



# **Royal University of Law and Economics**

**Final Report on**

## **Cambodia-EU Relations: A Focus on Aid, Trade, and Current Status**

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## ABSTRACT

Since the beginning of Cambodia and a harmonic institution named the European Union embarked their relationship as a good development partnership, the Royal Government of Cambodia would enhance its developments across the sectors prosperously. Of that, international trade is something known as the mainly outstanding sector. The union of European countries, both particular EU and each member of its, has such prospects for the Kingdom toward its growth with sustainability. Simultaneously, the grants of the EU have been given also for several specific incentives: human rights, democracy, rule of law, and etc. Obviously, these incentives cause the fragilities inside the connection between each other, since both sides were not aware of situations happening in the different concepts of society. Therefore, to keep a good tie within this relation, each side should take cement measures to prove each other “good faith”.

This thesis consists of six main parts: (1) The initial part is introduction in which cover general background, research problem, research question, scope and limitation, and research methodology. (2) Secondly, Chapter I—Literature Review, a collection of previous analyzes of scholars and researchers, for answering our research questions. (3) Then, Chapter II, covers the European Union’s Aids in Building Cambodia. (4) Next, Chapter III, demonstrates the Overviews of the European Union-Cambodia’s Trading Relations. (5) Furthermore, Chapter IV, talks about the European Union-Cambodia Relationship’s Latest Evolution. (6) Lastly, the final part of our research which focuses on the conclusion over the research finding based on literature reviews, in response to the research questions that we aimed to find. Also, this last part emphasizes the recommendations we made toward strengthening the relationship between the RGC and the EU.

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## **LIST OF ABBREVIATIONS**

ASEAN :	Association of Southeast Asian Nations
CNRP :	Cambodian National Rescue Party
EBA :	Everything But Arms
EC :	European Commission
ECCC :	Extraordinary Chamber in the Court of Cambodia
EEAS :	European External Action Service
ESP :	Education Strategic Plan
EU :	European Union
GDP :	Gross Domestic Product
GSP :	Generalized System of Preferences
ILO :	International Labour Organization
IMF :	International Monetary Fund
LDC :	Least Developed Country
MOC :	Ministry of Commerce
MEF :	Ministry of Economy and Finance
MOEYS:	Ministry of Education, Youth and Sports
NGO :	Non-Governmental Organization
NSDP :	National Strategic Development Plan
ODA :	Official Development Assistance
PFMRP :	Public Finance Management Reform Programme
RAC :	Royal Academy of Cambodia
RGC :	Royal Government of Cambodia
RS-III :	Rectangular Strategy-Phase III

SNDD : Sub-National Democratic Development

WB : World Bank

WTO : World Trade Organization



# INTRODUCTION

## General Background

Cambodia and the European Union (EU) embarked its relations since 1997 as the EU just came into existence in 1993. Before the EU came to be seen, Cambodia had experienced of relationship with the member of EU—France since the 1863: the year of Cambodia was under protectorate of France<sup>1</sup>. The main aim of the protectorate was to protect Cambodia from the threat of the neighboring countries: Vietnam and Thailand, which were ambitious to tear the territory of Cambodia for controlling under their sovereignty. During the protectorate, then came colonization, France was influential to Cambodia such aspects like administrative systems, Furthermore, French Colony impacted the culture of Cambodia like language, religion, dressing, and opinion's point of view. However, Cambodia achieved a full independence from the colony in 1953.

Differently, the new era of relationship between Cambodia and EU has a very diverse core value, compared to the previous relationship with France. The EU is a massive development partner of Cambodia, whose main focuses are the prosperities among sectors: governance, agriculture, employment, human capital. Furthermore, the main core values of the EU are promotion of human rights, principle of rule of law, standard of labour rights, last but not least, democracy. With these objectives, as a beneficiary country, Cambodia is willing itself to promote those sectors toward developed and good status of relationship between Cambodia itself and the EU, as well as EU's member states.

The EU has pointed out the priority of sectors that have to be contributed based on the National Strategic Development Plan (NSDP) and Rectangular Strategy of the Royal

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<sup>1</sup> Cambodia - The French protectorate. (n.d.). Country Studies. <https://countrystudies.us/cambodia/10.htm>

Government of Cambodia for “*Growth, Employment, Equity, and Efficiency*” (RS-III). As a development partner, Cambodia is also granted a free access to the EU’s market under the Generalized Scheme of Preference (GSP), called Everything But Arms (EBA), while Cambodia is on the list of United Nations Least Developed Countries (LDCs)<sup>2</sup>.

Beyond the facilitations in shaping the development of Cambodia, EU is called “*internal affair interference*”<sup>3</sup> while the latest evolution of Cambodia politics is controversial. The position of Cambodia stated “*Cambodia cannot exchange its independence and sovereignty for anything*”<sup>4</sup>. However, the EU is very significant in shares of Cambodia’s economic growth, but the question raised “does Cambodia have to gain in exchange for loss of sovereignty?”

### **Scope and Limitation Scope and Limitation**

This research paper would mainly discuss the roles of the EU, to facilitate in the development of Cambodia. Obviously, we limited this research to focus on main development sectors—through the Royal Government’s Rectangular Strategy-Phase III, trade relations under the preference of EBA, and current circumstances between Cambodia and EU over the latest updates of political views around EBA removal. Simultaneously, we decided not to emphasize the inner depth of politics among the situations happening previously that were made by our own since that will cost a long time consuming and complicated in analyzing toward achieving the exact reality behind the window. But we would raise the views of researchers and politicians who had been involved in the area similarly to this paper. In addition, we picked one of the most interesting cases which has been discussed among the

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<sup>2</sup> "Least developed country category: Cambodia profile | Department of Economic and Social Affairs," 2018

<sup>3</sup> Cambodia PM blasts EU interference. (2019, February 13). The ASEAN Post.  
<https://theaseanpost.com/article/cambodia-pm-blasts-eu-interference>

<sup>4</sup> Ibid

researchers and scholars today. It is “Everything But Arms” (EBA), over the issues around its withdrawal. Last but not least, we also bring the response of the Royal Government amid the EU’s decision on the withdrawal part of EBA.

### **Research Problem**

As an economic and political institution, the EU has been very active in promoting the growth of the economy among least developed countries (LDCs). Of that, Cambodia is a country that the EU has been working with, to foster the prosperous achievement across the sectors. The involvements of the EU include granting aids for development projects and trade preference for exporting products to the markets of the EU.

While the EU is one among the most important stakeholders in terms of providing such interests to Cambodia, the EU has also been criticized for seeking to interfere with Cambodia's internal affairs. Especially, the political issues of Cambodia, EU plays conciliated role to put the presence of the Opposition to be seen again, namely Cambodian National Rescue Party (CNRP), which was disbanded in 2017<sup>5</sup>. The absence of this biggest opposition remains a big concern for the international community over the civil and political rights in Cambodia. And of course, the current concerns of the international community caused complicated challenges in tie relations made with the Royal Government of Cambodia.

Simultaneously, the argument of the RGC called this as “*sovereign interference*” because the position of government considered this was totally true an internal issue of Cambodia. Cambodia is still keeping good relations with the EU and among EU’s member

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<sup>5</sup> Nachemson, A. (2020, January 25). Was Cambodia ever really a democracy? The Diplomat – The Diplomat is a current-affairs magazine for the Asia-Pacific, with news and analysis on politics, security, business, technology and life across the region. <https://thediplomat.com/2019/07/was-cambodia-ever-really-a-democracy/>

states, but it does not want the international community, particularly, the EU to be involved in this affair.

## **Research Question**

The roles of the EU in the development progresses of Cambodia have always been a major key to accomplishing the changes across the main fundamentals of sectors since the establishment of relationship in 1997. Therefore, the EU has also been seeking for the main core values: promotion of human rights, development of democracy, and principle of rule of law. With these incentives, the EU was criticized for intending to involve in the issues of Cambodian government.<sup>6</sup> But the argument by the international community, specifically, the EU said it is the main concern that has to be intervened, since human rights is systematically damaged and democracy is stepping backward in Cambodia.<sup>7</sup> The EU aimed to see Cambodia's willingness to restore the damaged liberalism in its society.

Therefore, this research paper aims to address the three main key questions;

1. What are the main sectors that the EU aids focused for the development of Cambodia?
2. Does trade under the Generalized System of Preference: Everything But Arms (EBA) contribute the most share in Cambodia economic growth?
3. Should the EU and Cambodia understand each other or their relationship over the withdrawal of EBA will be jeopardized?

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<sup>6</sup> Chinese envoy accuses EU of using EBA to interfere in Cambodia's affairs. (2018, July 23). Phnom Penh Post | The Phnom Penh Post is the oldest and most comprehensive independent newspaper covering Cambodia. cambodia news, phnom penh news. <https://www.phnompenhpost.com/national/chinese-envoy-accuses-eu-using-eba-interfere-cambodias-affairs>

<sup>7</sup> (2018, June 13). The Washington Post. <https://www.washingtonpost.com/news/worldviews/wp/2018/06/13/as-cambodian-democracy-weakens-u-s-sanctions-a-high-ranking-cambodian-official/?noredirect=on>

## **Significance of Research**

The main objective of this research paper is to raise the understanding of the tie relations between Cambodia and the European Union, within its aids and trade that shape the prosperity of Cambodia for more than two decades. And of course, the current circumstance before and amid trade preference withdrawal. We will provide some of the information regarding the remarkable development of Cambodia's betterments through the aids provided by the EU in accordance to the RGC's Rectangular Strategy-Phase III. As well as the economic enlargement shaped by the trade preference under the GSP, Everything But Arms (EBA). Last but not least, this thesis paper would also project the arguments made by the RGC's position over the preference removal.

## **Research Methodology**

This report is a collection of researched data done by previous studies of scholars and researchers in related fields of international relations, and political science. This paper is done based on diverse reliable sources such as the European Commission official website, government websites, journals, analyzes, media, book publications, published articles, agreements, op-ed articles, collections of political views over the current period about Cambodia-EU relations, and other electronic sources. Furthermore, one of the most significant pieces of information we rely on to develop our research is the hottest topic talked within the ties of the Kingdom and EU: Trade Preference—Everything But Arms (EBA). Unforgettably, the ideas given by our supervised professor, other expert lecturers in the field of economic development, and lecturers who role as government officials have always been fruitful in assisting us for the methods applied in this research.

## CHAPTER 1: Literature Review

This chapter is a collection of views from research reports, opinion, and published articles of researchers, politicians, and well-known institutions, related to the context of relations between the EU and Cambodia. This literature review would also raise the arguments from key stakeholders, pointing out the views of whether significant the EU is for shaping the enrichment of Cambodia and how. Additionally, does the EU and/or Cambodia cause the fragilities in their tie relations.

Initially, based on the official website of the Delegation of the EU to Cambodia, the cooperation of the EU was planned to help the RGC by shaping the Kingdom's Rectangular Strategy, previously recent, the Phase III (2013-2018) of the Rectangular Strategy (RS-III) and National Strategic Development Plan (NSDP).<sup>8</sup> Governance is the main core and each rectangle of the RS-III consists of: Rectangle 1—Agricultural and Natural Resource Development, Rectangle 2—Physical Infrastructure Development, Rectangle 3—Private Sector Development and Employment, and Rectangle 4—Capacity Building and Human Resource Development. This section will be introduced in the finding of Chapter II.

A literature by Mr. Robert HÖR, Programme Manager of Konrad Adenauer Stiftung Cambodia, writing in a book “Cambodia’s Foreign Relations in Regional and Global Contexts: Chapter 8—European Union-Cambodia Relations, p.148”. Stated that: “*Besides a value-based cooperation that aims to promote and establish the principles of good governance, human rights and democracy in Cambodia, economic motivators certainly play a role in the EU–Cambodia relations as well.*” In accordance to his claim, he added a figure based on the data of the EU delegation to Cambodia, of the EU and Cambodia trade volume.

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<sup>8</sup> Cambodia and the EU. (2020, 8). EEAS - European External Action Service - European Commission. [https://eeas.europa.eu/delegations/cambodia\\_en/1006/Cambodia%20and%20the%20EU](https://eeas.europa.eu/delegations/cambodia_en/1006/Cambodia%20and%20the%20EU)

The figure showed a big growth between 2005 for € 661 million, to € 4 billion in 2015. This review will be introduced in Chapter III through the findings.

In terms of making economic sustainability relevant to the EU's involvement through its trade preference status to Cambodia, the International Monetary Fund (IMF), as a crucial international financial institution, said to Cambodia that “*a 3 percentage point decline in GDP growth*” if the EU ends its EBA trade preference.<sup>9</sup> The economy growth's expectancy of Cambodia is estimated to reach 6.8 percent by 2020 if the suspension will not be done by the EU over the EBA, it added.<sup>10</sup> While Cambodia's economic growth rate reaches 7% annually, the IMF said that Cambodia's economy mainly relies on garment export. And, the EU's market overwhelms 45% of Cambodia's export in 2018. The literature will also be used to apply for finding in Chapter III.

An argument by Mr. Kimkong Heng, a Doctoral candidate at the University of Queensland, stated in an article “Why EU should try to understand about Cambodia” that “*While the EU demands that the Cambodian government reverses Cambodia's democratic drift and improve the country's human and political rights situation, the Kingdom wants the EU not to interfere in its internal affairs.*” This claim proves that the EU should understand the differences of the country's politics. “*Both parties appear not to understand or seemingly ignore each other's calls and look set to proceed with their own agendas, understanding, and assumptions*”, he added.<sup>11</sup> Otherwise, both the EU and the Kingdom will simultaneously receive a “*lose-lose scenario that is in no one's interests*”. And this also negatively damaged the tie relations between these two parties, he continued.

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<sup>9</sup> IMF warns of 'significant risk' to Cambodia growth if EU ends trade benefits. (2019, December 27).

U.S. <https://www.reuters.com/article/us-cambodia-economy/imf-warns-of-significant-risk-to-cambodia-growth-if-eu-ends-trade-benefits-idUSKBN1YV001>

<sup>10</sup> Ibid

<sup>11</sup> Why the EU should try to understand Cambodia. (2019, March 7). Khmer

Times. <https://www.khmertimeskh.com/584991/why-the-eu-should-try-to-understand-cambodia/>

Following a view by Mr. Kin Phea, Director General of RAC’s International Relations Institute, said Cambodia “*must*” have a good tie with surrounding neighbors—Vietnam, Thailand, and Laos. Having a “*strategic partnership with medium-power*” and good connection with nations outside the region. He added “*Cambodia should continue its traditional relationship with Russia, maintain its relationship with the US, enhance its relationship with China and balance its relationship with Europe.*”<sup>12</sup> He continued to claim that superpowers want to embrace relations with small countries just for their own interests, not truly seek for human rights, democracy, and rule of law. In the same roundtable discussion, Academics of the Royal Kingdom said “the Kingdom should embrace all from economic interests”.

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<sup>12</sup> Orm Bunthoern. (2020, August 31). Maintain 'good' relations with all. The Phnom Penh Post



## **CHAPTER 2: EU’S AIDS IN BUILDING CAMBODIA**

### **2.1. Good Governance**

As the most important core of the Fifth Legislature Strategy of the RGC, governance is the main focus of the EU for intervention. Strengthening governance—Public Financial Management (PFM), Decentralization (sub-national democratic development-SNSD), and Extraordinary Chamber in the Court of Cambodia (ECCC), is to improve the standard of the public service that contribute to the efficiency of serving people. To share in good governance, the RGC also committed to cut down the corruption while corruption has always been the biggest obstacle in the development, as it adopted the law on anti-corruption in 2011,<sup>13</sup> for assurance to reduce dirty work in the public sectors. In the context of governance and administration, the EU granted the RGC an amount of EUR 120 million through the Multiannual Indicative Programme (MIP: 2014-2020). Via the support, the EU seeks to address the three main objectives. First, enhance the efficiency, transparency, and accountability of public funds. Secondly, foster equality among the citizens (vulnerable groups and women especially) and community to guarantee the fair chance in accessing the public service through decentralization policy. Third, finalize the main three cases proceeding against the highest status leaders in the Pol Pot regime, with international legal standard.

#### **2.1.1. Public Finance Management**

The Public Finance Management Reform Programme (PFMRP), is one of the precedents of the Royal Government of Cambodia (RGC) “Rectangular Strategy” for growth, employment, equity and efficiency in Cambodia. The RGC was already planned particularly,

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<sup>13</sup> Anti-corruption law (Full text). (2011). The Council for the Development of Cambodia (CDC). [https://www.cambodiainvestment.gov.kh/anti-corruption-law\\_100417.html](https://www.cambodiainvestment.gov.kh/anti-corruption-law_100417.html)

in terms of public financial management toward improvement of transparency and accountability. Moreover, the Ministry of Economy and Finance (MEF), has implemented over 200 actions spanning 27 core major activities, yet to enhance the PFMRP.<sup>14</sup>

To promote this reform programme, the EU supported both two terms within 2012-2016 and a further plan 2017-2020 with an amount of €33 million. The programme aimed to convert the public financial management system of Cambodia. And, to improve the capacity of the Ministry of Economy and Finance (MEF) and other ministries through the PFM reform. So far, the RGC have done the stage 1 “Budget Credibility” and stage “Budget Accountability”, with great effort in implementing this reform programme.<sup>15</sup>

### **2.1.2. Decentralization (sub-national democratic development-SNSD)**

The EU’s support to Cambodia in SNSD is to draw the engagement of citizens and communities, either to strengthen the welfare of the citizens. The RGC has launched its National Programme (NP-SNSD, 2010-2019), which is strongly supported by the civil society. With this regard, the EU and its members states contributed €15 million into this programme. The emerging presence of the EU here is to work closely with the RGC to strengthen the capacity of the state actors, to respond to the needs of citizens in the local level and to foster the sub-national democratic development, which is matched with the object of the NP-SNSD.<sup>16</sup> Notedly, the first sub-national (Commune/Sangkat) election was firstly launched in 2002, to set the local authority council within a five-year mandate.<sup>17</sup>

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<sup>14</sup> Delegation of the European Union to Cambodia. "Public Finance Management." EEAS - European Commission. Last modified June 9, 2020. [https://eeas.europa.eu/delegations/cambodia\\_de/1006/Cambodia%20and%20the%20EU](https://eeas.europa.eu/delegations/cambodia_de/1006/Cambodia%20and%20the%20EU).

<sup>15</sup> "Cambodia and the EU, Public Finance Management." EEAS - European Commission. Last modified June 9, 2020.

<sup>16</sup> Support to Sub-National Democratic Development in Cambodia. "International Development Funding Search | Devex." Devex International Development | Devex.. <https://www.devex.com/funding/r?report=grant-u>

<sup>17</sup> Elections. (2015, December 15). Open Development Cambodia (ODC). <https://opendevelopmentcambodia.net/topics/elections/>

### **2.1.3. Extraordinary Chamber in the Court of Cambodia (ECCC)**

The Extraordinary Chamber in the Court of Cambodia (ECCC) is a court to trial the serious crimes committed during the Khmer Rouge regime 1975-1979. In supporting the term of good governance and the rule of law and to enhance human rights in Cambodia. The EU is one of Cambodia's biggest donors since the court's creation in 2006.<sup>18</sup> Since 2007, the EU and its member states have contributed a total of 25 million EUR to the ECCC.<sup>19</sup>

## **2.2. Agriculture Support**

Agriculture is counted as one of the major sectors that pushes the flow of economic growth of Cambodia. As a significant part of the development, agriculture plays roles in employment by providing job about 3 million people, which shares Cambodia's GDP for 22 percent<sup>20</sup>. The Rectangle I— agriculture development also further focused on the development of natural resources. Even though the natural resources sector is still complicated and full of progress, it is also difficult to estimate. Nevertheless, through the plans 2014-2015, good progress has been made through Community Forestry and Community Forestry Management Plans. Moreover, the area for rice crop was reached to 1,546 million hectares, this led the country to increase the quality of agriculture production for exports.<sup>21</sup> At the same time, under the support from the EU help strengthen the agriculture sector within the country by promoting further livestock, and aquaculture production, managing the country's inland and marine fisheries. The land conflict is still the case for some part of Cambodia. Especially

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<sup>18</sup> Extraordinary Chambers in the Courts of Cambodia. "EU Pledges 8.9 Million EURO | Drupal.". Accessed September 13, 2020. <https://www.eccc.gov.kh/en/articles/eu-pledges-89-million-euro>.

<sup>19</sup> "Cambodia and the EU, Support to the Extraordinary Chambers of the Courts of Cambodia (ECCC)." EEAS - European External Action Service - European Commission. Last modified 9, 2020. [https://eeas.europa.eu/delegations/vienna-international-organisations/1006/cambodia-and-eu\\_en](https://eeas.europa.eu/delegations/vienna-international-organisations/1006/cambodia-and-eu_en).

<sup>20</sup> U.S. Embassy in Cambodia: Fast Facts about Cambodia's Agriculture Sector

<sup>21</sup> "european\_strategy\_for\_cambodia\_2014-2018", p.9-10

within the indigenous communities, among that can be seen in Mondulakiri, Kratie, and Stung Treng province. The EU also facilitates in supporting this venerable group of people to access their rights, on land titling and land distribution.<sup>22</sup>

### **2.3. Infrastructure Development**

Cambodia's infrastructure is still weak and it needs to be rehabilitated, especially in rural areas. Under the European support in accordance to RS-III's rectangle 2: Physical Infrastructure Development, both urban and in rural areas of Cambodia. Those included electricity transmission, rebuilding the roads in rural areas, and providing clean water. Likewise, the water production which enabled Phnom Penh Water Supply Authority (PPWSA) to deal with the needs of people in Phnom Penh itself. On the other hand, the EU have also been financing for rural area of Cambodia with clean water treatment facility and electricity for 50,000 rural households and 3,500 to access the electricity<sup>23</sup>. The support helped Cambodia to have a better convenience of livelihood in rural areas. However, for the infrastructure in rural areas remains incomplete and it is still a challenging issue that causes difficulty to reach social welfare, as well as roads and the electricity supply, both are needed to be a great amount to accomplish.<sup>24</sup> The RGC is also paying attention to this challenge, with the Rural Development and Transportation Ministries.

### **2.4. Education and Human Resource development**

Passing through the tragedy during the Khmer Rouge between 1975 and 1979, Cambodia had lost almost everything including human resource. Cambodia needs to take a

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<sup>22</sup> "The Rights of Indigenous Peoples." OHCHR. Accessed September 13, 2020. <https://cambodia.ohchr.org/en/economic-social-rights/rights-indigenous-peoples>.

<sup>23</sup> Joint\_Strategy\_-\_First\_monitoring\_report\_FINAL\_March\_2016, p.11-12

<sup>24</sup> Ibid

long period of time to rebuild the capacity and human resource within the country. Up to now, Cambodia has always fought back for a better education system. The government provides citizens free access to public school, which means all Cambodian do not need to pay for school fees from 1<sup>st</sup> grade to 12<sup>th</sup> grade. Based on the Law of Education stated that, every citizen has the right to access to education at least 9 years in public schools free of charge.<sup>25</sup> The EU plays an important role in shaping education development in Cambodia. As in the year of 2003, the EU and its member states helped Cambodia to restore education's structure. Since then, the EU established many programs in Cambodia, in order to improve the country's education system and to reach a higher level. Those programs are, EU-Cambodia Education Sector Reform Partnership (ESRP). Though, to implement a plan for this program from 2014 to 2017, the EU released the budget plan with the amount of €77.3 million.<sup>26</sup> Meanwhile, in order to support RGC's financial and technical terms, the EU work closely with the Ministry of Education Youth and Sport (MoEYS), to ensure the future plans to the Capacity Development Partnership Fund (CDPF) programme, which managed by UNICEF was held from 2018 to 2021 with the budget €11 million.<sup>27</sup>

The EU also supports Cambodia through numerous opportunities by granting scholarships, as well as the Erasmus Mundus Scholarship Programme as such. The RGC, specifically the Ministry of Education, also works to stop corruption in terms of cheating during the examination, this examination reform was launched in 2014 and pushes the students to work more harder on their studies.

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<sup>25</sup> Planipolis. Accessed September 12, 2020.

[https://planipolis.iiep.unesco.org/sites/planipolis/files/ressources/cambodia\\_education\\_law.pdf](https://planipolis.iiep.unesco.org/sites/planipolis/files/ressources/cambodia_education_law.pdf).

<sup>26</sup> DevelopmentAid." DevelopmentAid. Accessed September 12, 2020.

<https://www.developmentaid.org/#!/tenders/view/141227/eu-cambodia-education-sector-reform-partnership-2014-16>.

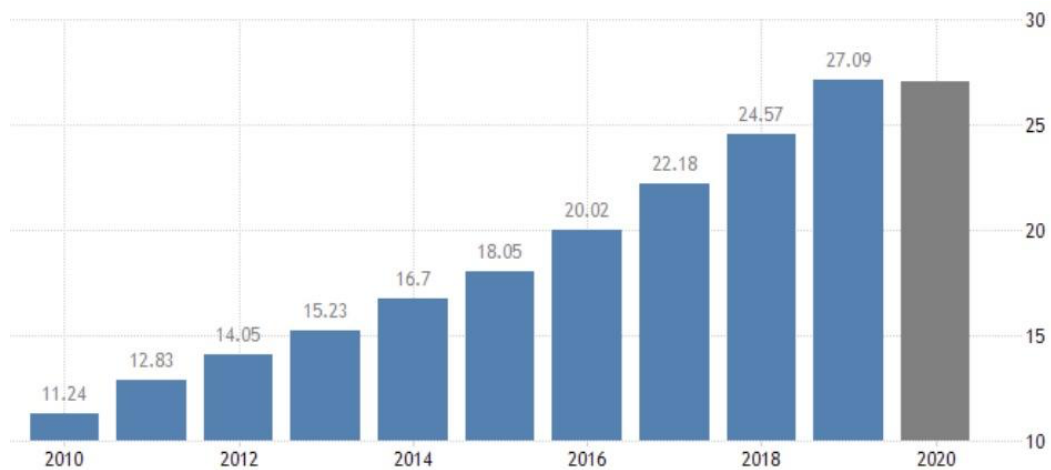
<sup>27</sup> "Royal Government of Cambodia Embarks on New Phase of Flagship Education Programme." UNICEF. Accessed September 12, 2020. <https://www.unicef.org/cambodia/press-releases/royal-government-cambodia-embarks-new-phase-flagship-education-programme>.

## CHAPTER 3: CAMBODIA-EU TRADE RELATIONS OVERVIEW

### 3.1. Cambodia's International Trade Background

International trade is a dynamic factor that boosts the economic progress of nations. Likewise, Cambodia opened its trading window to a regional context where it lies in 1999, ASEAN. Then, becoming a WTO's member in 2004, Cambodia made its international trade in account for billions of dollars year by year. For the latest data in 2019, the Gross Domestic Product (GDP) of Cambodia reached USD 27.09 billion, which made a growth rate of 7.1%, according to the World Bank (WB).<sup>28</sup> The increase for more than 7 percent made this country recognized as one among the world's fastest. The enrichment of Cambodia's economy mainly depends on three main pillars; agricultural, industrial, and service sectors, frequently, growing outcomes, textile productions, and tourism flows.<sup>29</sup>

**Table 1:** Cambodia's GDP Growth, (2010-2019)



**Note:** Cambodia's Gross Domestic Product (GDP) of Cambodia reached USD 27.09 billion in 2019

**Source:** *tradingeconomics.com*|*WORLD BANK*

<sup>28</sup> GDP growth (annual %) - Cambodia. (n.d.). World Bank Open Data |

Data. [https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=KH&most\\_recent\\_year\\_desc=false](https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=KH&most_recent_year_desc=false)

<sup>29</sup> Cambodia. (n.d.). ITC. <https://www.intracen.org/country/Cambodia/Trade-Policy-and-Market-Access/>

### **3.1.1. Import**

A country needs to import products for filling the required gaps of consumers, demand within that country itself. Some are raw materials, which are used for inputs in transforming into a final product. And some are the final produced stuff in which a country is incapable to produce. The majority of imported products are considered that a country cannot make a sufficient supply itself or does not exist.

Accordingly, Cambodia is a young peace country that needs to seek such improvements through sectors, Cambodia depends on supplies of international trade flows which leads its foreign trading balance negative for decades. Remarkably, Cambodia imports petroleum products, fabrics, vehicles, wholesale yarn, gold, electrical communication equipment, and medicine.<sup>30</sup> Total import of Cambodia made USD 19.07 billion in 2018, where the main origins are from China, Thailand, Vietnam, and China Taipei (WTO: Cambodia 2018).

### **3.1.2. Export**

Beyond importations, an economic enlargement needs also focusing on exportation. Exportations share a huge progress of domestic local products to traffic in international markets. The more exportation is increased, the more opportunities are given promotion for employment that helps citizens improve their standard of living.

Notably, Major exports of Cambodia rank the textile products as the leading goods and then, agricultural products, which include knit sweaters, knit women's suits, non-knit women suits, knit t-shirts, non-knit men's suits, and footwears in 2018 (OEC: Cambodia 2018). The

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<sup>30</sup> Cambodia imports | 2009-2020 data | 2021-2022 forecast | Historical | Chart | News. (n.d). TRADING ECONOMICS | 20 million INDICATORS FROM 196 COUNTRIES. <https://tradingeconomics.com/cambodia/imports>

main trading destinations of the Kingdom consist of the United States, Germany, the United Kingdom, Japan, Canada, and China. Making the figure, Cambodian's export reached USD 14.35 billion in 2018 (WTO: Cambodia 2018).

### **3.2. Trade Preferences under EBA**

Everything But Arms (EBA) is a trade preferential given by the EU to least developed countries (LDCs), under the Generalized Scheme of Preferences (GSP). EBA benefits LDCs by granting a free access to the EU's markets, free of tariff and amount of exported product, called duty-free and quota-free. The preference states "Everything But Arms" means every kind of product is allowed, with the exceptions of armaments.

Besides giving supportive measures through programmes like ODA, via EBA, the EU is also helpful to gain LDCs in international trade areas. The trade preference was established to improve the budget for enhancement of good governance, which is directly useful for local people. Strengthening for betterment of sustainable development, to assist the government towards achieving development goals. And especially, the preference facilitates LDCs for their commitment in poverty reduction, by promoting the increase of employment in boosting the production flow for fulfilling the demands of European markets.

A country is not recognized as a least developed country unless it is stated in the United Nations Least Developed Countries list. And the UN also owns the rights to update the list if a country from LDCs list is graduated. On the other hand, in the same time gaining the benefits from EBA, beneficiary countries have to follow the conditions set by the EU: respect the human rights and labour rights stated in the ILO Convention and respect the principles of 15 core UN treaty.<sup>31</sup> Otherwise, they have to encounter the EU's procedure towards

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<sup>31</sup> Everything but arms. (2019, March 27). Trade Helpdesk. <https://trade.ec.europa.eu/tradehelp/everything-arms>



withdrawing the preference. Currently, there are 48 least developed countries listed, benefiting from this preference. Cambodia is also listed in LDCs and received the access since 2001, is the year of EBA creation.<sup>32</sup>

### **3.2.1. Cambodia as a Least Developed Country under EBA**

Since the EBA's establishment in 2001(MOC of Cambodia: 2014), Cambodia has been a large beneficiary country of EBA, the most favored country. The majority of Cambodia's exported products destination is Europe, which took into account for 45% of all exports in 2018 and EBA tariff preference covered 95.7% of these exportations (European Commission: 2019). While EU roles for almost a half of the whole Cambodia export, EU shares in participation of Cambodia to become one among the world's fastest economic growth. The total amount of about 750 000 people was employed in about 1 100 factories, to boost the flow of mostly textile productions—garments and footwear for the EU's markets.<sup>33</sup> Importantly, in the same time EU grants chances for Cambodian citizens access to employment, the benefits of this offer does not just impact directly on those who get employed, who mostly are women. Hence, indirectly, almost one-fifth population, in number about 3 million are benefited.<sup>34</sup> For the latest figure of international trade flow in 2019, EU-Cambodia total trade reached € 5.56 billion (about \$ 6.59 billion)<sup>35</sup>(European Commission 2020).

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<sup>32</sup> Generalised scheme of preferences (GSP) - Trade - European Commission. (n.d.). European Commission | Choose your language | Choisir une langue | Wählen Sie eine Sprache. <https://ec.europa.eu/trade/policy/countries-and-regions/development/generalised-scheme-of-preferences/>

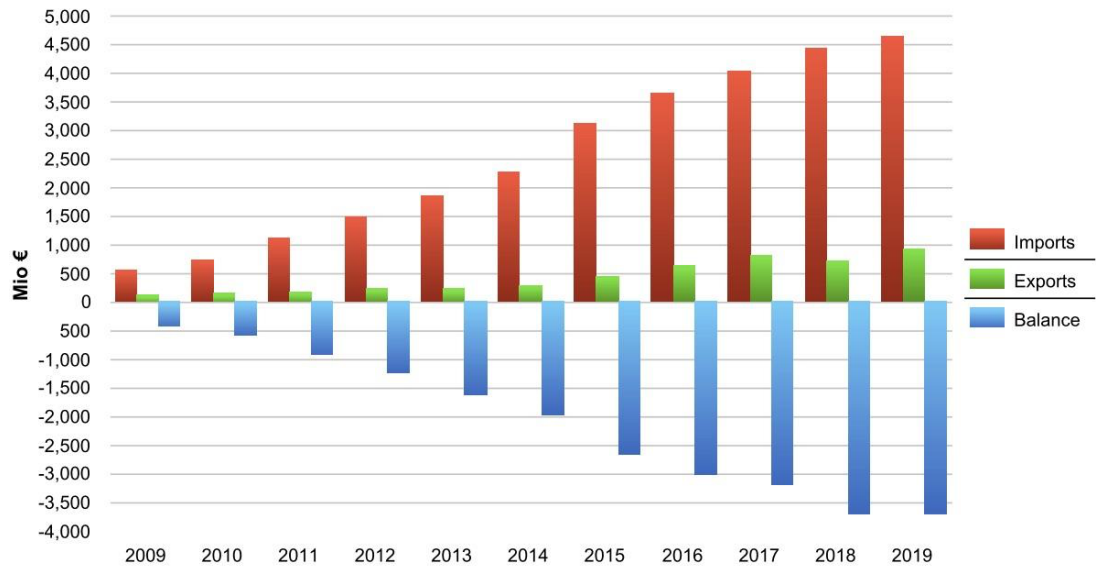
<sup>33</sup> Cambodia's economy to slow down next year if EU withdraws trade preferences: IMF - Xinhua | English.news.cn. (n.d.). 新华网\_让新闻离你更近. [https://www.xinhuanet.com/english/2019-12/27/c\\_138661928.htm](https://www.xinhuanet.com/english/2019-12/27/c_138661928.htm)

<sup>34</sup> Unions push Gov't for EBA talks as IMF forecasts serious economic risks. (2019, December 31). VOA. <https://www.voacambodia.com/a/unions-push-gov-t-for-eba-talks-as-imf-forecasts-serious-economic-risks/5227200.html>

<sup>35</sup> 5569000000 EUR to USD | Convert euros to US dollars | XE. (n.d.). XE - The World's Trusted Currency Authority: Money Transfers & Free Exchange Rate Tools.

**Table 2:** EU-Cambodia Trade Flow, 2009-2019

**Source:** “Eurostat Comext – Statistical Regime 4”



**Note:** EU-Cambodia total trade volume reached € 5.56 billion in 2019

**Source:** European Commission 2020

## **CHAPTER 4: CAMBODIA-EU RELATIONSHIP'S LATEST EVOLUTION**

For over two decades of tie relations between Cambodia and the European Union, both parties accomplished remarkable achievements through sectors which were in charge of this diplomatic connection. The engagements between these two bodies mainly focus on aid grants and international trade preference, which contribute to successful socio-economic strengthening. Reflecting on this recent evolution, trading relations—EBA withdrawal is the most relevant topic to talk today concerning Cambodia and the EU.

### **4.1. Issues over the EBA Withdrawal**

The conditions led to remove the preference cannot be set unless the beneficiary countries engage in the serious and systematic violations of 15 conventions of UN and ILO<sup>36</sup> and other provisions enshrined in article 19 of GSP's regulation. Labour rights are connected to condition because the trade privilege was granted to raise the standard of employment and fulfill the unemployed gaps. So that, once the labour rights is harassed, measures have to be taken by the EU. In wide terms, the EU associates with LDCs through its trade privilege grant, in exchanging for the main core value of promotion of human rights. As human rights cover over such a wide scale, so that labour, politics, and other related issues have to be counting in. Therefore, if an abuse has been made seriously and systematically without any cement measure taken by its government, the trading relations shall have been jeopardized continuously. On the other hand, if a country listed in LDCs has the ability to lift itself from the poverty limit by the UN, the trade eligibility also removes automatically from that country.

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<sup>36</sup> Annex VIII (A), GSP Regulation

Unfollowing the condition, Cambodia is concerned with the “systematic violations” of human rights; political rights, landing rights, and labour rights.<sup>37</sup> Especially, since the country’s biggest opposition was disbanded in 2017, the Kingdom lost the opposing voice in development progress, particularly in the parliaments. Furthermore, the arrests of former opposition activists and media office closures; Voice of America (VOA), Radio Free Asia (RFA), Cambodia Daily, and others were made in the same year.<sup>38</sup> Relatedly to rights issues, land-grabbing is known to be very sensitive to seek such improvements. Also, rights of labour is encountering abuse over employees’ benefits. Hence, these causative issues had led to decisions made by the EU to withdraw partial or whole share of trade privilege.

#### **4.1.1. Political Rights (Democracy)**

Through back to 2017, a so-call biggest opposition in Cambodia was dissolved. While the party was removed, its senior officials and activists were also restricted from engagement in their political life. Kem Sokha, leader of the former opposition CNRP, was charged under “treason”. His case is ongoing “now” on trial, at Phnom Penh Municipal Court. The arrest under treason charge has been making threats for his supporters toward their political activities, in which they lost their confidence to go against any decision of the government.

However, the commitment of the RGC to promote the democratic improvement is seen to have such measures. Those are pluralism enhancements—the rises of new political parties registered in the 2018 national election. Additionally, under the Royal Decree, RGC established the Supreme Council for Consultations and Recommendations, was to gather 16

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<sup>37</sup> 'Everything but arms': The case of Cambodia - Think tank. (n.d.).

[https://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS\\_ATA\(2019\)637931](https://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_ATA(2019)637931)

<sup>38</sup> International groups slam NGO and media closures. (2017, August 28). Phnom Penh Post | The Phnom Penh Post is the oldest and most comprehensive independent newspaper covering Cambodia. cambodia news, phnom penh news. <https://www.phnompenhpost.com/national/international-groups-slam-ngo-and-media-closures>

out of 20 Cambodian political parties which were involved in the 2018 national election. The Council is supportive for democracy because it joins in government's affairs via the forms of giving comments over decisions, criticizing government's accomplishments, and notify the government officials of abuse of power.<sup>39</sup>

International community, especially the EU, was willing to see Cambodia back to the situation where democracy is stepping forward. It suggested the Kingdom should resurrect the rights of politics<sup>40</sup>, particularly restore the former opposition to be seen as an argumentative voice in the development of Cambodia society through the forms of decision making, and seeking improvement over the ruling party's weaknesses.

#### **4.1.2. Land Rights**

Land-grabbing is a complicated issue happening in Cambodia society today. The flow of Chinese's investments on the territory of the Kingdom would potentially cause a super high surge of real estate's cost, specifically in Sihanouk province for instance. Acts of land-grabbing are seen to show aggressive behaviors, in accordance, this related to the sugar industry exported under EBA eligibility. The case was called "*Blood sugar: Made in Cambodia*",<sup>41</sup> reportedly, about 10, 000 farmers lost their land, grabbed for sugar plantations expanding.<sup>42</sup> Thinking about duty-free over exports to the EU's market under EBA, the sugar industry company extended its capacity building toward fostering its supplies to the EU's

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<sup>39</sup> Cambodia forms supreme council for consultations, recommendations - Xinhua | English.news.cn. (n.d.). 新华网\_让新闻离你更近. [https://www.xinhuanet.com/english/2018-09/06/c\\_137450276.htm](https://www.xinhuanet.com/english/2018-09/06/c_137450276.htm)

<sup>40</sup> EU says Cambodia should 'Restore political freedoms' as tariffs kick in. (n.d.). VOD. <https://vodenglish.news/eu-says-cambodia-should-restore-political-freedoms-as-tariffs-kick-in/>

<sup>41</sup> Blood sugar: Made in Cambodia - Business & human rights resource centre. (n.d.). Business & Human Rights Resource Centre. <https://www.business-humanrights.org/en/latest-news/blood-sugar-made-in-cambodia/>

<sup>42</sup> 'Everything but arms': The case of Cambodia - Think tank. (n.d.). [https://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS\\_ATA\(2019\)637931](https://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_ATA(2019)637931)

demands. Crookedly, the actions were oppositely done to the country's legality and human rights concerned by the whole globe. The RGC had also indicated its concern over this case

Even though this case committed immorally, the RGC had established commitment to facilitate the dispute by giving resolutions for solving this concerningly controversial issue, which harmed the progress of human right development in the country. To add, The RGC has been intending to solve all landing disputes.<sup>43</sup>

### **4.1.3. Labour Rights**

Issues relating labour rights are challenging to coordinate. And labour rights fragilities mostly happen in the field of manufacturing sectors, known as factories. While the EU overwhelms almost fifty percent of Cambodia's export, manufacturing requires a large amount of workers, counting about 750,000 workers for 1,100 factories.<sup>44</sup> In 2019, Cambodian Senate approved the amendments over provisions of Law on Trade Union (TLU), harmfully impacted on labour union because the amendment was taken with absences of argumentative opinion from stakeholders in related fields.<sup>45</sup> This concern was raised by human rights groups, labour unions, and relevant bodies, indirectly, thousands of workers.

## **4.2. Withdrawal Procedure**

Due to circumstances regarding human rights sensations in Cambodia, the European Trade Commission launched an investigation procedure whether or not to suspend the EBA

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<sup>43</sup> Cambodia: Govt. efforts to address land disputes - Business & human rights resource centre. (n.d.). Business & Human Rights Resource Centre. <https://www.business-humanrights.org/en/latest-news/cambodia-govt-efforts-to-address-land-disputes/>

<sup>44</sup> Cambodia's economy to slow down next year if EU withdraws trade preferences: IMF - Xinhua | English.news.cn. (n.d.). 新华网\_让新闻离你更近. [https://www.xinhuanet.com/english/2019-12/27/c\\_138661928.htm](https://www.xinhuanet.com/english/2019-12/27/c_138661928.htm)

<sup>45</sup> Cambodia's law on trade unions and cases against union leaders. (2019, December 18). Civil Rights Defenders. <https://crd.org/2019/12/18/cambodias-law-on-trade-unions-and-cases-against-union-leaders/>

eligibility. The EU took withdrawal procedure into steps dividing fact-finding, monitoring mission—suspension, and final decision of withdrawal.

#### **4.2.1. Fact-finding Mission**

Fact-finding mission is the EU's initial procedure for investigation over concerns regarding human rights violations. This primary step also covers monitoring the effectiveness of a country's commitment to take such a productive measure toward restoring unity over the fragilities of human rights—mainly referring to political and labour rights—collective bargaining and freedom to associate. This mission is undertaken by the European Commission (EC), which is also responsible for trade.

According to situation in Cambodia, due to continually political controversies and human rights concerns happened in the late 2017; opposition disbanding, independent media office closures, and the amendment of Trade Union Law, European Commission and European Action External Service (EEAS) were sent to investigate and consider the fact over reported cases in the following year, in July 2018.<sup>46</sup> Eventually, the report on human rights circumstances over the current status came in February 2019, EU came to conclusion that there was evidence that the systematic harassment of human rights; political rights, labour rights, freedom of expression, and landing rights committed, according the Commissioner for Trade Cecilia Malmström.<sup>47</sup>

#### **4.2.2. Monitoring Mission**

Monitoring mission is a division of the EU's procedure for checking and clarifying

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<sup>46</sup> EUTrade news. (n.d.). Trade - European Commission. <https://trade.ec.europa.eu/doclib/press/index.cfm?id=1889>

<sup>47</sup> Press corner. (n.d.). European Commission - European Commission. [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_19\\_882](https://ec.europa.eu/commission/presscorner/detail/en/IP_19_882)

whether or not to suspend the trade preference EBA.<sup>48</sup> Anyways, the procedure does not come into effect suddenly. It means the suspension does not detach the trade eligibility immediately because that has to be consulted among the EU members before making any decision, according to the Commission.

In mission to Cambodia in February 2019, officials from European Commission and European External Action Service were sent again after the fact-finding mission finished in the previous year. The mission aimed to monitor cases engaged with human rights violations, consisting of political rights, labour rights, freedom of association and expression, and landing rights.<sup>49</sup> Simultaneously, the commission projected to observe and evaluate the effort of RGC in fulfilling the casualties related to human rights promotions. To add, the mission lasted in Cambodia for six months, remaining a report from monitoring. Based on this report released, the Commission offered a month-long timeframe for the RGC to respond over the situation stated.

### **4.2.3. Final Decision**

Final decision was made to respond to the effort of RGC in commitment of human rights, after launching fact-finding and monitoring missions were conducted progressively. According to the Press Release of European Commission on Trade/Human Rights, the Commission finally reached a consensus to decide a partial removal of tariff preference offered to the Royal Government of Cambodia under Everything But Arms (EBA) trade scheme of the European Union, on 12 February 2020.<sup>50</sup> The amount of withdrawal took into

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<sup>48</sup> EU Trade news. (n.d.). Trade - European Commission. <https://trade.ec.europa.eu/doclib/press/index.cfm?id=2028>

<sup>49</sup> EU delegation begins its second fact-finding mission. (2019, June 4). Cambodia News Khmer Times. <https://www.khmertimeskh.com/50610696/eu-delegation-begins-its-second-fact-finding-mission/>

<sup>50</sup> Trade/Human Rights: (2020, February 12). <https://ec.europa.eu/commission/commissioners/2019-2024/hogan/announcements/tradehuman-rights-commission-decides-partially-withdraw-cambodias-preferential-access->



account for 20% out the whole preferential benefit, calculated for €1 billion of Cambodia annual export to EU destinations.<sup>51</sup> This meant Cambodia still had its trade preference over export tariff to the EU's market under EBA for 80%. Withdrawn partition will never start implementing unless the decision came into effect. The partial withdrawal was made due to the “serious and systematic” harassment on human rights principles committed in Cambodia, which stated in the International Covenant on Civil and Political Rights (ICCPR).<sup>52</sup> This decision was made in Brussels after a six-month procedure, from February 2019—suspension of the preference launching.

After the final decision, the Commission adopted “Delegated Regulation”, aimed at drafting impermanent and partial withdrawal the preference under EBA, given to Cambodia. The “Delegated Regulation” entered into force on 25 April 2020 and came into effect on 12 August 2020.<sup>53</sup> Cambodia was in the “six-month grace period”, which Cambodia still possibly accessed to the preference, counted from the release of final decision, 12 February 2020: the day final decision was made, to 12 August 2020: the day decision came into effect.<sup>54</sup> However, the EU is also expressing its willingness to renew trade preference for Cambodia if the Kingdom is seeking to improve itself as recommended by the EU, toward human rights—civil and political rights in its territory.<sup>55</sup>

### **4.3. RGC’s Response over Trade Preference Withdrawal**

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<sup>51</sup> Why Cambodia? EU’s incoherence in trade preferences under the EBA scheme. (2020, June 13). Cambodia Office. <https://www.kas.de/en/web/kambodscha/single-title/-/content/why-cambodia-eu-s-incoherence-in-trade-preferences-under-the-eba-scheme-3>

<sup>52</sup> EU Trade news. (n.d.). Trade - European Commission. <https://trade.ec.europa.eu/doclib/press/index.cfm?id=2113>

<sup>53</sup> Press corner. (n.d.). European Commission - European Commission. [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_19\\_882](https://ec.europa.eu/commission/presscorner/detail/en/IP_19_882)

<sup>54</sup> Ibid

<sup>55</sup> Press corner. (n.d.). European Commission - European Commission. [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_19\\_882](https://ec.europa.eu/commission/presscorner/detail/en/IP_19_882)

The RGC considered that the EC decision was unjust and neglected the Kingdom's commitment over the fulfillment of the 15 core conventions under the frameworks of the United Nations and the International Labour Organization, which is essential for Cambodia to maintain the EBA unilateral trade preference. As well as emphasized in the RGC's statement on 3 December 2018, in responding to EC's report, the government was at its cohesion in strengthening political and civil society spaces, promoting labour rights and addressing land issues. However, the Kingdom claimed that the EC failed to recognize what the RGC had made on the renovation and progress, this showed that the EC did not act on the principle of "Good Faith" and "Fairness". The EC hid behind its political agenda, which unfairly imposed and expected the perfect implementation of these conventions from Cambodia, while Compared to other countries receiving the trade preferences, have not fully complied with the international conventions and much poorer human rights records.

#### **4.3.1. Political Rights Response**

In reactions over the removal of the EC's trade preference granted to Cambodia under EBA, the Royal Government of Cambodia issued political replies that the EC was not respectful in showing acknowledgement to Cambodia's sovereignty and too interferential to the political independence within the country.<sup>56</sup>

Subsequently, "the EC denied to recognize the new emerging political parties contesting election and Cambodian voters who exercised their rights to back their political group. In contrast, the EC focused only one side on the existence of the dissolving CNRP and the consequence of its leadership. Too, EC never refers to the permission of RGC to grant

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<sup>56</sup> Cambodia PM blasts EU interference. (2019, February 13). The ASEAN Post. <https://theaseanpost.com/article/cambodia-pm-blasts-eu-interference>

political rights for former opposition's 118 seniors as a commitment for restoration of democracy in the society of Cambodia.”<sup>57</sup>

Moreover, the EC neglected the RGC’s engagement partnership with Civil Society Organizations (CSO). The EC behaved in bad faith by relying on the systematic and biased critics, which is coming from a few local, foreign NGOs, and any other entities that have political tendencies to embrace the former opposition group, according to RGC’s statement. Furthermore, the EC also failed to recognize the full freedom enjoyed by 2,286 associations, 3,221 local NGOs and 397 foreign NGOs.<sup>58</sup>

Last but not least, RGC also justified cases regarding media offices closures, which are so called independent medias; Cambodia Daily, Radio Free Asia (RFA), and Voice of America (VOA). Claimed by the government, due to taxation duty that Cambodia Daily newspaper failed to compensate around \$6.3 million.<sup>59</sup> And, both RFA and VOA were also in charge of tax, moreover, licensing problems emerged.<sup>60</sup> Following the claim of RGC’s statement (3 December 2020), the finality of RFA and VOA representative bureau were made by representative’s initiation. Showing the light, RGC permitted these media stations to reprocess their office station freely in 2019.<sup>61</sup>

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<sup>57</sup> Ministry of Foreign Affairs. "Statement of the Royal Government of Cambodia in Response to the European Commission’s Decision to Launch the Formal Procedure for the Temporary Withdrawal of the Everything But Arms (EBA) Preferences for Cambodia." Ministry of Foreign Affairs and International Cooperation. Last modified February 12, 2019.

<sup>58</sup> Ibid

<sup>59</sup> RFA confirms office closure. (2017, September 14). Phnom Penh Post | The Phnom Penh Post is the oldest and most comprehensive independent newspaper covering Cambodia. cambodia news, phnom penh news. <https://www.phnompenhpost.com/national/rfa-confirms-office-closure>

<sup>60</sup> Ibid

<sup>61</sup> Phnom Penh post. (n.d.). Phnom Penh Post | The Phnom Penh Post is the oldest and most comprehensive independent newspaper covering Cambodia. cambodia news, phnom penh news. <https://www.phnompenhpost.com/national/govt-allows-voa-open-representative-bureau>

### **4.3.2. Landing Rights Response**

In regard to the Economic Land Concessions (ELC), engaged with the sugarcane industry, the RGC had introduced a cement measure to facilitate in cracking successfully over disputes. The RGC was passionately willing to show its stance to further create such effectiveness with the relevant ministry, namely, Ministry of Land, Urban Planning and Construction to tackle the complicatedly remaining cases, particularly in Preah Vihear and Koh Kong provinces.

On the other hand, the Royal Government is intended to insert policy and legal framework to govern the land sector and to ensure the rights, interests of people and proper landing use. Yet, the Royal Government will also continue to address land disputes, enhancing and fasten land registration.<sup>62</sup> As well as for indigenous communities, to grant social land concession and land for production and for the landless people.<sup>63</sup>

### **4.3.3. Labour Right Response**

Based on mutual respect, Cambodian government committed to continue its work in good faith with the EU and its member states, in order to thrive cooperation and partnership and mutual interest. As well as the Royal government set up the number of steps to address matters issues related to labor and trade union rights. In this regard, the RGC has instituted the National Committee to evaluate the international conventions which Cambodia has ratified to consult related to collaborators, as well as the International Labor Organization (ILO). The Ministry of Labor and Vocational Training, will also set up a working group to organize

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<sup>62</sup> Cambodia: Govt. efforts to address land disputes - Business & human rights resource centre. (n.d.). Business & Human Rights Resource Centre. <https://www.business-humanrights.org/en/latest-news/cambodia-govt-efforts-to-address-land-disputes/>

<sup>63</sup> "Statement of the Royal Government of Cambodia on Further Steps to Strengthen Democracy and Political Space." PRESS OCM I | PRESS OCM. Last modified December 9, 2018. <https://pressocm.gov.kh/en/archives/40587>.

consultative platforms with professional organization, representative of employers and employees and with relevant actors in order to address their concerns in carrying the Trade Union Law out. Therefore, the Royal Government has already been ensuring to foster the solution of rights and freedom of the unions, toward improvement of worker's rights.

## CONCLUSION

To recap, in giving response to our first research question “what are the main sectors that the EU aids focused for the development of Cambodia?”. Giving reflection to documents stated in the official website of the EU Delegation to Cambodia, EU prepared its development cooperation with Cambodia in accordance to the RGC’s Rectangular Strategy. The findings we made were agreeable to this literature. Initially, governance is the main core value, likewise RGC’s Rectangular Strategy-Phase III, EU supported financially to establish numerous reforms in the public service such as public finance reform, ECCC, and decentralization sub-national government. These reforms currently made a significant step forward for Cambodia to achieve a betterment of public entities and services. Secondly, agricultural development, as Cambodia’s agricultural sector is one of the most prioritized targets, the EU facilitated in this sector by promoting sustainable livestock, production, marine fishery, and human rights-base land—fostering landing rights for particularly indigenous people. These engagements of the EU seem to be courageous to boost prosperity for Cambodia while this country experienced traditional agriculture. Third, EU development aid strongly promotes the quality of the educational system of Cambodia. Year by year the EU released a budget project to enhance Cambodia’s education in accordance with the education ministry, MoEYS. In addition, the EU also promotes higher education by granting scholarships to Cambodia students through Erasmus<sup>+</sup> particularly. Within these prospects, Cambodia human resource development has the light to improve toward a qualified-based sector.

Pertaining trading partner, Mr. Robert HÖR argued that “beyond a value-based cooperation that aims to promote and establish the principles of good governance, human rights and democracy in Cambodia, economic motivators certainly play a role in the EU–

Cambodia relations as well”. Within the claim of his, we would agree with this since the EU shares a big impact in Cambodia’s economic enrichment and enlargement, based on findings. Although Cambodia’s economy is still dependent on numerous sectors and aid grants given by developing partners, the EU is seen as the most dynamic. Tie relations with the EU, Cambodia economic development came to be seen as a well-known fastest economic growth, according to the world bank. While Cambodia and EU opening their barriers to accept the common value of trading benefit, EU grants Cambodia a trade preference under Everything But Arms, which this preference gives Cambodia free access to export its products to EU’s market with the principle duty-free and quota free, in the same time that Cambodia is least development country listed in the United Nations’ LDCs list. Since its establishment of a trading partner, the EU has been the second biggest Cambodia’s trading partner, making the figure of 2018 for 45% of Cambodia total export. Likewise, the International Monetary Fund also claimed that “without trade preference under EBA granted, Cambodia will encounter the decline for 3% of its GDP”. If the withdrawal of the EBA cannot be done, Cambodia GDP growth rate is expected to be by 6.8% in 2020, it added. The findings we made proves this argument true. And, we also agree with this claim because trading with the EU helps Cambodia’s economy grow, especially with the EU’s trade preference that allows Cambodia free from tariff.

Besides helping Cambodia in making socio-economic gains, the EU engaged in shaping Cambodia’s internal affairs; politics and human rights through its trade preference granted to Cambodia through Everything But Arms (EBA). Reflecting on the argument by Mr. Kimkong Heng, the EU wants Cambodia to restore its democratic and promote human rights while Cambodia wants the EU to not interfere with its internal affairs. Also, both Cambodia and the EU are focusing on their own agenda, he added. According what he said,

we totally agree, since our finding proves the same. Although Cambodia and the EU have been working together for more than two decades in various fields of development, both of these still lack consensus to reach a long-term vision of relationship. In addition, the claim of Mr. Kin Phea stated that Cambodia must keep good relationships with all—the US, Russia, China, EU, and others inside the region, also with medium power countries for the development of socio-economy. We would partly agree with this claim when the Academics claimed that Cambodia is opening its heart to keep good relations with all. Through the current issue regarding human rights violations in Cambodia, the EU is an active stakeholder to raise this concern and urge the RGC to restore its human rights condition. In aftermath, the response of RGC was seemingly to blame the EU for internal interference in the affairs and put a double standard for the human rights condition of the Kingdom. This act does not indicate the willingness to open for good relations with all. To sum up, Cambodia should be willing themselves to understand each other over their variety of contexts in the society. Nonetheless, both Cambodia and the EU should continue to work together in promoting common core values like global concerns as such while issue regarding trade is constantly seen to be getting worse.



## Recommendation

After finishing fact-finding in terms of answering all through the research questions pertaining EU's aid, EU's trade preference, and current circumstance of Cambodia and EU relations, mainly focusing on the trade preference removal, we would like to propose such recommends idea toward Cambodia for stepping itself forward of democracy and human rights. Subsequently, about the EU to sharpen its long-term relations with a young democracy Cambodia.

- **Cambodia for Democracy and Human Rights:**
  - Open platform for receiving critics over its authority's weaknesses, freedom of expression regarding concerns in the society
  - Promote independent media
  - Promote effectiveness of non-governmental involvement
  - Tackle the corruption in public sector
  - Take effective measure to deal with power abuse within the public administration
  - Eradicate the mindset that less value of citizens than their voted representatives
  - Stop physical threat over opposed political initiation
  - Learn from diverse forms of democratic for Cambodia's experience
  - Commit to reduce and stop using violence as solution
  - Stop unjustifiable allegation over arrests
  - Cambodia should improve the independence of judiciary, which ensure the rule of law among citizens
  - Promote well-being of citizens
  - Ensure decent working conditions for citizens
  - Fulfill the human rights bearer duty to its citizens base resource

- **EU to understand the context of young democracy:**

- Based on a theory “one shoe cannot fit all”, the standard of the EU’s human rights fulfilment cannot be projected to show the light for Cambodia to follow.
- The EU Should acknowledge the difference of history, culture, and mindset’s point of views
- Should accept the truth that its trade removal decision cannot reverse Cambodia’s fragilities
- Should allow small country like Cambodia to explore its own path of self-determination
- Withdrawing trade preference will directly cause difficulties to Cambodia citizens, while trade preference directly benefits Cambodian workers
- Democratization of the EU cannot be adopted in the context of Cambodia, it requires times to transform
- The EU should make sure if Cambodia is willing to improve its human rights, democracy and rule of law, otherwise, the preference will be withdrawn slowly
- The EU should keep a close relationship with Cambodia to gain benefit through ASEAN region cooperation, otherwise, Cambodia will have no hesitation to embrace another emerging power.

This brought us to the very last point of our research, and we would raise a question, reflexing the idea for next generation researchers regarding similar topics. While EU made decision to withdraw the partial trade preference from Cambodia due to issue of human rights, democracy, and rule of law, why EU reached out a consensus to sign a trade deal for 99% preference in the same month with Vietnam—non-democracy, low-promotion of human rights, and weak-rule of law?

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