

PRESS RELEASE

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STATEMENT

The Cambodian Bicycle Coalition (CBC) Calls on the EU to Keep EBA; Cites Importance to Cambodian Workforce and EU Customers

Bavet City, October 9, 2019 – The Cambodian Bicycle Coalition (“CBC”), representing the three bicycle manufacturers exporting to the European Union, is renewing its call for the European Commission to not withdraw the “Everything But Arms” (EBA) trade benefits for Cambodian bicycle exports to the EU.

The CBC stated today that, “Our ability to competitively supply our EU customers through the hard work of our Cambodian employees is dependent upon continued market access under the EBA program.”

The CBC went on to say that, “It would be tragic for our work force and devastating for the communities in which we operate in Cambodia if we are forced to relocate to other countries that will still have duty free access to the EU, such as Bangladesh, Myanmar and Vietnam.”

“We very much hope,” the CBC said, “that the Commission will not take any action that makes our continued operations in Cambodia unsustainable. Our companies have played by the rules and want to continue to be able to supply our customers in the EU with quality bicycles at affordable prices.”

The EBA program provides for duty-free and quota-free access to the EU market for bicycles; without it, the CBC manufacturers would face an EU tariff of 14 percent on their exports. Other regional suppliers such as Bangladesh and Myanmar would not, and a free trade agreement with Viet Nam will soon give that country secure duty-free access to the EU. If EBA were to be withdrawn for bicycles, the CBC companies, which are Taiwanese-owned firms that were incentivized by the EBA program to invest in Cambodia, would be forced to relocate production for the EU market out of Cambodia, with the likely closure of the existing factories.

In February 2019, the EU initiated the procedure to consider the temporary withdrawal of EBA tariff preferences for Cambodia based on human and labor rights criteria. This procedure is now nearing its final stages and a decision is expected to be announced early in 2020.

The CBC, stated again today, “We have and will continue to engage with EU decision-makers to appeal for continued EBA eligibility for our Cambodian bicycle production. The issue of worker rights is high on our agenda, as evidenced by rigorous independent audits for some of our ‘publicly listed’ customers. Apart from these verifications, our care for the welfare of workers extends way

beyond salary and even includes nutritional payments for pregnant workers which continues as a milk payment for new born babies, and other workers benefits too, we firmly believe the members of CBC can pass every test when it comes to workers and human rights in Cambodia.”

The bicycle industry is located in Bavet City in Svay Rieng Province and the CBC supports 6,000 direct jobs across bicycle production factories, parts and material suppliers, logistics and transport, etc., in the region. The CBC has been a success story of the EBA program. Exports have grown in a little more than a decade from under € 30 million to over €300 million in 2018.

Since the EU market accounts for 80 percent of the production of the three export manufacturers, the withdrawal of EBA would require CBC companies to relocate production from Cambodia, with the almost certain loss of the current factories and the loss of the vast majority of the 6,000 jobs. This will be devastating for Bavet City and Svay Rieng Province and cause tens of thousands of people to fall back into poverty. The CBC has provided the EU with information on the economic and social consequences that the loss of EBA benefits for the CBC would cause. The CBC, therefore, again urges the EU to ensure that EBA tariff benefits are maintained for bicycle exports from Cambodia to the EU.

The EU has recognized the CBC companies for their fair-trade practices and as important suppliers to the EU market. Since May 2015, the EU has levied anti-dumping tariffs on bicycles from Cambodia. However, the three companies of the CBC are the only three bicycle manufacturing companies in Cambodia exempted by the EU from these anti-dumping tariffs and since 2015, almost all Cambodian bicycles exported to the EU from Cambodia have been manufactured by the companies of the CBC.

Based upon this history of legal and positive business practices, the CBC requests the EU again recognize the role played by these same three companies by maintaining EBA for their exports. Withdrawing EBA benefits in no way achieves the goals of the EBA program, it will rather set back economic and social progress and impose a devastating impact on Bavet City and Svay Rieng Province and be contrary to the goals of the EBA program itself.

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Cambodian Bicycle Coalition: The three companies forming the CBC are: A&J (Cambodia) Co. Ltd., Smart Tech (Cambodia) Co. Ltd., and SpeedTech Industrial Co. Ltd.