

# -Humanitarian Law RULES!

Center for the Study of Humanitarian Law  
Newsletter

## EBA's Withdrawal from Cambodia: Challenges and Opportunities

EBA's withdrawal is controversial debate, recently, between European Union and Cambodia. 'Everything But Arms' (EBA) preference gives the advantages for the parties. Cambodia can export goods without paying tax while the EU gains influences in Cambodia, especially in Human Rights promotion and democracy enhancement.

EBA was initiated by EU in 2001 and Cambodia obtained EBA preference scheme in 2012 (DAP News, 2018). According to the Ministry of Commerce of Cambodia, the EBA provides a lot of benefits to the agricultural industry, respectively, rice and other potential products (2014). In the late December 2017, Ministry of Commerce report shows that Cambodia's export under the EBA scheme was accounted for 9.5 billion US dollars which increased 20% compared to 2016 (Vayofm, 2018). In terms of economy, Cambodia, specially, gains a lot from EBA. It can contribute and maintain its growth at 6.9% in 2017 and 2018, Cambodian government has expected. It's difficult to find a big and potential like EU. Cambodia needs to find new trade partners where a big market is. In the short period, Cambodia faces declining growth which will below 6.0. It's not always to worse; however, removing EBA will allow Cambodia to rethink about new and long term strategic field beside garments that is manufacturing sector.

Mr. Soun Nimeth suggests that to be prepared for post-EBA and also post-LDC economy that Cambodia will graduate 2025. Cambodia can opt for both an "amplification" and a "diversification" strategy. The "Amplification" means to maximize available economic options other than EBA. For instance, Cambodia can start aggressively pushing for more manufacturing investment from Japan and South Korea, which currently base their manufacturing hubs in Thailand and Vietnam, respectively. And the "diversification" of markets, Cambodia can start exploring new and available export markets such as countries in Eastern Europe, Central Asia. Cambodia may consider joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to add weight to the value of integration and market opportunities (Soun Nimeth, Khmer Times, 2018).

In short, having EBA preference scheme is good for Cambodia's exports; however, EBA removal warning made by EU is also a good chance for Cambodia to prepare other options and to diversify its industrial structure and pushing Cambodia to find more trade partners. For both Cambodia and EU long-term-economic interests, and strategic partners, all parties should find the solution. It should be done by negotiating with each other, first by technical experts and then high official levels. If both parties cannot find solutions, they will lose huge benefits and the most suffering is Cambodian garment workers and their families, particularly.

### Reference:

1. <https://www.dap-news.com/2018/10/20> (accessed 31/10/2018)
2. <https://www.moc.gov.kh/en-us/faqs/catid/5/contentid/14> (accessed Nov.13, 2018)
3. <https://www.khmertimeskh.com/50541101/is-cambodia-ready-for-the-post-eba-era/> (accessed Nov.7, 2018)
4. <http://vayofm.com/news/detail/83385-796450643.html> (accessed 31/10/2018)

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October 2018

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