

## FACTS AND FIGURES

### ...about Cambodia's garment industry

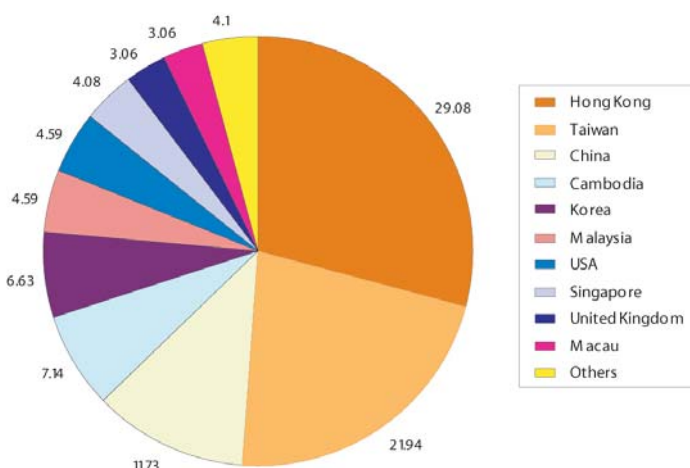
- Exports grew from nothing in 1994 to \$1.9 billion in 2004. Roughly two-thirds of sales are to the United States, and most of the remainder to the European Union.<sup>1</sup>
- The industry employs 270,000 employees directly. Thousands more jobs have been created on the sidelines of the industry, in food sales and other services to factory workers, and in sub-contracted piece work and supply of packaging materials. Nearly all – 85 to 90 per cent – of garment factory workers are young women aged 18 to 25 years old.<sup>2</sup>
- Garments make up almost 80 per cent of all Cambodia's exports, and employ 65 per cent of its manufacturing workforce.<sup>3</sup> The garment industry accounts for around 12 per cent of Cambodia's Gross Domestic Product.<sup>4</sup>
- There are over 200 garment factories in Cambodia. Most are in Phnom Penh and some near the port of Sihanoukville. Most factories are foreign-owned, mostly by East Asian, ethnic Chinese interests.

- While the quota system certainly helped Cambodia get its start in the world garment industry, buyers have been gradually increasing their orders of clothing items not covered by the US quotas. Garment exports to the EU have also grown over the last few years.<sup>6</sup>
- Cambodia's high sales to the US initially resulted from a 1999 trade agreement whereby the US government rewarded good working conditions in the garment industry by reserving a portion of its imports specifically for garments made in Cambodia. The US awarded 9% of its import quota to Cambodia in 2002, 12 % in 2003 and 14% in 2004.<sup>7</sup>

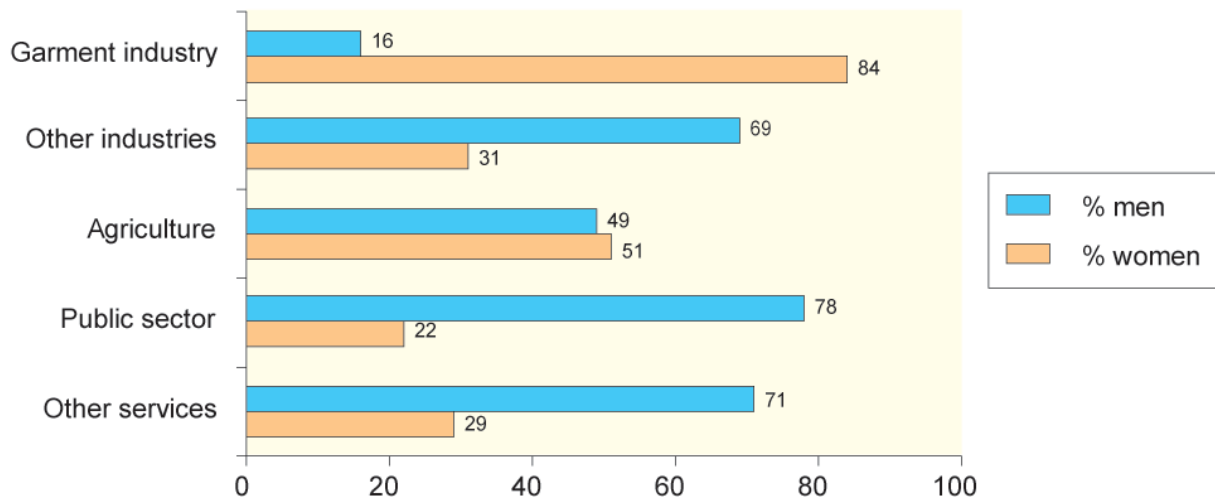
### ...about Cambodia's economy and labour force

- The population of Cambodia is over 13 million<sup>8</sup>. At least half the population is under 18 years of age, so many young people will be entering the workforce over the next decade.<sup>9</sup>
- Adult literacy is 71 per cent<sup>10</sup>, with female literacy at 41 per cent<sup>11</sup>.
- Agriculture employs 70.7 per cent of the workforce. There is little wage employment available. Industry employs just 10.5 per cent, and services 19.5 per cent of the workforce.<sup>12</sup>
- Per capita income is US\$321 a year.<sup>13</sup>
- Women predominate in the garment industry, in stark contrast to their low participation in other non-agricultural sectors.

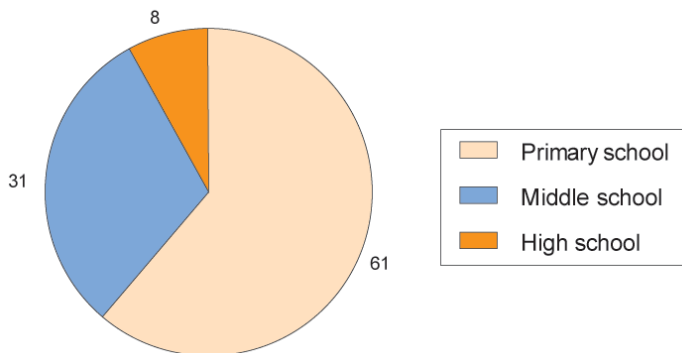
Composition of GMAC membership<sup>5</sup>



## Women's share of wage employment<sup>14</sup>



## Education levels of women working in the garment industry<sup>15</sup>



In comparison, women agricultural workers labour almost 18 hours a day (men work 14 hours) during the rainy season, and 14 hours a day (10 to 12 hours for men) during the dry season.<sup>22</sup>

- Most factory workers send home 30 to 50 per cent of their salaries – around USD 10 to 30 a month.<sup>23</sup>
- The minimum working age under Cambodian law is 15 years, but most factories set the minimum age limit at 18 years.<sup>24</sup> Forced labour has not been reported as an issue in Cambodian garment factories. There have, however, been instances of slightly under-age workers being discovered in factories where casual staff were not required to provide proof of age.<sup>25</sup> But on the whole, working children in Cambodia are far more likely to be found in the informal economy where they sell food, work behind the scenes in restaurant or domestic work, and help their families in quarrying, salt-making, and agricultural labour.
- Under-payment of wages has been reported as a problem in some garment factories.<sup>26</sup>
- Cambodian law assures the right to unionize and bargain collectively in the workplace. Most factories are unionized, but collective bargaining is still at an early stage. Serious incidents of violence against trade unionists have occurred, though the motives remain unclear.

## ...about working at the factory

- Factories are required to pay the Cambodian minimum wage of US\$45 a month. Many workers earn more as their output increases. The industry average wage was US\$61 a month, and lately has crept up to US\$70, reflecting increased productivity.<sup>16</sup> In comparison, the average salary for a Cambodian civil servant is US\$28 a month.<sup>17</sup> More than one-third of all Cambodians – 36 per cent – live below the poverty line.<sup>18</sup>

In the countryside where most workers come from, the average monthly income for an entire household is US\$40 a month.<sup>19</sup>

- Official working hours in garment factories are 8 hours a day, 6 days a week. But many workers do overtime. Working hours average 10 hours a day.<sup>20</sup> Forced overtime and excessively long shifts have been reported as problems in a number of factories.<sup>21</sup>

## What the law says

Cambodian labour law assures:

- A minimum wage of US\$45 a month for the garment and shoe industry, plus a \$5 monthly bonus for turning up every day
- A 48-hour week, based on 8 days a week and 6 working days, and not more than 2 hours overtime a day
- Overtime rates of 150 per cent for regular overtime, 200 per cent for working Sundays and public holidays, and for night work
- 18 days annual leave a year and 25 public holidays, plus 7 days' special leave may be taken for family reasons.
- 90 days unpaid maternity leave. Workers with more than 12 months' service receive half-pay and any bonuses due to regular staff. Those returning to work can have one hour a day paid breastfeeding breaks while their child is under 1 year old.
- Unpaid sick leave. The Ministry of Commerce recommends a paid leave system which some factories follow.
- Compensation and payment for work-related accidents and injuries

### ILO Report Card

The latest ILO monitoring report, covering third or fourth consecutive visits to check on progress in 26 factories, reported the following conditions:<sup>27</sup>

Forced labour	None
Incidents of discrimination	None
Child labour	None
Incorrect payment of wages	Improved, but still a problem at some factories
Overtime beyond legal limits	Improved, but still a problem at some factories
Freedom of association	Better than before
Lawful strike actions	Workers made progress at one factory
Occupational health and safety	Continuing problems with use of protective equipment, safety guards on machines, training, ventilation and cleanliness

<sup>1</sup> Asian Development Bank, Cambodia's Garment Industry: Meeting the challenges of the post-quota environment, October 2004, p. iv

<sup>2</sup> ADB report, p. iii

<sup>3</sup> ADB report, p. iv

<sup>4</sup> ADB report, p. v

<sup>5</sup> Garment Manufacturers' Association of Cambodia presentation, cited in ADB report, p. 64

<sup>6</sup> ADB report, p. 15

<sup>7</sup> Sandra Polaski, Cambodia blazes a new path to economic growth and job creation, Carnegie Papers No. 51, October 2004

<sup>8</sup> ADB report, p. 5

<sup>9</sup> UNDP, The Macroeconomics of Poverty Reduction in Cambodia, 2004, p. 56

<sup>10</sup> Ministry of Planning Cambodia, Cambodia Millenium Development Goals Report 2003, p. 8

<sup>11</sup> ADB report, p.6

<sup>12</sup> Millenium Development Goals report, p. 8

<sup>13</sup> UNDP Human Development Report 2004, p. 186

<sup>14</sup> ADB report, p. 55

<sup>15</sup> ADB report, p. 59

<sup>16</sup> Ros Harvey, "Cambodian Garment Sector Project: An overview" powerpoint presentation, undated

<sup>17</sup> IMF country report no. 03/59, cited in Polaski, p. 6

<sup>18</sup> Mekong River Commission, Social Atlas of the Lower Mekong Basin, March 2003, p. 79

<sup>19</sup> IMF country report 3/59, cited in Polaski, p. 11

<sup>20</sup> ADB report, p.58

<sup>21</sup> ILO Garment Sector Project, Eighth Synthesis Report on Working Conditions in Cambodia's Garment Sector, February 2004, p. 5

<sup>22</sup> ADB report, p. 7

<sup>23</sup> ADB report, p. 60

<sup>24</sup> Cambodian Labour Law Article 177, compiled in ILO Garment Sector Project draft handbook of Cambodian labour law, p. 6

<sup>25</sup> ILO Garment Sector Project, Ninth Synthesis Report on the Working Conditions in Cambodia's Garment Sector, January 2005, p. 29

<sup>26</sup> ILO 9<sup>th</sup> Synthesis Report, p. 15-17

<sup>27</sup> ILO 10<sup>th</sup> Synthesis Report on the Working Conditions in Cambodia's Garment Sector, March 2005, p. 5