

GROWTH CONTINUES FOR CAMBODIA'S GARMENT AND FOOTWEAR SECTOR

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Press Release

Phnom Penh – (ILO NEWS) Cambodia's garment and footwear sector has continued to perform solidly, with exports growing by 10.6 per cent over the year to the first quarter of 2015. The number of factories operating and the number of workers employed in the industry have also grown, according to the ILO's new Bulletin on Cambodia's garment and footwear sector launched today in Phnom Penh.

The Bulletin reviews the performance and progress of Cambodia's garment and footwear sector using up-to-date official data, with a focus on exports, wages, employment, factory openings and closures and newly approved foreign direct investment. It will also be a vital resource for participants in the upcoming review of Cambodia's minimum wage for the garment and footwear sector.

"The minimum wage is a topic of critical importance in Cambodia. The government, unions, and employers all committed in June 2014 to a minimum wage review process that is evidence-based and takes into account a range of social and economic factors. The ILO hopes that this Bulletin will help the key actors in the world of work to have an informed discussion and constructive negotiation," said Mr Maurizio Bussi, Officer-in-Charge of ILO Country Office for Thailand, Cambodia and Lao PDR.

According to the Bulletin's first edition, Cambodia's garment and footwear sector now employs some 600,000 workers, whose wages have risen significantly over the past two years. Meanwhile, the number of factories operating in the sector has reached a record number of 640 in March 2015, compared to 528 factories in late 2013.

The growth of the industry compares favourably against predictions that the new minimum wage levels of \$100 (effective 1 February 2014) and \$128 (as of 1 January 2015) would lead to a contraction of export volumes with direct implications on employment levels.

Mr Bussi noted that "workers and their unions are understandably concerned to ensure that wages are adequate to meet the needs of workers and their families. On the other hand, it is also vital that the impact of the minimum wage on enterprises, productivity, competitiveness and employment is taken into account. This Bulletin presents information about a range of factors of interest to all the social partners."

"The ILO does not take, or recommend, a specific minimum wage level for Cambodia. Instead, we are responding to a request to provide technical advice and assistance to the tripartite stakeholders on the basis of sound analytical work anchored to national data" said Mr Bussi.

The ILO intends to release new issues of the Bulletin on a roughly quarterly schedule.

The Bulletin has been published within the framework of the 'Labour standards in global supply chains' programme financed by the GiZ on behalf of the Government of the Federal Republic of Germany. The programme was initiated as part of a renewed partnership between the German Ministry for Development Cooperation (BMZ) and the International Labour Organization (ILO).

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