Cambodia Factsheet
Gillian Kane

Facts on Cambodia's Garment Industry

Key statistics

Population (2014): 15.4 million

Employment in garment industry (2013/14): sources give figures from approx. 400,000 - 650,000

Garment % of GDP (2013): 16%

Garment % of export: sources give figures from 70% - 80%

Value garment export (2013): €3.93 billion/$4.97 billion (some sources estimate the figure to be over $5 billion)

Percentage of the world market for garments (2008): 1.2%

Minimum wage (from 2015): €102.21 / $128

Living wage calculation by Asia Floor Wage (2013): €224.03 / $283

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Unless otherwise indicated in a separate endnote, all currency conversions are taken from XE.com (www.xe.com) on 10 October 2014


5 Ibid.


9 Cambodia’ (Clean Clothes Campaign) https://www.cleanclothes.org/livingwage/cambodia accessed 16 July 2013

10 This rate was calculated by www.xe.com on 18 November 2014


14 A wage you can live on’ (Clean Clothes Campaign) https://www.cleanclothes.org/livingwage/a-wage-you-can-live-on accessed 16 July 2014
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Background

- **History:** Recent Cambodian history has seen French Rule from 1863-1953 as well as a brutal regime under the Khmer Rouge (1975-1979). Cambodia has struggled to regain stability, and many would argue that it is still recovering from the devastation of the Khmer Rouge Years.16

- **Geography:** South-East Asia. Bordering Thailand Vietnam, and Laos. Also borders the Gulf of Thailand.

- **Politics:** Constitutional Monarchy. The constitution provides for a pluralist, democratic society. The Cambodian People’s Party are currently in government.17

- **Economy:** Growing economy, in 2014 real growth estimates are 7.2%. However, poverty remains an issue with an 18.6% poverty rate in 2012.18

Biggest issues in Cambodia's Garment Industry

- **Ongoing minimum wage controversy:** Along with trade unions and NGOs, Cambodian garment workers have been campaigning for higher wages. The minimum wage has seen an increase from $80 to $100, but it remains a far cry from the estimated living wage of $283. In November 2014, the government raised the wage to $128, with workers and campaigners still asking for $177.19 20 21 22

- **Poor working conditions:** Leading to mass fainting (more than 900 in first 8 months of 201223, and 2000 in total in 2012.24

- **Trade Union Rights Violations:** short term contracts which mean workers do not have access to Trade


23 ‘Cambodia- Labour Market Profile 2013’ (Ulandssekretariatet) [http://www.newunionism.net/library/national%20data/Cambodia%201-2013.pdf](http://www.newunionism.net/library/national%20data/Cambodia%201-2013.pdf) accessed 11 July 2014

24 ‘Cambodia- Labour Market Profile 2013’ (Ulandssekretariatet) [http://www.newunionism.net/library/national%20data/Cambodia%201-2013.pdf](http://www.newunionism.net/library/national%20data/Cambodia%201-2013.pdf) accessed 11 July 2014
Union rights, harassment of members, yellow unions.

- **Recent police crackdown, and detention of protestors:** Protests in late 2013 and early 2014 have been met with a heavy police response, including live ammunition which killed several people; whilst some were charged and detained under questionable circumstances.\(^{25} \text{26}\)

- **The widespread use of Fixed Duration Contracts (FDCs):** These have been called, ‘a cancer on the Cambodian garment industry.’\(^{27} \text{28}\)

**General Data**

**Industry Structure**

<table>
<thead>
<tr>
<th>Producing Factories</th>
<th><strong>559 known factories.</strong>(^{29}) Many factories are subsidiaries of larger parent companies based in other parts of Asia.(^{30}) There are also ‘cottage factories,’ which are not formally registered and which subcontract to the formal sector during peak season.(^{31})</th>
</tr>
</thead>
</table>

| Trade               | Most factories are owned by foreign companies; of which the majority are based in other parts of Asia.\(^{32}\) The activities of the Cambodian garment industry are at the lowest end of the value chain; primarily consisting of CMT (Cut, Make, Trim). The CMT process uses mostly imported fabric. According to a 2007 study,\(^{33}\) the industry may be divided as follows: |

- **CMT (Cut Make Trim),** often subsidiaries of parent companies → 60% |

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\(^{28}\) Denis Arnold ‘Workers’ agency and re-working power relations in Cambodia’s Garment Industry’ [http://www.academia.edu/2908591/Workers_agency_and_re-working_power_relations_in_Cambodia_s_garment_industry](http://www.academia.edu/2908591/Workers_agency_and_re-working_power_relations_in_Cambodia_s_garment_industry) accessed 13 November 2014, p11

\(^{29}\) According to Clean Clothes Campaign sources.


\(^{32}\) *Ibid.*, (n. 28) p4

\(^{33}\) *Ibid.*, (n. 31) p14
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- **FOB (Freight on Board)** $\rightarrow$ 25%
- **Subcontracting Arrangements** $\rightarrow$ 15%


**Exports (Garments and Textiles)**

<table>
<thead>
<tr>
<th></th>
<th>Total exports</th>
<th>Exports to US</th>
<th>% of exports to US (as % of total garment exports)</th>
<th>Exports to EU</th>
<th>% of total exports to EU (as % of total garment exports)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monthly (March 2014)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$445.73 million</td>
<td>$160.74 million</td>
<td>36%</td>
<td>$172.63 million</td>
<td>39%</td>
<td></td>
</tr>
<tr>
<td>€352.94 million</td>
<td>€127.28 million</td>
<td></td>
<td>€136.69 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Annual 2013</strong></td>
<td>$4.97 billion</td>
<td>$2.03 billion</td>
<td>41%</td>
<td>$1.76 billion</td>
<td>35%</td>
</tr>
<tr>
<td>€3.93 billion</td>
<td>€1.60 billion</td>
<td></td>
<td>€1.39 billion</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Imports**

Since the Garment Industry in Cambodia is primarily a CMT (Cut/Make/Trim) industry, most raw materials and fabrics which are used in the industry are imported into the country.

<table>
<thead>
<tr>
<th>2011</th>
<th>Total imports</th>
<th>% of Total imports</th>
</tr>
</thead>
</table>

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34 Tara Donalsdon ‘Inditex, H&M Agree to Pay Up to Support Wage Increase in Cambodia’ *(Sourcing Journal, 23 September 2014)*

35 ‘Garment Factories and Supply Chains’ *(Sithi.org)*

36 Ibid. (n.8 )

37 Products imported by Cambodia (2011)’ *(Observatory of Economic Complexity)*

38 Conversion to Euros taken from [www.xe.com](http://www.xe.com) on 13 November 2014
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<table>
<thead>
<tr>
<th>Product</th>
<th>Value ($/€)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light Rubberized Knitted Fabric</td>
<td>$1.39 billion / €1.12 billion</td>
<td>13.24%</td>
</tr>
<tr>
<td>Other synthetic Fabrics</td>
<td>$306 million / € 246 million</td>
<td>2.9%</td>
</tr>
<tr>
<td>Pile Fabrics</td>
<td>$233 million / €186 million</td>
<td>2.21%</td>
</tr>
</tbody>
</table>

### Local dependency on garments/ textile export

**Annual Turnover:** $5.1 billion / €4.03 billion\(^{39}\) (about 16% of GDP)\(^{40}\)

### Investment Figures:

- High levels of foreign investment in the garment industry; around 90% of private investment in the Cambodian garment and textiles industry is foreign.\(^{41, 42}\)
- Local private investment in the industry accounts for around 10% of investment.\(^{43}\)
- Foreign Direct Investment stock has ‘increased rapidly’ in recent years. This could be due to very favourable investment conditions, or very low labour costs.\(^{44}\)
- Cambodia has concluded Bilateral Investment Treaties with 21 countries; 11 are in force.\(^{45}\)
- Cambodia has concluded 15 other investment agreements, including ASEAN –EU, ASEAN-China agreements.\(^{46}\)

### GSP\(^{47}\)

- GSP is a system of tariff reductions for developing countries exporting to the EU.
- As of 1 January 2014, new EU regulations on GSP have entered into force.

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\(^{42}\) Ibid., (n.31) p12

\(^{43}\) Ibid., (n.41) p3

\(^{44}\) Ibid., (n. 40)

\(^{45}\) ‘Cambodia - Bilateral Investment Treaties (BITs)’ (Investment Policy Hub) [http://investmentpolicyhub.unctad.org/IIA/CountryBits/33#iiaInnerMenu](http://investmentpolicyhub.unctad.org/IIA/CountryBits/33#iiaInnerMenu) accessed 10 October 2014

\(^{46}\) ‘Cambodia- Other Investment Agreements’ (Investment Policy Hub) [http://investmentpolicyhub.unctad.org/IIA/CountryOtherIias/33#iiaInnerMenu](http://investmentpolicyhub.unctad.org/IIA/CountryOtherIias/33#iiaInnerMenu) accessed 10 October 2014

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- Previously GSP existed in the USA but of 31st July 2013, the US GSP system expired and has yet to be renewed.\^48
- Cambodia is one of the countries which will still benefit from the GSP system in the EU, in the category which receives the highest protection (EBA) everything but arms.

Cotton

- Before the war, Cambodia had a strong cotton production market. However, the war meant that many cotton fields turned into landmine fields.\^49
- Most production during the Khmer rouge period focused on rice. By the late 20th century, cotton production was almost obsolete. In recent years, farmers have begun to produce cotton again.\^50

Workers

- **Garment Workers**: 400,000\^51 - 650,000\^52
- **Garment Workers as Percentage of Total Workforce**: approx. 7\%\^53

Trade Unions

**Number of Trade Union (TU) Members in Total Workforce**: 483,945\^54

- **Percentage of total workforce that are TU members**: 5.8\%\^55
- Constitutional Right to form and join.
- Cambodia Confederation of Trade Unions (CCTU) – 90\% of members are working in textile and garment industry.\^56
- **TU rights violations**: Short-term contracts, subcontracting, harassment and arbitrary dismissal of TU

\^54 Ibid. (n.23) p3
\^55 Ibid.
\^56 Ibid.
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members, yellow unions.57

Working Conditions

"The air is bad, the toilets are dirty, the machines are so loud, and you have to breathe all the stuff coming off the cloth," she says. "I can't relax and my head always aches. If I could, I would find another kind of job, but I can't. I don't have a lot of education." 58

Overview of Relevant Labour Laws, International Law and Implementation

<table>
<thead>
<tr>
<th>Area</th>
<th>International Law</th>
<th>Ratified?</th>
<th>National Legislation</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td><strong>International Labour Association (ILO) Conventions</strong> and international human rights treaties such as:</td>
<td>Cambodia has ratified some ILO Conventions (see below)59</td>
<td>Constitution of Cambodia: 199360</td>
<td>Overall, the implementation of the legal provisions is problematic. Details on implementation of specific provisions are found below.</td>
</tr>
<tr>
<td></td>
<td>The International Covenant on Civil and Political Rights (ICCPR),</td>
<td>Cambodia has acceded to or ratified the following treaties: ICCPR, ICESCR: 1992, but not Optional Protocols so</td>
<td>The Labour Law of Cambodia (LLC) : 199761</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The International Covenant on Economic Social and Cultural Rights (ICESCR),</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

57 Ibid. p8
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- **The Convention to Eliminate all forms of Discrimination Against Women (CEDAW)**
- **The Convention on the Rights of the Child.**

| Forced Labour | ILO Conventions 29, 105  
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Art. 7, 8 ICCPR</td>
<td>ILO 29: 1969</td>
</tr>
<tr>
<td></td>
<td>Art. 6, ICESCR</td>
<td>ILO 105: 199</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ICCPR, ICSECR (as above)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Art. 15, 16 LLC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Despite being illegal, forced labour can be found within the garment industry.</td>
</tr>
</tbody>
</table>

| Non-Discrimination | ILO Conventions 100 & 111  
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Art. 2, 26 ICCPR</td>
</tr>
<tr>
<td></td>
<td>Art. 2(2) ICESCR</td>
</tr>
<tr>
<td></td>
<td>Art. 2 CRC</td>
</tr>
<tr>
<td></td>
<td>Art. 1 CEDAW</td>
</tr>
<tr>
<td></td>
<td>ILO 100: 1999</td>
</tr>
<tr>
<td></td>
<td>ILO 111: 1999</td>
</tr>
<tr>
<td></td>
<td>ICCPR, ICESCR, CRC, CEDAW (as above)</td>
</tr>
<tr>
<td></td>
<td>S2, Art. 12 LLC</td>
</tr>
<tr>
<td></td>
<td>Problems with discrimination of TU members, e.g. arbitrary dismissal.</td>
</tr>
</tbody>
</table>

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62 Tola Moeun ‘Cambodia’s Low Cost Garment Industry: Sustainable for whom?’ *(Huffington Post, 9 May 2014)*


64 ‘Cambodia: ITUC expresses concerns for trade union rights in the garment sector’ *(International Trade Union Confederation)*
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| Women | CEDAW | Yes | Art. 186 LLC | Women who are hired on fixed duration contacts (FDCs) often do not get them renewed after maternity leave.  
Lack of nursing rooms, and provision for child care. |
|-------|-------|-----|--------------|--------------------------------------------------|

| Child Labour | ILO Conventions 138 & 182  
Art. 32 CRC | ILO 138: 1999  
ILO 182: 2006  
CRC: as above | Art. 172 LLC  
(15+ allowed to work with some restrictions). | Despite the legal provisions, child labour is a problem.  
Better factories are working with GMAC to see greater implementation of the prohibition of child labour. |
|--------------|-------|-----|--------------|--------------------------------------------------|

| Freedom of Association/ Collective Bargaining | ILO Conventions 87 & 98  
Art. 22 ICCPR  
Art. 8 ICESCR | ILO 87: 1999  
ILO 98: 1999  
ICCPR, ICESCR (as | Art, 96, 266ff. LLC | Many violations of the right to freedom of association.  
Dangers associated with TU membership, e.g. arbitrary |
|------------------------------------------------|-------|-----|--------------|--------------------------------------------------|

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65 ‘Practical Challenges for Maternity Protection in the Cambodian Garment Industry’ (ILO Regional Office for Asia and the Pacific)  


67 ‘Preventing child labour in the garment industry’ (Better Factories Cambodia 30 January 2013)  
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| Living Wage | ILO Conventions 26 & 131 | ILO 26: No | Art. 104, 105 LLC | Garment workers are now set to receive a minimum wage of $128. Whilst this is a vast improvement, it remains insufficient as a living wage and consequently contributes to the problem of low nutrition and living conditions of workers.  


69 Ibid.


71 Ibid., (p 21)

72 Ibid., (n. 11-14, 19 -22)


| Reasonable Working Hours | ILO Convention 1 | ILO 1: No | Art. 137 LLC (8 hour day, 48 hour week) | Many workers volunteer for overtime to boost wages. The max of 60 hours tends to be the average.  


69 Ibid.


71 Ibid., (p 21)

72 Ibid., (n. 11-14, 19 -22)

### Safe Working Conditions

<table>
<thead>
<tr>
<th>Area</th>
<th>ILO Convention 155 Art. 7 ICESCR</th>
<th>ILO 155: No ICESCR (as above)</th>
<th>Ch. VIII. LLC</th>
<th>Historically problematic. Problems with lack of fire drills, lack of access to emergency exits. Problems with lack of fire drills, lack of access to emergency exits.</th>
</tr>
</thead>
</table>


77 ‘About Us’([Better Factories Cambodia](http://betterfactories.org/?page_id=979)) accessed 10 October 2014

#### Living Wage vs Minimum Wage (In context)

<table>
<thead>
<tr>
<th>Area</th>
<th>Minimum Wage</th>
<th>Context</th>
<th>Living Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Piece Rate Garment Factory Employees</td>
<td>$100 $73.26</td>
<td>$1.06 $0.78 per kg of rice</td>
<td>$283 €209.09</td>
</tr>
</tbody>
</table>

#### Regulations on Living Conditions of Workers

### Social Insurance

- The National Social Security Fund (NSSF) was established in 2007 and aims to comply with the requirements of Cambodian Labour Law which stipulates that all workers must be entitled to

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‘employment injury benefits, pensions, and other benefits as relevant.’

- In 2010, 78% of uninsured Cambodian workers were in the garment industry.
- A new NSSF scheme has begun in 2014 which will require most employers to pay into a health insurance fund for employees.

Housing

- "Usually a worker has to spend approximately $15 to $20 for a rented room per month, shared between two to seven people." Housing for garment workers has been described as “squalid.”

Medical Facilities

- In a recent study of 27 factories, more than 75% provide at least basic medical care for their workers (2012)

Food arrangements

- A recent BFC study revealed that most factories have no canteen. Only 33% had an eating area (not canteen).
- Problems with the hygiene of the food which workers are eating. Lack of nutrition can lead to lack of energy and strength, and lower productivity.
- Low wages contribute to very little money left over for food, about $0.97/€0.71 per day on food.
- BFC’s ‘One Change Campaign’ aims, amongst other things, to encourage factories to provide adequate food for workers.

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82 ‘Life on $3 a day: Garment Workers and Cambodia’s Struggle for Human Rights’ (Huffington Post 29 January 2014) http://www.huffingtonpost.com/elizabeth-daube/life-on-3-a-day-garment-w_b_4638311.html accessed 11 July 2014


84 Ibid.

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Child care

- Cambodian Law requires factories to provide childcare facilities. Often, these facilities are absent.\textsuperscript{86}

\textsuperscript{86} 'Working Cambodian Women “Too poor” to have Children' (Inter Press Service) \url{http://www.ipsnews.net/2014/05/working-cambodian-women-too-poor-to-have-children/} accessed 16 July 2014