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Session 3. Pursuing the potential for diversification – Trade and cooperation frameworks for digitally deliverable services

Statement by Cambodia



UNITED NATIONS
UNCTAD

*The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.



**STATEMENT OF THE KINGDOM OF CAMBODIA
DELIVERED BY EXPERTS AT THE MULTI-YEAR EXPERT MEETING (MYEM)
4 – 6 July 2022**

Session 3: Pursuing the Potential for Diversification – Trade and Cooperation Frameworks for Digitally Deliverable Services

Thank you Madam President

1. First of all, I would like to start by thanking discussants for their valuable inputs and thought-proving discussion.
2. It is inevitably that integrating individual national economy to the regional and global markets is envisaged as a medium and long term cherish policy objective for resilient and diversified growth and inclusive development. At this digital edge, both services consumers and suppliers can be increasingly accessible and tradable via digital platform and digitalisation. Services supply has changed dramatically by its nature and digital evolution.
3. The rapid grow of digitalisation and e-commerce have made life more ease and economic more active as there are new digital services and significant increasing of Mode 1 services supplies as raised by many speakers during the meeting. However, digital divide and services exports share remain challenging among countries and citizens in developing countries and especially LDCs.
4. In context of Cambodia, to complement with the multilateral trading system, Cambodia has participated in ASEAN FTA and ASEAN plus FTAs including Regional Comprehensive Economic Partnership (RCEP), which is one of the mega FTA. In the meantime, Cambodia has recently concluded bilateral FTAs with China and Republic of Korea. Trade in services and services-related chapters are encompassed within these trade agreements.
5. With respected to the Asian digital trade performance highlighted by Ms. Deborah of Asian Trade Centre, I do mostly agree with her sharing. However, services is more sensitive than trade in goods by its nature plus regulatory restrictions. In addition, Negative Schedule Modality is a big exercise for LDCs which require more supports and collaboration to ensure the level of consistency between the actual services commitment to avoid unintended commitments. In addition, developing countries may need to explore the possibility of formulating and implementing Digital Economy Partnership Agreement with supports of development partners especially UNCTAD.

6. With regard to the positive correlation between trade agreements and cooperation framework with economic diversification through digital means, I am of the view as follow:
- **First**, trade agreements and cooperation framework are playing a crucial role as regulatory, facilitating, and predictable means to standardize, expand and diversify services trade through promoting countries' existing comparative advantage and exchanging quality services supplies for the human welfare as well as trade liberalisation.
 - **Second**, there are numbers of cooperation programmes and capacity building activities injected in the modern agreements and frameworks such as Chapter or provisions on Cooperation, E-Commerce, Special and differential treatments (SDT). Therefore, participating members are able to utilise such cooperative initiatives and best practices for their national services regime development by digital means especially developing and least developed participating Members.
 - **Third**, governmental agencies and private stakeholders are catching and keeping their institutional up-to-date by reform and modernisation their infrastructure, regulatory and know-how. There are also more opportunities to expand services export for developing countries including services-led digitalisation especially to bring inclusively MSMEs and start-up on board to the global market [despite the high cost of digital services as mentioned by Mr. Jorge Abarch, Development Bank of Latin America.
7. However, despite the given benefits and opportunities, developing countries and LDCs are vulnerable and fragile to integrate and utilise their resource to meet the expectation from the trade agreements and cooperation frameworks due to their limited institutional and productive capacity, finance, sufficient and responsive regulatory framework, technology and know-how, and infant services industries by its nature.
8. I, therefore, would like to reiterate the importance of technical and financial support to the vulnerable countries especially LDCs to overcome their key challenges by enhancing services statistics and responsive policy coherence, fully exercising their rights and obligations under trade agreements and cooperation framework aiming at to enable their economy more resilient and diversified through services exports and digitalisation.

With that, I thank you **Madam President**.
