

EU slaps duties on Cambodia, Myanmar rice exports

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Bloc says big increase in imports of Indica rice from two countries caused financial damage to European producers.

The European Commission has reinstated duties on rice from Cambodia and Myanmar for three years after determining that imports were causing economic damage to European producers.

The tariffs, which came into effect on Friday, will apply a duty of 175 euros a tonne of Indica rice in the first year, reducing it to 150 euros a tonne in the second year and 125 euros a tonne in the third year.

“An investigation has confirmed a significant increase of imports of Indica rice from Cambodia and Myanmar into the European Union that has caused economic damage to European producers,” the Commission said in a statement on Wednesday announcing the move.

“The European Commission has therefore decided today to re-introduce import duties that will be steadily reduced over a period of three years.”

In a probe launched last March, the EU’s executive arm found that Indica rice imports from Cambodia and Myanmar have increased by 89 percent in the past five seasons.

The Commission said it also found that “the prices were substantially lower than those on the EU market” and dropped over the same period. It added the surge in cheaper imports had caused European producers to see their market share in the 28-member bloc plummet from 61 percent to 29 percent.

Italy, which is responsible for half of the EU’s rice production, had asked for protection in February, receiving support from all of the bloc’s other EU rice producers in Spain, France, Portugal, Greece, Hungary, Romania and Bulgaria.

In April 2017, European producers denounced a “critical situation”, with Cambodia exporting 345,000 tonnes of rice in 2016, up from 8,000 tonnes in 2009.

Special trading status fears

Cambodia and Myanmar benefit from the EU’s Everything But Arms (EBA) trade scheme, which unilaterally grants duty- and quota-free access to the world’s least developed countries except weapons.

Citing human rights concerns, however, the EU has started the process of temporarily suspending Cambodia from the EBA, and is considering doing the same for Myanmar.

The EU threatened to withdraw the trade preferences because of a Cambodian government crackdown on dissent which resulted in the country's largest opposition party being disbanded ahead of last year's general election. The July 2018 vote saw the party of long-time Prime Minister Hun Sen win all the seats.

"The first step initiated by the EU in October will see Cambodia under investigation for six months, after which the formal process of imposing tariffs will begin," Al Jazeera's Wayne Hay, reporting from Cambodia's capital Phnom Penh said, noting that such a move would be particularly hard on the country's garment sector which employs around 800,000 people.

On Monday, Hun Sen threatened to retaliate against the opposition if the European bloc went ahead with its plans to withdraw the trade benefits.

"If you want the opposition dead, just cut it," Hun Sen said in a speech, addressing the EU and referring to his country's special trading status.

Hay said that the prime minister has remained publicly defiant in the face of pressure and scrutiny from the West, which has come amid a surge of investment and trade with China - a country he will visit on Sunday.

"Privately his attitude may be different though given that Cambodian businesses are set to become less competitive in their largest market - Europe," Hay added, noting that for the past decade Cambodia has had one of the best performing economies in the world, thanks largely to European countries buying more than 40 percent of its goods.

Activists said the action by the EU provides an opportunity for the Cambodian government to clean up its act.

"It's very important for the government to make sure that they have the capacity to maintain the investors and also to build the trade environment, strengthen the legal mechanisms and reduce corruption," Khum Tharo of the Centre for Alliance of Labour and Human Rights told Al Jazeera.

Politics ban eased

In 2017, the country's Supreme Court dissolved the main opposition Cambodia National Rescue Party (CNRP) and banned 118 party members from politics at the request of the government after accusations that the party was plotting to take power with the help of the United States.

The CNRP and Washington rejected any such plot.

CNRP leader Kem Sokha was released from the prison in September after spending more than a year in jail on treason charges but remains under house arrest awaiting trial in Phnom Penh. He denies any wrongdoing. Other senior party members have left the country for fear of arrest.

Last month, Cambodia's single-party parliament passed an amendment to the Law on Political Parties, paving the way for the opposition figures from the dissolved CNRP to apply for the lifting of their five-year bans to regain their political rights.

Anybody wishing to return, however, must make the request to Hun Sen or Interior Minister Sar Kheng. The prime minister meanwhile has warned that any politicians who do not recognise the legality of the CNRP's dissolution would be arrested.

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