
EU TO HIT CAMBODIA WITH TRADE SANCTIONS, SAYS MYANMAR MAY FOLLOW

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The European Union told Cambodia on Friday (Oct 5) it will lose its special access to the world's largest trading bloc, and said it was considering similar trade sanctions for Myanmar in a toughening of EU policy on human rights in Southeast Asia.

After months of pressure from rights groups and the European Parliament, the EU's trade chief Cecilia Malmstrom said the bloc was ready to punish abuses in both countries by removing trade preferences.

The EU warned Cambodia in July that it could lose its special trade status after elections returned a strongman to power after 30 years in office, and it has censured Myanmar over its treatment of the Muslim Rohingya.

"Our trade policy is value-based. These are not just words. We have to act when there are severe violations," Malmstrom told reporters after a meeting of EU trade ministers in Austria.

Malmstrom accused Myanmar of "the blatant violation of human rights" in Myanmar, referring to what the West says is ethnic cleansing of Rohingyas and the failure of civilian leader Aung San Suu Kyi to resolve the crisis.

A recent UN report accused Myanmar's military of gang rapes and mass killings with "genocidal intent" in Rakhine state and called for its commander-in-chief and five generals to be prosecuted under international law.

Read more at <https://www.channelnewsasia.com/news/asia/eu-to-hit-cambodia-with-trade-sanctions--says-myanmar-may-follow-10795976>

Myanmar has denied most of the allegations in the report, blaming Rohingya "terrorists" for most accounts of atrocities.

The consideration of trade sanctions over the Rohingya crisis confirms a Reuters report on Wednesday.

However, the European Commission, which handles EU trade policy, is torn between supporting the development of Myanmar's oil-and-textile economy and sanctioning the country.

The EU will send a fact-finding mission to Myanmar in the coming days, likely lasting up to four days, to see the extent of the rights abuses and the government's willingness to change course,

one EU official said.

"There is a clear possibility that a withdrawal (of EU trade preferences) could be the outcome," Malmstrom later wrote in a blog post on the European Commission's website.

Government spokesman Zaw Htay on Friday said removing the trade preferences would lead to job losses in the country's garment sector.

He also said Myanmar had established a commission to probe allegations of human rights abuses and that the bloc should give the country time to report its findings.

"If a country is willing to do an investigation and if the process is not finished yet, the international community shouldn't intervene," Zaw Htay said.

CAMBODIA'S ELECTIONS

Malmstrom said she had told Cambodia that the bloc had launched a six-month review of its duty-free access to the EU, meaning Cambodian sugar, garments and other exports could face tariffs within 12 months under EU rules.

"I have notified Cambodia today that we will launch the procedure for withdrawal of EBA," said Malmstrom, referring to the bloc's "Everything but Arms" (EBA) status, which allows the world's poorest countries to sell any goods tariff-free into the EU, except weapons.

"Without clear and demonstrable improvements this will lead to suspension of trade preferences," she said.

Cambodia's exports to the European Union were worth billion (US\$5.8 billion) last year, according to EU data, up from negligible levels less than a decade ago, with the EU using its trade policy to develop the country's economy.

Cambodia's July elections marked a turning point in relations with the West. Prime Minister Hun Sen was returned to power after three decades in charge and opposition supporters were stripped of their right to vote.

A Cambodian government spokesman said he was not able to comment immediately.

EU countries accounted for around 40 per cent of Cambodia's foreign sales in 2016. The bulk of those exports were from clothing factories that employ around 700,000 workers.

The European Union threatened to withdraw the trade preferences because of a crackdown on the opposition ahead of an election in July, which the European Union condemned as not being credible.

The main garment factory group said it remained optimistic.

"This is in the hands of the Cambodian government and the EU, and I believe that both would come to an amicable solution with mutual understanding," said Kaing Monika, deputy secretary general of the Garment Manufacturers Association. "Continuous engagement, not sanctions, would be a way forward."

(US\$1 = 0.8685 euros)

(Additional reporting by Prak Chan Thul in Phnom Penh and Simon Lewis and Thu Thu Aung in Naypyitaw, editing by Richard Balmforth)

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