

New Minimum Wage for the Garment and Shoe Work Industry
5\$ Wage Increase for Workers
(Phnom Pehn, Cambodia, July 12th 2010)

On July 8th 2010, the members of the Cambodian Labour Advisory Committee agreed on a new minimum wage for the garment and shoe industry. Negotiation around this issued were scheduled to happen in 2010. The previous minimum wage had been agreed upon in 2006. The Labour Advisory committee is a tripartite institution that is composed of 14 government, 7 trade union and 7 employer representatives. Members discussed the wage hike, the effective date of implementation, and its timeframe.

With a vote of 20 in favour and 5 against, members adopted the government's recommendation to increase the minimum wage for regular workers by 5\$ from the current 50\$/month. Probationary workers will also see their current 45\$/month increased by the same amount.

The LAC also decided to bundle the previously separated and universally paid 6\$ monthly Cost of Living Allowance (COLA) into the definition of the minimum wage. Regular workers will now count on a minimum wage of 61\$/month, where as probationary workers will avail of a monthly 56\$. Workers paid on the basis of performance will also be guaranteed the new minimum wage, or more as to reflect their productivity (as it is currently the situation).

Other entitlements including attendance and seniority bonus or other allowances have not been discussed and remain the same as agreed in 2000 (Notification 17).

The newly set minimum wage will come into effect from 1st October 2010, and it will be reviewed in 2014.

The Cambodian trade union movement arrived at the negotiation table with different demands for a take-home pay ranging from 70\$ to 93\$. The Garment Manufacturers Association in Cambodia (GMAC) agreed to offer 4\$ increase, and later supported the government suggestion to a 5\$ hike. Five trade unions organizations rallied behind the government's proposal. Mr. Ath Thorn, head of Coalition of Cambodian Apparel Worker Democratic Union and Ms. Norm Nhim, representing National Independent Federation Textile Union of Cambodia, did not support the proposal, stating that the new minimum wage was not sufficient to meet the needs of the garment and shoe industry workers. They called on their members to voice their concerns in a demonstration scheduled to take place on July 25th 2010.

H.E. Vong Sauth, Minister of Labour and Vocational Training and also a Chairman of Labour Advisory Committee, pointed out that there had been an ample time for both the Unions and the Employers' sides to negotiate the new minimum wage since January 2010, when first meeting of the LAC to launch the negotiation process took place.