

Press Release

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ILO Better Factories Cambodia 23rd Synthesis Report

Global Economic Crisis Still Affecting the Garment Industry, But Factory Working Conditions Generally Remain Good

PHNOM PENH, Cambodia – The International Labour Organization’s (ILO) *Better Factories Cambodia* today releases its “23rd Synthesis Report on Working Conditions in Cambodia’s Garment Sector,” which assesses compliance with Cambodian labour law and international labour standards in garment factories.

The 23rd Synthesis Report is the seventh synthesis report to be issued using the automated Information Management System (IMS) for collecting and storing monitoring data and producing reports.

The Synthesis Report contains a range of information, including findings on compliance with fundamental rights and selected working conditions, and information on factory size across the industry. Data is displayed in easy-to-read tables and graphs. The 23rd Synthesis Report has added comparative compliance data from the previous two synthesis reports, to make it easier to track compliance levels over time.

The synthesis report confirms that the joint efforts by the Royal Government of Cambodia through its Ministries of Labour and Commerce, the Garment Manufacturers’ Association in Cambodia (GMAC) and Trade Unions to progressively improve working conditions in the garment sector continue to positively impact labour standards.

Although some areas of concern remain, particularly regarding freedom of association and discrimination, compliance levels generally remain high, even in the face of increased pressure on factories due to the economic crisis (see key findings below).

Ministry of Commerce data for the period between 31 October 2008 and 2009 shows that 70 factories have closed and approximately 70,000 jobs have been shed. Now more than ever, industry partners must focus on increasing productivity and preserving industrial peace in order to ensure the industry’s continued success, and to strengthen the industry post-crisis. *Better Factories Cambodia* is working with both employers and unions to try to ensure that if workers must be laid off, that this is done in a responsible manner.

Better Factories Cambodia and other UN agencies also are working to better understand the impacts of the crisis on individual workers and develop sound policy responses and measures to help those affected. In cooperation with United Nations Development Programme (UNDP), *Better Factories Cambodia* is overseeing a study that will look at the social and economic impacts of the crisis on a group of 2000 garment workers, including both employed and unemployed workers. Preliminary results suggest that even among workers who are employed, nearly half have experienced a reduction in their income compared with one year ago. Because most workers help to support several family members with their income, this has widespread implications. Most workers have very little savings to help them ride out the crisis, so there is a strong need for the development of social safety nets both now and in the future.



Better Factories Cambodia
International Labour Organization

#9, Street 322
Boeung Keng Kang I
Phnom Penh, Cambodia
PO Box 2642

Tel (+855) 23 212 847
(+855) 23 220 362
ext. 106/7
Fax (+855) 23 212 903

E-mail betterfactories@ilo.org
Website www.betterfactories.org/ilo

The ILO also is assisting the Ministry of Labour and Vocational Training in the creation of regional job centers to provide vocational training and assist unemployed workers in finding new work. One job center was launched recently in Phnom Penh, and six more are expected to be opened by the end of 2010. These job centers will provide referral services to potential employment and vocational training opportunities for unemployed and under-employed workers in all sectors.

On November 29, 2009, *Better Factories Cambodia*, along with the Garment Industry Productivity Center (GIPC), the government, industry associations, and other UN agency partners, held the second “I am Precious” campaign fashion show, to promote Cambodian garment workers, emphasize the value of the work they do, and enable them to show their talents through a dress and T-shirt design competition. The event was a great success, and prizes included training in pattern making to allow the winners to pursue their interest and improve their skills. Particularly in the face of the economic crisis, it is important to promote the industry’s positive image.

The 23rd Synthesis Report shows compliance figures that are based on monitoring data contained in 172 factory reports completed between May 1, 2009 and October 31, 2009.

Among the key findings in the report are the following:

- The global financial crisis has significantly impacted Cambodia’s garment industry, resulting in lay-offs and a number of factory closures. The impact has been mitigated to some extent by new factories opening. Based on information collected during monitoring visits, the number of workers employed decreased by approximately 48,000 between October 31, 2008 and October 31, 2009.
- 84% of the factories monitored have less than 2000 employees
- 76% of the factories monitored have at least one union, down 8% from the 22nd Synthesis Report
- There were slight improvements in compliance levels for requirements relating to fundamental rights when compared to the prior report. The percentage of factories that discriminated against workers (usually based on sex) is 10%, down from 13% in the prior report; the percentage that engaged in anti-union discrimination is at 1%, down from 2% in the prior report; and the percentage of factories that interfered with workers’ right to freedom of association is at 3%, down from 5% in the last report.
- There was one confirmed underage worker.
- 14% of the factories monitored had strikes (no change from prior report).
- Compliance with minimum wage requirements for regular workers is at 100%, up from 99% in the previous report. For casual workers, the level of compliance with minimum wage payments remained steady at 89% in factories employing casual workers.
- Compliance with basic annual leave, sick leave and maternity leave payments did not change by more than 2% when compared to the previous report.
- Compliance with limits on the frequency and duration of overtime increased by 5% and 3%, respectively, and overtime was voluntary in 5% more factories. These increases are a continuation of increases seen in the prior report, and may be due in part to reduced orders and a corresponding decrease in overtime work.
- Compliance with requirements to provide personal protective equipment and install needle guards on sewing machines each improved by 2%.
- Six out of ten of the top non-compliance issues in the 23rd Synthesis Report also appeared in the previous report. In general, the non-compliance levels are lower than the levels seen in the prior report, which is a sign of overall improvement.

The “23rd Synthesis Report on Working Conditions in Cambodia’s Garment Sector” is available in Khmer, English and Chinese and can be downloaded from www.betterfactories.org.

For more information, please contact:

Mr. Vuth Lino
Communications Officer
Email: g6bfc@ilo.org
Phone: 012 756 765