

## ILO WELCOMES LANDMARK AGREEMENT IN CAMBODIA'S GARMENT INDUSTRY

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ILO News (Bangkok): The International Labour Organization (ILO) <sup>1</sup> has welcomed the landmark agreement reached by Cambodia's garment sector unions and manufacturers, to improve relations in the industry.

The new Memorandum of Understanding (MoU) was signed on Tuesday 28 September 2010. It covers important aspects of collective bargaining, arbitration, and productivity, and includes specific measures for implementation. It was signed by the Garment Manufacturers Association in Cambodia (GMAC), which represents some 300 of the largest factories employing about 300,000 workers, and six major union confederations and federations who together represent the vast majority of those workers.

"This agreement represents an important step forward in creating harmonious labour relations in the garment industry, which will benefit the industry and the country," said Bill Salter, Director, ILO Decent Work Team for East and South-East Asia and the Pacific. "It shows the enormous progress that workers and employers have made in strengthening their relationship. The ILO enthusiastically supports this MOU. We look forward to working with the employers, workers and the buyers to promote awareness of this agreement throughout the industry".

According to the Garment Manufacturers of Cambodia and the Union Confederations and Federations of Cambodia the agreement is "a landmark...which provides for substantial improvements in the relations between the two parties." Among the key points of the MoU are:

- A commitment by both parties to abide by the law
- A commitment by minority unions not to interfere with the right of the majority union to engage in collective bargaining with employers.
- An agreement to use the Arbitration Council's binding arbitration procedures for disputes over rights, allegations of violations of the law (or Prakas) or the existing collective bargaining agreement (CBA).
- Agreement that there will be no lockouts, strikes, or further claims during the term of the current CBA.

In addition, the MoU (which comes into effect on 1 January 2011) allows both parties to monitor and review the implementation of the agreement. They agree to act in good faith to adhere to the MoU, and if breaches of its terms are suspected they agree to use to take corrective action through dialogue. Either party may declare the MoU null and void one year after the date of signature.

In a joint press release issued by the Garment Manufacturers and the Union Confederations and Federations of Cambodia, Mr. Van Sou Ieng, Chairman of the Garment Manufacturers Association in Cambodia (GMAC), said; "This agreement marks an important step in improving the relations between unions and employers. It presents a challenge for both parties to implement, and GMAC is committed to meeting this challenge. The union side must do the same."

Mr. Ath Thorn, President of Cambodian Labour Confederation (CLC) praised the MoU as an important step towards building trust between the parties and upholding the rule of law. "All of the unions that signed will do their utmost to implement the MoU, and we expect the same commitment from the employers' side. We must make a great effort to promote the agreement to all workers and employers in the garment industry."

Mr Hang Soriya, Vice President of Khmer Youth Federation of Trade Unions and another of the signatories, said; "This MoU reflects the growing maturity in relations between the two parties, to use dialogue to reach agreement on important issues."

The MoU applies to current and future members of the GMAC, and the current and future affiliates (at federation and enterprise level) of the workers' confederations and federations who signed it. All sides have also committed themselves to promote the MoU to employers and workers who are not directly party to it.

A copy of the MoU is attached. For more information please contact:

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