

EU, US pressing towards Cambodia trade reprisals

Coordinated withdrawal of Cambodia's EU and US tariff-free trade privileges would devastate crucial garment exports and flatten the economy. A United States Trade Representative (USTR) and Department of State delegation wrapped up a five-day mission to Cambodia on June 7, a visit that could ultimately have major ramifications for the Southeast Asian nation's economy.

The delegations were deployed ostensibly to "discuss bilateral trade issues, including automobile standards, as well as Cambodia's labor situation," the US Embassy in Cambodia's Facebook page said.

More likely, sources say, the delegations were looking into the potential of removing Cambodia from the US' Generalized System of Preferences (GSP), a preferential trade scheme that grants tariff and quota-free status to exports from developing countries.

It was likely not a coincidence that the American delegation arrived in Cambodia the same week as a fact-finding team from the European Commission and the European External Action Service were in country.

The European delegations were dispatched to assess whether the country should remain part of the "Everything But Arms" (EBA) scheme, the European Union's version of the GSP.

The USTR, the agency responsible for advising the US president on trade policy, is believed to be weighing whether to launch a review of Cambodia's GSP status because of alleged poor labor rights' conditions.

In the past two months, India and Turkey have had their GSP designations removed over market access issues. When Asia Times went to press, the USTR mission to Cambodia had not yet made a public comment on its visit. The US and EU are by far the two largest customers of Cambodia's export-driven economy, purchasing combined around US\$9 billion worth of its exports last year. Of these, roughly half were shipped under the EBA and GSP schemes.

In February, the EU started an 18-month process of reviewing Cambodia's place in the EBA scheme, citing "serious human rights violations as well as a deterioration of democracy."

Unlike normal trade deals, these preferential schemes require signatory nations to meet certain criteria, though the EU's EBA scheme imposes more political conditions than America's GSP, which is chiefly about labor rights, property rights and equal access for US firms.

It remains to be decided whether Cambodia has fulfilled the criteria to remain part of the GSP, though clearly the USTR thought so in April 2018 when its inclusion was extended. That decision, however, was made before last July's controversial general election that many observers saw as rigged in Hun Sen's Cambodian People's Party's (CPP) favor.

In a statement released on June 2, Human Rights Watch asserted that this year alone Cambodian authorities "have issued at least 147 arbitrary court and police summonses" against members or supporters of the CNRP. "The EU and other donors to Cambodia should demand that the Hun Sen government immediately release all arbitrarily detained opposition members and fully restore the CNRP as a political party," said Brad Adams, HRW's Asia director, said in a statement.

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Hun Sen's Cambodia could be in trouble

There is growing concern about the European Union's (EU) proposed suspension of its Everything But Arms (EBA) trade agreement with Cambodia, a move which could set the country back years.

Established in 2001, EBA gives 49 of the world's least developed countries tax-free access to vital EU markets for their exports except for arms and ammunition.

While the EU has always warned that EBA preferences can be removed if beneficiary countries fail to respect core

United Nations (UN) and International Labour Organisation (ILO) conventions, there is a real threat that this could come at the cost of massive unemployment and stagnant growth in Cambodia.

Role in economic development

Making up 39 percent of the country's total exports, the garment and footwear sectors employ more than 700,000 Cambodians and are the country's largest employers. Cambodia's exports to the EU totaled US\$5.47 billion last year – more than a third of its total exports – with textiles and footwear making up the majority of that sum.

The National Union Alliance Chamber of Cambodia (NUACC) last week said that the lifting of the tariff system will affect the livelihoods of about three million Cambodians.

On 2 May, a coalition of 20 international brands which source from Cambodia – including Nike, adidas and Levi Strauss – wrote a letter to Cambodia's Prime Minister Hun Sen outlining their concerns that the labour and human rights situation in Cambodia is posing a risk to trade preferences for the country.

The EBA suspension would increase tariffs in the garment sector by 12 percent and the footwear sector by eight to 16 percent, costing US\$676 million in additional taxes. The fear is that the rise in tariffs could lead to investors moving to other countries that enjoy EBA, thus affecting Cambodian jobs.

The NUACC estimated that some 43 percent of garment workers (nearly 225,000 people) and 20 percent of footwear workers (more than 20,000 people) would be left unemployed, stating that “research suggests and history demonstrates that economic sanctions lead to **an increase in poverty – especially among women**, minority communities and other marginalised groups.”

Is the EBA suspension – which, if confirmed, will only come into effect in August 2020 – really the best way to address Cambodia's poor human rights record and democratic strength?

Refusing to budge, Hun Sen considers the EU's talk of human rights violations and democratic reforms as **interference in the country's internal affairs**, and an EBA suspension would hamper the remaining goodwill the Cambodian government has with the EU – and could lead to increased dependence on China.

With the World Bank stating that 4.5 million Cambodians, or 28 percent of the population, remain “near-poor”, mass unemployment would create conditions for political instability – this is a risk Hun Sen will have to factor in when moving forward with the EU on EBA negotiations.

The Asianpost.com, 3/6/19

Company denies sacking workers over union ambitions

Qi Ming Xin Factory yesterday denied accusations that it sacked seven unionists for attempting to create a union within the company.

Moeun Yoeun, of Voice Khmer Youth Union Federation, yesterday said he and six of his colleagues were gradually sacked by the company throughout January after they planned to create a local union. Pich Panharoath, an administrative representative for the company, yesterday said the unionists were fired because they did not comply with company policies.

Khmer Times (Sen David) 10/6/19

Factories 'ready for seniority payments at end of month'

400 representatives from factories and other enterprises said they are ready to pay seniority indemnity payments, including back pay, to their workers this month after the Ministry of Labour and Vocational Training began a 3 day training course on the necessary procedures.

On Monday, the ministry issued a further directive on new payments. Monthly wages and seniority indemnity payments are to be separated, in order to make it easier for workers to fulfill their tax obligations – because seniority indemnity payments are not subject to tax.

“From this year onwards, when wages are paid for June and December, employees [in the textile, garment and footwear sectors] will receive their fixed wage plus the new seniority indemnity payments – amounting to seven and a half days of their yearly salary – and any seniority back pay that is due.”

Phnom Penh Post (Long Kimmarita) 12/6/19

Garment workers injured in crash

Twenty-two garment workers were injured in a traffic accident today between a cement truck and the truck carrying them to work in Kampong Speu province's Basedth district.

Khmer Times (Pech Sotheyary) 11/6/19

Thousands of workers demand better conditions

According to a petition signed by workers of Sunrise Light Enterprise, all 1,562 garment factory workers descended upon their place of employment in Svay Rieng province's Bavet city yesterday to strike and demand better working conditions.

They are demanding their rights, such as the right to elect a representative and for the company to provide overtime pay to workers who are made to work during holidays and weekends.

Khmer Times (Sen David) 13/6/19

Government tackles child labour

The Ministry of Labour yesterday urged authorities, employers, communities and all stakeholders to strengthen measures to prevent child labour in the brick manufacturing sector and protect children from a dangerous work environment. Soeung Sorsocheta, a secretary of state at the Ministry of Labour, said that the government is focusing on promoting basic rights of children, as well as protecting them from labour exploitation, as part of the government's efforts to end child labour by 2025, which is in line with the global sustainable development goals.

This year, one incident involving child labour occurred in March, when a 10-year-old girl lost her arm as she was operating a brick-making machine at a brick factory in Kandal province's Khsach Kandal district.

Khmer Times (Pech Sotheary) 18/6/19

Court summons unionist Ath Thorn

Phnom Penh Municipal Court has summoned unionist Ath Thorn to appear for a trial next week over his alleged involvement in a series of protests against Capitol Tours Bus Company in 2016.

Heng Pheng, deputy prosecutor with the court, said in a summons letter issued on May 31 that Mr Thorn, president of Cambodian Labour Confederation, was charged with three counts of violence and obstruction over the protests, and must appear for his trial on June 28. Capitol Tours initially fired more than 50 drivers between July and November 2015, 45 of whom were not reinstated by the company after they tried to form a union. The company said at the time that the drivers were fired for being unruly and for allegedly stealing from passengers. The dismissals led to a series of protests that turned violent when about 50 drivers protesting outside the company's Phnom Penh headquarters were attacked.

Khmer Times (Mom Kuntheary) 21/6/19