefore, we welcome UNCTAD's initiative to further follow up, monitor, encourage and design preferences that support us in the process of expanding our services export. We believe this UNCTAD's initiative can help LDCs not only increase capacity to utilize preferential market access for services trade but also identify services sectors that require market openings in the future. We would like to thank UNCTAD for initiating this project and choosing Cambodia for its pilot review.
- Thank You.