

Press Release

## **Launch of EBA withdrawal investigation by European Commission counterproductive to Cambodia's socio-economic transformation, says European Chamber of Commerce**

EuroCham Cambodia, representing more than 350 companies, regrets decision but vows to continue partnership and engagement with Royal Government on its business and development goals

*Phnom Penh, 11.02.2019*

The European Chamber of Commerce in Cambodia expresses its regret in respect to the decision taken by the European Commission to initiate the formal investigation into a withdrawal of preferences granted to the Kingdom of Cambodia under the *Everything But Arms* (EBA) agreement. As the main representative of the large European investment and business community in Cambodia, EuroCham is deeply concerned about the possible negative consequences of this decision on current and future business between the European Union and Cambodia.

Since 2015, the European Union has invested heavily in building and strengthening commercial ties with Cambodia through the activities of EuroCham, enabling the organisation to become a key facilitator of public-private collaboration and successful economic development. This decision not only jeopardises the past and future achievements of this partnership, but also other development initiatives funded by the European Union over the last two decades which have helped to vastly improve the socio-economic status of millions of Cambodians. "We are very concerned that this investigation will send wrong signals about the prospects of the market to potential manufacturing investors during 2019, and that a possible withdrawal in 2020 will have a terrible impact on the employment of hundreds of thousands -often women- and many more of their dependents", says Arnaud Darc, EuroCham Cambodia's Chairman.

EuroCham views this decision as counterproductive to the aims of the European Union's *General Scheme of Preferences* (GSP) that seeks to eradicate poverty in vulnerable developing nations by improving their export competitiveness via an opening of its markets to them. "This decision by the European Commissioner, whose responsibility is foremost on trade matters and who, in our view, has stepped into the geopolitical arena, directly endangers European business interests in Cambodia", says Mr. Arnaud Darc. "However, this is not yet a confirmation for a withdrawal; EuroCham will in the coming years support the Royal Government and Cambodia's exporters in improving relevant industries, legislation, and production or export processes to mitigate the effects of this investigation or, in the worst case, a withdrawal of the EBA in 2020. At the same time, we continue to fight for the EBA to remain in place".

EuroCham insists that constructive dialogue and cooperation are the most effective tools to address concerns of the European Commission on human rights and democratisation, rather than confronting the issues via unilateral economic pressure, which will not further the European cause in the Kingdom. "We remain dedicated to supporting the growth and development of Cambodia (as well as European trade with Cambodia), and continue to support the Royal Government, the national Chamber of Commerce and other partners in order to minimise the impact of this decision. We are ready to help with mitigating the effects while continuing to support the Royal Government in improving the competitiveness and growth of Cambodia", says Mr. Arnaud Darc.

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EuroCham will closely monitor the ongoing situation and the investigation process in close collaboration with its National Chambers of France, Germany, Italy, United Kingdom, Benelux and the Nordic countries, who share its opposition to a premature withdrawal of the preferences 7 years ahead of the original withdrawal date in 2027.

**About EuroCham Cambodia**

EuroCham Cambodia was created in 2011 by the French, German and British business representations in Cambodia and has since grown to 350 members and 6 national chapters comprising 11 European countries. It is the official representation of all European businesses in Cambodia. Its core activities are to attract European investment to the Kingdom, advocacy and services to its members as well as support the Royal Government of Cambodia in creating a more efficient and fertile business and investment environment.

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