

Trends in Cambodian garment and footwear prices and their implications for wages and working conditions

Part I – export prices

Cambodia's garment and footwear sector is largely export-oriented and highly integrated into global supply chains. The prices paid for Cambodian exports have a significant impact on the state of the industry, including the labour costs that factories can afford to bear. Prices for exports to major markets have been largely stagnant in recent years. If this trend continues, it could have important implications for Cambodian workers' wages and working conditions.

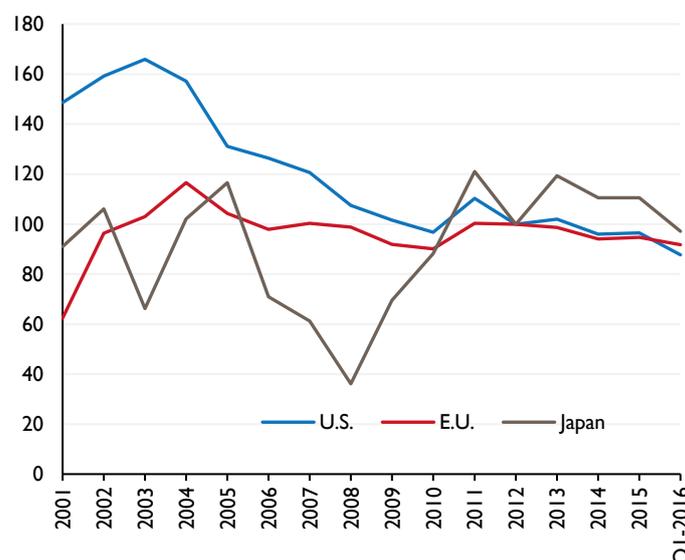
This fourth issue of the ILO's Cambodian Garment and Footwear Sector Bulletin takes a close look at the issue of export prices. The analysis is based on statistics from official sources including the US Department of Labor, the US Department of Commerce, Eurostat, the Cambodia's Ministry of Commerce, the Cambodia's Ministry of Labour and Vocational Training, the Cambodia Investment Board, General Department of Customs and Excise, the National Institute of Statistics and the National Bank of Cambodia.¹ This first part of the Bulletin focuses upon developments in export prices. The second part of the Bulletin contains a regular update to key statistics.

I. Prices trends for garment and footwear exports

The global garment industry is highly competitive. Increases in supply from major producers such as China, Viet Nam and Bangladesh have put downward pressure on the prices paid for garments in major markets over the past 10-15 years. This includes the US and EU markets, which are the two primary markets for Cambodian exporters.

The average prices received for Cambodian garment exports to the US have fallen over the past decade. Prices for exports to the US market fell by 23.7 per cent between 2006 and 2015.² The average price stabilised in 2015 but headed downward again in the first quarter of 2016. The average price for Cambodian garment exports to the EU has also declined over the past decade, but the decline has been less steep.

Figure 1: Cambodia's garment export price index to its major markets (2012=100)



Source: General Department of Customs and Excise (GDCE), Ministry of Economy and Finance.

Cambodia does not have an official garment export price index. However, we can derive the average price of Cambodian garment exports by dividing the value of exports by the total volume of those exports, as shown in Figure 1. This is not an ideal measure, as it does not control for changes in the composition or quality of exports, as a price index typically would. However, it does provide an indication of broad price trends.

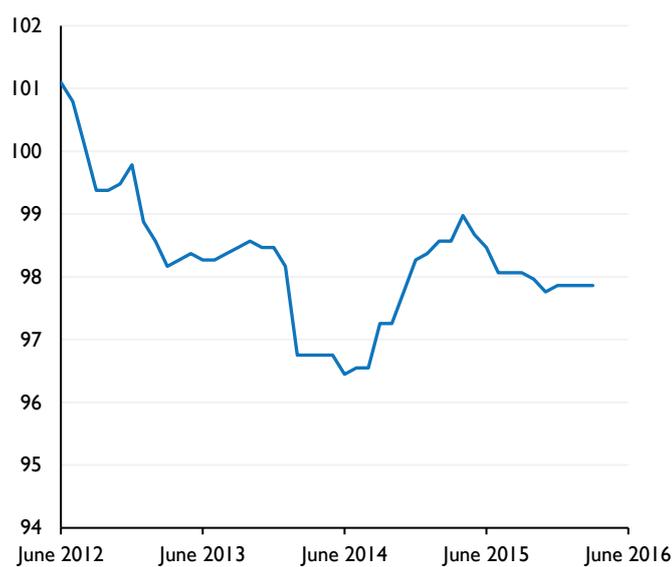
Import price indexes for the destination markets, like the US and EU, can be used to cross-check the price trends observed in the Cambodian export data. The US does not publish a Cambodia-specific garment import price index, but it does publish one for ASEAN as a whole. The US import price index for apparel manufacturing from the ASEAN region shows a very similar pattern to the Cambodian data.

¹ The ILO wishes to acknowledge and thank the Ministry of Labour and Vocational Training; the Ministry of Commerce; the Cambodia Investment Board; General Department of Customs and Excise, the National Institute of Statistics and the National

Bank of Cambodia for their support and the data used in this publication. Any errors should be attributed to the ILO.

² ILO calculations based on GDCE data.

Figure 2: US import price index of apparel manufacturing from ASEAN (2012=100)



Source: US Department of Labour

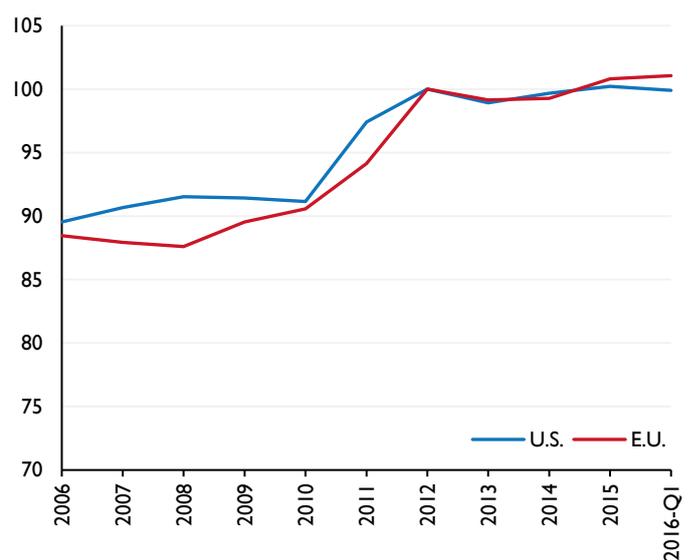
The price of apparel imported to the US from ASEAN fell by 2.1 per cent between 2012 and the first quarter of 2016. Within the 10 ASEAN member states, Cambodia is the third largest exporter of textiles and apparel to the US market (behind Viet Nam and Indonesia)³. The ASEAN price index is therefore likely to broadly reflect trends in the price paid for Cambodian garment exports to the US. It confirms the trend observed in the Cambodian export data.

The index for imports to the US from ASEAN, shown in Figure 2, is the closest proxy measure for Cambodian garment prices. However, this series only commenced in mid-2012. For a longer-term perspective on garment prices, we can consult the general apparel import price indexes for the US and EU⁴, as shown in Figure 3.

The US import price index of apparel manufacturing rose 11.9 per cent between 2006 and 2015. Most of this increase occurred between 2010 and 2012. The index has been more or less stagnant since 2012, with a slight decline in recent months. The EU index shows a similar trend; it rose by 14 per cent between 2006 and 2015.

³ The US Department of Commerce

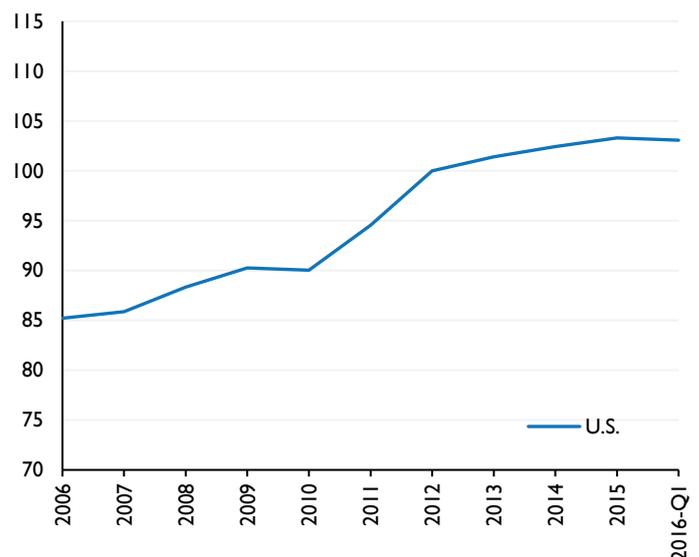
Figure 3: US and EU import price index of wearing apparel manufacturing (2012=100)



Source: US Department of Labour and European Commission's Eurostat
E.U. refers to Euro-area 19 member countries

The price trend for footwear has been more favourable, from the point of view of producing countries. The price of footwear imported to the US rose by 21.2 per cent between 2006 and 2015, although price growth has been slow in recent years.

Figure 4: US import price index of footwear (2012=100)



Source: US Department of Labour.

Various factors could explain sluggish price increases, including growing competition among garment-producing countries, fluctuations in global demand, competitive currency devaluations, and widespread discounts and promotions. There has also been a decline in the prices of

⁴ EU refers to 19 euro area member states: Belgium, Germany, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Malta, Netherlands, Austria, Portugal, Slovenia, Slovakia, Finland, Estonia, Latvia, and Lithuania.

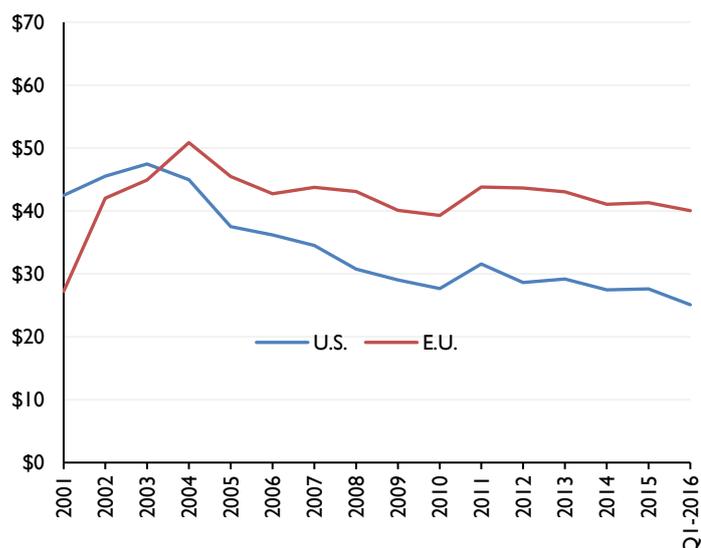
inputs such as cotton and oil prices;⁵ if declining garment prices are offset by declining import prices, garment producers may not bear the full brunt of the garment price decline.

2. Price levels for garment and footwear exports

The average price paid for Cambodian garment exports has fallen in both the EU and the US over the past decade, as shown in Figure 1. However, the industry in Cambodia has partly offset this fall in prices by the major markets by progressively diversifying the destination of its exports, including some reductions vis-à-vis US partners and incremental increases in trade volumes with the EU. On average, the price of Cambodian garment exports to the EU is around 1.5 times the price of Cambodian garment exports to the US, as shown in Figure 5.⁶

The compositional shift in Cambodia's garment exports, with a larger share going to the EU which pays higher average prices, has partly offset the decline in prices paid within export destinations. The EU has granted Cambodia 'Everything But Arms (EBA)' trade status, under which Cambodia has full duty- and quota-free access to the EU market. This has assisted with the compositional change.

Figure 5: Average unit price (current US\$ per dozen) of Cambodian garment exports to its major markets*



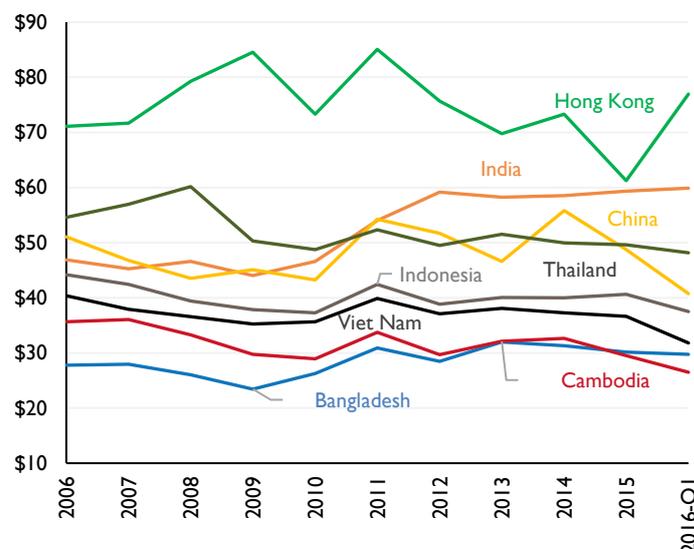
Source: Cambodia's General Department of Customs and Excise (GDCE)
* Refers to average price of all categories

Cambodia's garment exports are sold at a relatively low price compared to other countries. For example, Figure 6 shows the average import cost of one type of garment product in

⁵ According to the World Bank, nominal cotton prices fell by 8.1 per cent in 2014 and by another 15.3 per cent in 2015, and similarly, average nominal crude oil prices declined by 7.5 per cent in 2014 and plummeted by another 47.3 per cent in 2015.

the US – Cambodia's average price received for this type of product is the lowest of the major Asian garment exporters.

Figure 6: Average price (US\$ per dozen) of Women/Girls Knit and Cotton Shirts/Blouses purchased by the US*



Source: US Department of Commerce
* Refers to average price of women/girl knit and cotton shirts and blouse (categories 339 and 341 only) purchased by the US.

3. Implications of price trends for wages and working conditions

Trends in garment prices have important implications for wages and working conditions in the garment sector supply chain. Broadly speaking, there are three key ways that wage increases can be accommodated:

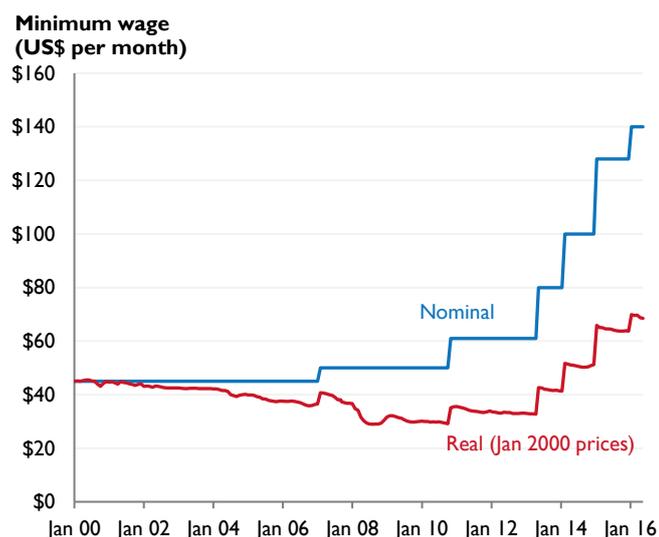
- By increasing the prices received for output;
- By reducing the share of value added that goes to factories' profits; and/or
- By increasing labour productivity.

If prices remain constant, that leaves the options of reducing the profit share and/or increasing labour productivity if a sustainable wage increase is to be received by workers.

Wages in the Cambodian garment and footwear sector have increased relatively rapidly in recent years, after a prolonged period of stagnation in real terms. The real (inflation-adjusted) minimum wage, including compulsory bonuses and allowances, was twice as high in May 2016 as it had been five years earlier, as shown in Figure 7.

Crude oil price here refers to average spot price of Brent, Dubai and West Texas Intermediate, and is equally weighted (World Bank commodity prices).
⁶ ILO calculation based on data from Cambodia's General Department of Customs and Excise. Figures from the Ministry of Commerce show a similar ratio.

Figure 7: Nominal and real minimum wage (Cambodian garment and footwear sector)



Source: Ministry of Labour and Vocational Training and CPI (from the National Institute of Statistics)

In recent years, it's likely that factories' profits have declined as a percentage of value added as a result of the relatively rapid increase in wages. This reduction in the profit share came after a prolonged period in the 2000s during which the real minimum wage eroded and the profit share is likely to have increased.

Although there may have been some scope to accommodate wage increases through a reduction in the profit share in recent years, such reductions cannot continue indefinitely. Investors require a certain return on their invested capital – if they do not obtain this, they may reconsider further investments in the Cambodian garment sector. It's likely that future increases in wages will therefore need to be accommodated by either increasing labour productivity, or the prices received for output, or both.

When labour productivity rises, it can imply a capacity to afford higher real wages. Labour productivity refers to the real value added by the industry, divided by the number of workers in the industry. If labour productivity rises, say by 5%, and real⁷ wages⁸ also rise by 5%, then the shares of value added going to workers and to profits⁹ will be unchanged.

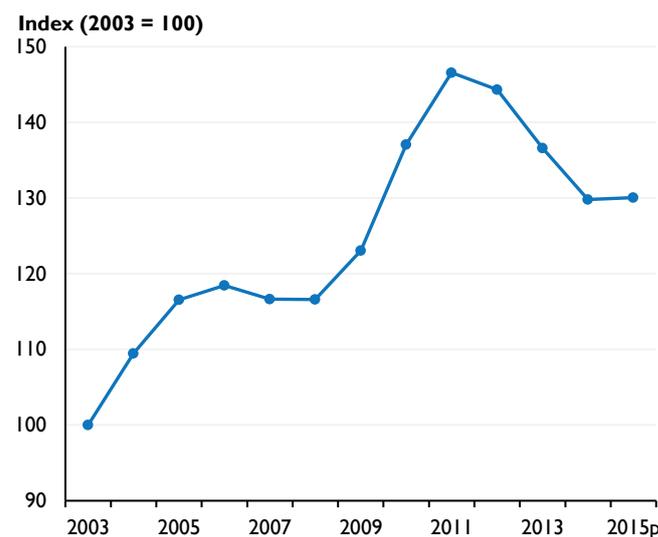
According to Cambodia's National Institute of Statistics (NIS), the productivity of the Cambodian garment and footwear sector rose at an estimated compound annual rate of 2.2 per cent between 2003 and 2015. As a result, labour productivity in the sector was 30.1% higher in 2015 than in 2003.

⁷ 'Real' here refers to wages deflated by output prices.

⁸ 'Wages' here refers to the total compensation of employees.

⁹ 'Profits' here refers to gross operating surplus.

Figure 8: Labour productivity in the Cambodian garment and footwear sector (Index; 2003 = 100)



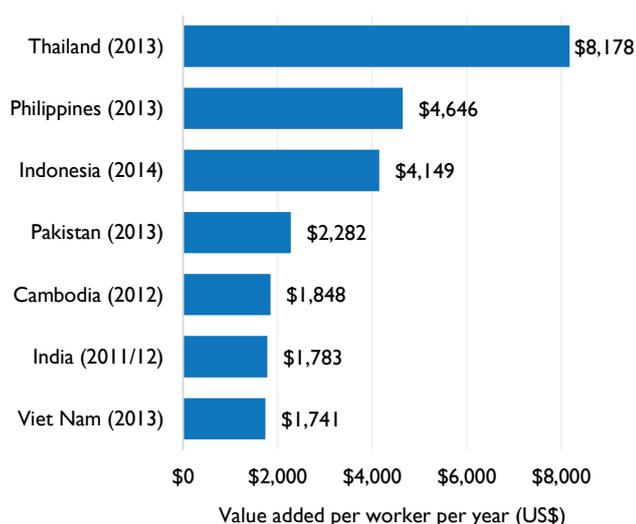
Source: Cambodian National Institute of Statistics, National Accounts (2015 figure is preliminary), Ministry of Commerce.

The measured rate of average productivity growth began to slow down in 2011 and has been negative in some recent years. Labour productivity is estimated to have risen by 0.2% in 2015, based on preliminary figures.¹⁰ In order for future real wage increases to be sustainable, it will be important for the level of labour productivity to increase. There appears to be scope for the sector's productivity to increase, as it remains lower than that of the garment, textile and footwear sector in several other countries, as shown in Figure 9.

Figure 9 suggests there is a 'productivity gap' between Cambodia and some other garment exporting countries such as Thailand, Philippines and Indonesia. Closing that gap will be important if Cambodian garment workers are to enjoy substantial real wage increases in the coming years.

¹⁰ Note that the productivity figures referred to here use administrative data from the Ministry of Commerce to measure the number of persons employed in the sector.

Figure 9: Average labour productivity in the garment, textile and footwear sector (US\$), latest available year.



Note: Labour productivity is defined as gross value added in current prices per employed person, converted to US\$ at official nominal exchange rates. The figures are industry-wide averages, measured in a consistent way across countries.

Source: P. Huynh: [ILO Asia-Pacific Garment and Footwear Sector Research Note](#), Issue 1 (Bangkok, ILO, November 2015).

There are many potential strategies to increase productivity. Stable and harmonious labour relations can be one important factor that promotes productivity growth. Capital investment and technology transfers are also crucial, as are skills – both for management and workers.¹¹

Recent changes to transportation fees loading costs and administrative requirements at ports may assist with the competitiveness of Cambodia's garment exports. On 1 May 2016, the Prime Minister officially announced¹² a reduction in container loading costs at the Port Authority of Sihanoukville by 10 per cent¹³ (effective 1 May 2016) and Phnom Penh Autonomous Port by 5 per cent¹⁴ (effective 16 May 2016). The Kampuchea Shipping Agency and Brokers (KAMSAB) also reduced its over-time tally and superintendence fees of containers by 10 per cent¹⁵ (effective 1 May 2016). Such cost reductions help address the challenges of productivity and competitiveness in Cambodia.

There is scope for labour productivity to increase in the sector. Such increases can create space for sustainable real wage increases. However, for substantial real wage increases to be obtained in the future, it is likely to require an increase in the price Cambodia receives for its garment and footwear exports.

¹¹ For further discussion, see Employment Diagnostic Study "Cambodia: Addressing the Skills Gap", Joint report of ILO and ADB, 2015.

¹² Prime Minister televised speech at the Port Authority of Sihanoukville (PAS) on 1 May 2016 to celebrate the 130th International Labour Day

¹³ Letter of the Port Authority of Sihanoukville # 014, dated 1 May 2016.

¹⁴ Letter of the Phnom Penh Autonomous Port #0462, dated 2 May 2016

¹⁵ Letter of Kampuchea Shipping Agency and Brokers #249/16, dated 2 May 2016.

¹⁶ Letter from major US buyers sent to the government of Cambodia dated 10 November 2014 and Letter from major EU buyers sent to the government of

International garment brands and buyers have acknowledged that the prices they pay for garments and footwear affects Cambodian wages and working conditions. In September and November 2014, letters were sent to the government of Cambodia by key EU and US buyers, expressing their support for fair increases in wages which take into account the sector's productivity and efficiency gains¹⁶.

As shown earlier in the note, the average price paid for Cambodian garment exports has not risen significantly in recent years. The prices of apparel purchased by US and EU buyers showed mixed signs in the first quarter of 2016. The latest available import price index from the US Department of Labor indicated that prices of apparel that the US imported from ASEAN fell by 0.7 per cent in Q1 2016 (compared to the same period in 2015). The apparel prices for EU imports rose by 0.7 per cent over this same period¹⁷. Recent trends in prices give no indication of a significant increase that would create space for significant real wage increases, in the absence of a reduction in factories' profit share or an increase in productivity.

The minimum wage for the 630,000 workers in Cambodia's garment and footwear industry increased from US \$128 in 2015 to US \$140 in 2016. This represented a 9.4 per cent increase. The ILO projects that this will raise the industry wage bill by around US \$8.2 million per month or US\$ 97.9 million over the year. As a result, the industry's total wage bill is anticipated to increase by about 8.0 per cent in 2016.

4. The role of consumers

The benefits of flat, and sometimes falling, garment prices has been enjoyed in part by consumers. The price paid by US consumers for apparel increased by only 5.4 per cent over the period 2006 to 2015¹⁸. The increase in garment prices for EU consumers was the same, 5.4 per cent. This is a very modest increase over the decade.¹⁹

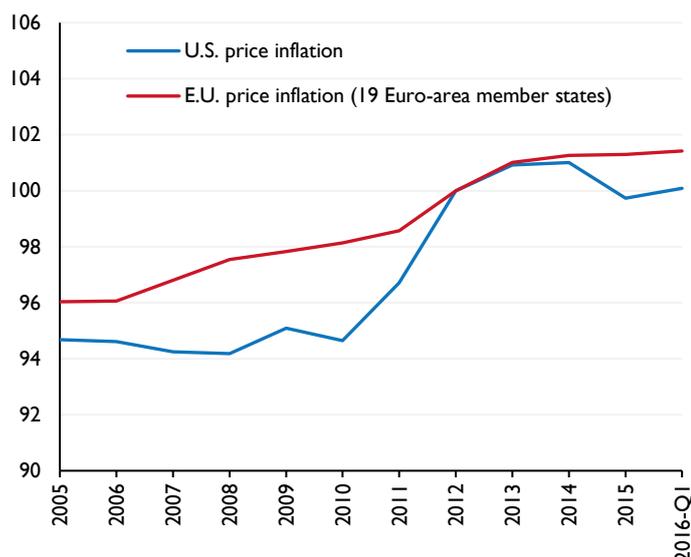
Cambodia dated 18 September 2014. Copies of the letters can be accessed at <http://www.industrial-union.org/brands-say-they-will-pay-more-for-clothes-made-in-cambodia> and http://www.fairlabor.org/sites/default/files/letter_from_global_brands_on_wages_in_cambodia_nov_2014.pdf.

¹⁷ Referring to the 19 euro-area member countries.

¹⁸ The US Department of Labour

¹⁹ The Eurostat

Figure 10: Consumer price inflation of clothing and apparel within the EU and US markets (2012=100)



Source: US Department of Labor

Note: US apparel price inflation is seasonally adjusted, and the EU price is calculated as 12-month moving average (referring to Euro-area 19 member countries)

5. Conclusion

The relatively large increases in the minimum wage in recent years, along with modest productivity growth, appears not to have recorded in noticeable negative effects on the industry – exports and employment have continued to grow at a solid pace. It may have been the case that some factories had scope to reduce profits while remaining viable and attractive, but there is likely to be reduced scope for further reductions in profitability at factory level. There is some scope for productivity gains, but the prospects of a dramatic acceleration in productivity growth do not appear strong in the short term.

Therefore, if significant further wage increases are to be enjoyed by workers in Cambodia’s garment and footwear sector, price trends will be very important. Global buyers and brands, as well as consumers, have a role to play to ensure that the prices paid are sustainable and enable decent work in supply chains.

The prospects of significant price increases appear unlikely in the short term. According to the latest IMF World Economic Outlook (July 2016), global economic output is projected to grow only 3.1 per cent in 2016, the same rate as in 2015. The US economy is anticipated to grow at 2.2 per cent in 2016, down from 2.4 per cent rate in 2015, while the Euro area growth is also projected to slow down slightly in 2016 to an estimated rate of 1.6 per cent, from 1.7 per cent in 2015. The modest growth of the EU and US economies, the prime

buyers of Cambodia’s garment exports, could dampen the prospects of significant price increases, and inhibit the potential for the sector to accommodate further significant minimum wage increases.

Part II - Statistical update

The information in Part I above provides an overview of price trends for Cambodian garment exports and the implications of those trends for wages and working conditions. The second part of this Bulletin provides a regular update regarding recent developments in the sector.

Cambodia’s garment and footwear sector remains a key driving force of its merchandise exports, a large source of employment generation and the cornerstone of country’s economy. Earlier this year, the Ministry of Economy and Finance estimated that Cambodian economy would grow by 6.9 per cent in 2015 and garment and footwear sector would be the largest contributor to the growth.²⁰ The sector was the largest contributor to growth in 2015; the preliminary national accounts presented by the National Institute of Statistics recorded that the garment and footwear sector contributed nearly 1.8 percentage points to the country’s GDP growth rate in 2015.²¹

6. Garment and footwear exports

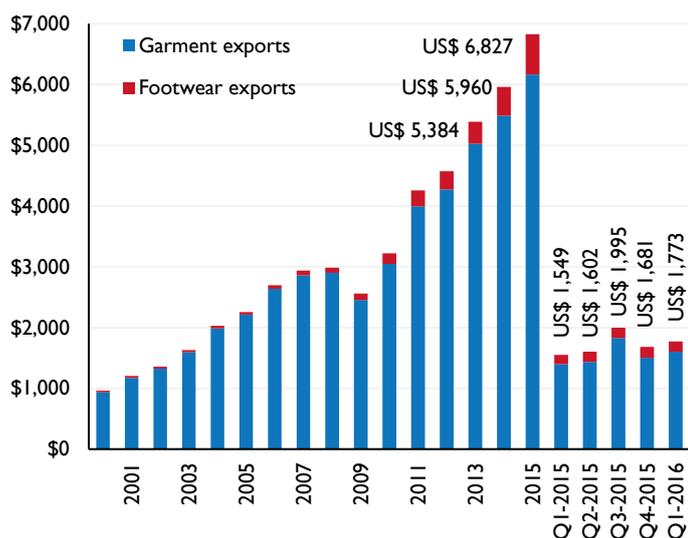
Exports of garment and footwear products continued to grow in the first quarter of 2016, with garment exports rising by 14.7 per cent to US\$ 1,605 million while footwear exports increased by 12.9 per cent to US\$ 168 million. According to the export statistics of the General Department of Customs and Excise (GDCE), the total first quarter exports of the garment and footwear sector reached US\$ 1.8 billion, representing 14.5 per cent growth over the same period of 2015.

The European Union (EU) continued to represent the largest market for Cambodia’s garment and footwear exports; it absorbed 45 per cent of the total garment and footwear exports in the first quarter of 2016. The US market accounted for 24 per cent over this same period, with the remaining 31 per cent shipped to other markets, mainly Canada and Japan.

²⁰ Presentation of Cambodian Macroeconomic Situation, Ministry of Economy and Finance (18 February 2016)

²¹ ILO Calculation based on the preliminary figures of the National Accounts of the Cambodia’s National Institute of Statistics

Figure 11: Cambodia's garment and footwear exports, 1995-2015 (US\$ million)



Source: Cambodia's General Department of Customs and Excise

7. New investments, factory openings and closures

a – New investment: Foreign investment in both the labour and capital intensive sectors plays a pivotal role in the Cambodian job market as hundreds of thousands of new job seekers flood into the market every year. ADB's Annual Development Outlook 2016 revealed that "Cambodia's large supply of inexpensive, low-skilled labour has attracted substantial foreign direct investment into the production of garments and footwear for export".²²

Inflow of foreign investment to the garment and footwear sector continued to show encouraging signs in the first quarter of 2016, according to official figures of the Cambodian Investment Board (CIB), both in terms of number of new projects and in terms of investment values. Out of 37 total new investment projects that were approved during the first quarter of 2016, 22 projects were in the garment and footwear sector, of which 18 were in garments and 4 were in footwear.²³

While a large proportion of newly approved projects are in garment and footwear, projects in the sector only accounted for 9 per cent of new investment in value terms. In the first quarter of the year, there was US\$ 955 million worth of new investment in all sectors approved, of which US\$ 86 million was in garment and footwear. This ratio was higher in 2014 and 2015, when new investment in the garment and footwear sector represented 28 per cent and 10 per cent of new investment (respectively). In absolute terms, the sector still

²² Asian Development Bank's Annual Development Report 2016 or it can also be found on ADB's page (dated 11 May, 2016) <http://www.adb.org/news/features/here-comes-cambodia-asia-s-new-tiger-economy>

²³ These are qualified investment projects only (QIP). Excludes existing expansion projects.

recorded 20 per cent growth compared to the same quarter of 2015. Investment in the garment and footwear sector is growing at a solid pace, but investment in other sectors is growing even more rapidly, as FDI inflows to Cambodia diversify. The other sectors attracting significant FDI in 2015 were infrastructure, agriculture, telecommunications, and tourism.

The pattern of FDI inflows from different economies remains largely similar to that of last year. Investment in the garment and footwear sector continued to be driven by investors from China (37 per cent), Taiwan (China) (12 per cent), Hong Kong (China) (6 per cent) and the UK (6 per cent). Most of the garment and footwear projects approved during the first quarter of 2016 were in the form of sole ownership (85 per cent), with joint ventures accounting for the remaining 15 per cent.

b – Opening, closure and operating factories: The Ministry of Commerce maintains a database of factories. This data has been used by the ILO in this and past Bulletins to measure factory openings and closures. During the first quarter of 2016, the Ministry became aware that a number of factories had been inactive for months, and in some cases had closed down, but had not provided official notice to the Ministry and thus had not been recorded as such in the database. The Ministry therefore reclassified 122 garment and footwear factories as being closed or in a temporary closure.

As a result of this exercise, the database of the ministry indicated that there were 12 newly opened garment and footwear factories, in the first quarter of 2016, while 122 factories closed down. There was therefore a net closure of 110 factories reported in the first quarter of 2016, of which 100 were garment factories and 10 were in footwear. The total number of garment and footwear factories, by the end of March 2016, stands at 589 factories, down from 699 in 2015.²⁴ It should be emphasised that this fall appears to be largely a statistical artefact arising from a correction of the record, rather than an increase in the rate of real closures. Export figures and employment figures suggest ongoing growth in the industry.

8. Employment and wages

Total employment within the garment and footwear sector continued to increase during the first quarter of 2016, reaching nearly 630,000 people²⁵ representing growth of 5.3 per cent over the first quarter of 2015.²⁶ The total wage bill

²⁴ The number refers to exporting factories that are officially registered with the Ministry of Commerce only. Some sub-contractor factories (which are not directly exporting, nor officially registered) are not included.

²⁵ Average of monthly figures for Q1 2016.

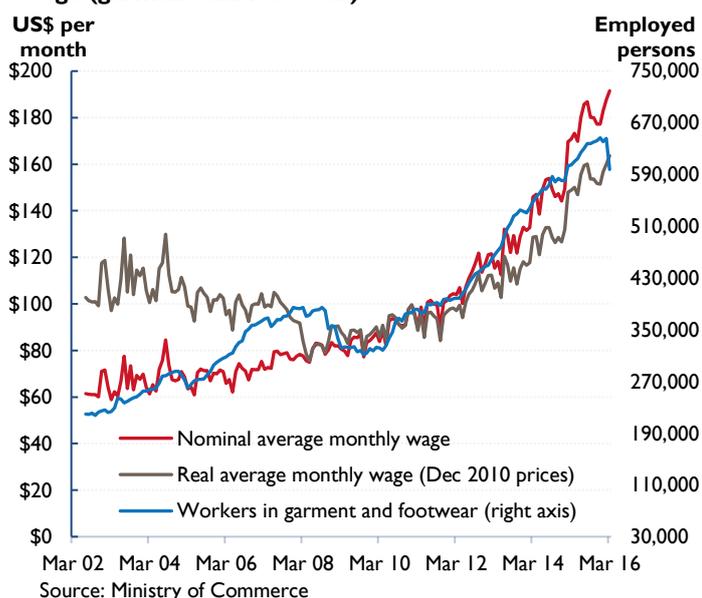
²⁶ This is the average monthly employment size in the first quarter of 2016 compared to the first quarter of 2015

of the industry also continued to increase, reaching US\$ 118 million a month in the first quarter of 2016 up from an average US\$ 109 million a month in 2015.

Cambodia's minimum wage increased to US\$140 from 1 January 2016; the minimum wage applies only to the garment and footwear sector. There will be a regular review of the minimum wage in late 2016. The Ministry of Labour and Vocational Training on 6 June 2016 issued a new Prakas detailing the timeline of new minimum wage consultation for implementing in 2017, as follows:

- i. In July 2016, employer and worker representatives are to commence their internal consultation,
- ii. In August 2016, employer and worker representatives commence their bipartite consultation;
- iii. In September 2016, tripartite dialogue commences between the Government and employer and worker representations; and finally
- iv. The Labour Advisory Committee (LAC) will make a recommendation to Government about the minimum wage rate; a revised rate would be applied from 1 January 2017.

Figure 12: Employment, nominal and real average monthly wage (garment and footwear)



As shown in graph above average monthly wage and real wage of workers in the garment and footwear industry continued to gradually increase in the first quarter of 2016 - with average nominal monthly wage (or take-home pay) reached US\$ 187 per month (up from averaging US\$ 175 in 2015). In the meantime, real wage (where inflation is adjusted) reached US\$ 160 a month during the first quarter of 2016 (increased from averaging US\$ 151 a month in 2015). Despite statutory

minimum wage is set at US\$ 140 a month in 2016, but adding with other statutory allowances, bonuses and over-time works, the take-home pay of workers is usually 35 per cent or 45 per cent higher than their minimum wage. The lower inflation rate in recent years has benefitted the workers real wage growth.

9. New contribution rule to the National Social Security Fund (NSSF)

The National Social Security Fund (NSSF), a government-run social security plan that covers workers' work injuries, work-related illness and travel-related accidents, has been in place since mid-2008. Employers must contribute 0.8 per cent of employees' gross wage to the NSSF.²⁷ From 6 January 2016²⁸, NSSF's coverage was broadened to include the healthcare of workers²⁹. On 13 June 2016 the Ministry of Labour and Vocational Training issued a new Prakas (#220) regulating additional contributions by both employers and workers for their healthcare insurance coverage. The new Prakas obliges employers to pay 1.3 per cent of workers' monthly wage to the NSSF scheme; at the same time, workers are also required to contribute 1.3 per cent of their monthly wage to the NSSF Fund.

10. Conclusion

Cambodia's garment and footwear sector continued its momentum during the first quarter of 2016, with exports recorded a growth of 14.5 per cent over the same quarter of 2015 (according to export statistics of the General Department of Customs and Excise). A large number of inactive factories (122 factories) have been moved to on-going closure and temporary closure status (factories) during the first quarter of 2016. With this, the number of effectively operating factories (of garment and footwear sector) currently stands at 589 (down from 699 factories at the end of 2015). However, the monthly average employment of the sector continued to grow (by 5.3 per cent during the first quarter of 2016 compared to the first quarter of 2015) or grew by only 1 per cent if compared to the yearly average of 2015).

Workers' average monthly wage and real wage also continued its gradual increase in the first quarter of 2016. However, the price paid for by Cambodian key buyers showed mix sign over this period, with prices of garment imported by the US buyers fell by 0.4 per cent in the first quarter of 2016 (compared to the same quarter of 2015) and at the same time prices of garment imported by the EU buyers increased by 0.7 per cent during this same period.

²⁷ Prakas #109, on Benefits of Work-Related Risks, dated 16 June 2008, MoLVT
²⁸ Government's sub-decree #01, dated 6 January 2016.

²⁹ Type of service and illness that has not been included in the coverage, will be specified in the separate Prakas of the MoLVT.

Annex Table I. Cambodian garment and footwear industry – selected indicators

	2014				2015					2016				2016*	
	Q1	Q2	Q3	Q4	2014	Q1	Q1	Q3	Q4	2015	Q1	Q2	Q3		Q4
I. Economic output															
GDP (% real growth)	-	-	-	-	7.1	-	-	-	-	6.9	-	-	-	-	7.2
GDP (% nominal growth)	-	-	-	-	10.0	-	-	-	-	8.9	-	-	-	-	10.0
GDP (current prices, US\$ million)	-	-	-	-	16 703	-	-	-	-	18 083	-	-	-	-	19 764
Value added (garment and footwear, current prices, US\$ million)	-	-	-	-	1 683	-	-	-	-	1 915	-	-	-	-	-
Value added (garment and footwear, % of GDP)	-	-	-	-	10.1	-	-	-	-	10.6	-	-	-	-	-
2. Garment and footwear exports															
2a. Growth of total garment and footwear exports															
Garment and footwear exports (US\$ million) ^{1/}	1 464	1 379	1 625	1 493	5 960	1 549	1 602	1 995	1 681	6 827	1 773	-	-	-	-
% growth (year-on-year)	19.7	9.6	3.6	11.9	10.7	5.8	16.1	22.8	12.6	14.5	14.5	-	-	-	-
Garment exports (US\$ million) ^{1/}	1 359	1 271	1 502	1 357	5 489	1 400	1 434	1 832	1 501	6 167	1 605	-	-	-	-
% growth (year-on-year)	19.8	8.7	1.8	9.1	9.3	3.0	12.9	21.9	10.6	12.3	14.7	-	-	-	-
Footwear exports (US\$ million)	105	109	122	135	471	149	168	163	180	660	168	-	-	-	-
% growth (year-on-year)	19.2	20.1	33.1	50.6	30.8	41.7	54.4	33.6	33.0	40.0	12.9	-	-	-	-
Retained imports of garment materials (US\$ million)	-584	-672	-643	-671	-2 571	-616	-816	-813	-705	-2 949	-	-	-	-	-
2b. Garment and footwear exports by main destination															
Total exports (garment and footwear, US\$ million)	1 464	1 379	1 625	1 493	5 960	1 549	1 602	1 995	1 681	6 827	1 773	-	-	-	-
To United States (garment and footwear) ^{1/}	531	452	511	469	1 964	491	494	585	439	2 009	429	-	-	-	-
To European Union (garment and footwear) ^{1/}	533	559	674	639	2 404	617	686	844	757	2 904	793	-	-	-	-
To rest of world (garment and footwear) ^{1/}	400	368	440	385	1 593	440	422	566	486	1 914	550	-	-	-	-
Total exports (garment, US\$ million) ^{1/}	1 359	1 271	1 502	1 357	5 489	1 400	1 434	1 832	1 501	6 167	1 605	-	-	-	-
To United States (garment) ^{1/}	512	437	494	446	1 889	462	461	557	408	1 888	400	-	-	-	-
To European Union (garment) ^{1/}	482	500	616	575	2 173	546	600	768	670	2 583	714	-	-	-	-
To rest of world (garment) ^{1/}	365	334	392	337	1 427	392	373	508	424	1 696	491	-	-	-	-
Total exports (footwear, US\$ million)	105	109	122	135	471	149	168	163	180	660	168	-	-	-	-
To United States (footwear)	19	15	17	23	74	29	33	28	31	121	29	-	-	-	-
To European Union (footwear)	51	59	58	64	231	72	86	76	86	321	79	-	-	-	-
To rest of world (footwear)	36	34	48	48	166	49	49	58	62	218	60	-	-	-	-
3. New Investment, factory openings and closures															
3a. New Investment Project															
Total CIB approved investment projects	44	48	42	15	149	37	26	30	31	124	37	-	-	-	-
Thereof: Garment and footwear projects ^{1/}	25	32	15	6	78	19	19	20	14	72	22	-	-	-	-
Garment projects	24	29	13	6	72	17	12	15	13	57	18	-	-	-	-
Footwear projects	1	3	2	0	6	2	7	5	1	15	4	-	-	-	-
Total CIB approved projects (US\$ million)	446	382	626	150	1 604	2 873	255	279	513	3 920	955	-	-	-	-

	2014				2015				2016				2016*		
	Q1	Q2	Q3	Q4	2014	Q1	Q1	Q3	Q4	2015	Q1	Q2		Q3	Q4
Thereof: Garment and footwear projects (US\$ million) ^{1/}	135	200	86	30	452	72	80	84	141	377	86	-	-	-	-
Garment projects (US\$ million)	127	174	77	30	408	64	42	64	55	225	71	-	-	-	-
Footwear projects (US\$ million)	7	27	9	0	44	8	38	20	86	151	15	-	-	-	-
3b. Factory openings and closures (registered factories) ^{1/}															
Total garment and footwear factories (end of period)	548	576	597	626	626	640	655	680	699	699	589*	-	-	-	-
Garment factories (e. o. p.)	488	515	532	558	558	572	585	607	626	626	526*	-	-	-	-
Footwear factories (e. o. p.)	60	61	65	68	68	68	70	73	73	73	63*	-	-	-	-
Total net openings (garment and footwear) ^{1/}	20	28	21	29	98	14	15	25	19	73	-110*	-	-	-	-
Garment factories	19	27	17	26	89	14	13	22	19	68	-100*	-	-	-	-
Footwear factories	1	1	4	3	9	0	2	3	0	5	-10*	-	-	-	-
Openings (garment and footwear) ^{1/}	22	33	25	29	109	14	16	26	19	75	12	-	-	-	-
Garment factories	20	31	21	26	98	14	14	23	19	70	10	-	-	-	-
Footwear factories	2	2	4	3	11	0	2	3	0	5	2	-	-	-	-
Closures (garment and footwear) ^{1/}	2	5	4	0	11	0	1	1	0	2	122*	-	-	-	-
Garment factories	1	4	4	0	9	0	1	1	0	2	110*	-	-	-	-
Footwear factories	1	1	0	0	2	0	0	0	0	0	12*	-	-	-	-
4. Employment in the garment and footwear sector															
Total garment and footwear workers (period av., '000)	539	561	576	581	564	597	616	635	643	623	628	-	-	-	-
% change (year-on-year)	17.6	16.5	11.7	9.1	13.5	10.7	9.8	10.3	10.7	10.4	5.3%	-	-	-	-
Workers in garment sector (period average, '000)	454	475	484	488	475	500	516	533	538	522	525	-	-	-	-
Workers in footwear sector (period average, '000)	85	87	92	93	89	97	101	102	106	101	103	-	-	-	-
5. Wages and prices															
Minimum wage (garment and footwear sector, US\$)	100^{2/}	100	100	100	100	128	128	128	128	128	140	-	-	-	-
Average monthly wage (garment and footwear, US\$)^{4/}	137	145	152	146	145	164	174	184	178	175	187	-	-	-	-
Average monthly wage (garment workers, US\$) ^{3/}	139	147	153	146	146	165	176	188	181	178	190	-	-	-	-
Average monthly wage (footwear workers, US\$) ^{3/}	127	137	149	146	140	157	165	166	165	163	173	-	-	-	-
Real average monthly wage (garment and footwear, constant Dec. 2010 US\$)^{3/ 4/}	121	127	131	127	127	143	151	158	152	151	160	-	-	-	-
Real average monthly wage (garment, Dec. 2010 US\$) ^{3/ 4/}	123	128	132	127	128	144	152	161	154	153	162	-	-	-	-
Real average monthly wage (footwear, Dec. 2010 US\$) ^{3/ 4/}	113	119	129	127	122	137	143	142	141	141	148	-	-	-	-
Consumer Price Index (period average) rebased, Dec. 2010=100	113.0	114.5	115.8	114.7	114.5	114.2	115.6	116.8	117.0	115.9	117.0	-	-	-	-
Inflation rate (CPI period average, y-o-y growth)	4.6%	4.8%	4.0%	2.1%	3.9%	1.0%	1.0%	0.8%	2.0%	1.2%	2.5%	-	-	-	-

* Real GDP growth for 2016 is the IMF Projection

1/ Includes textiles.

2/ Effective 1 February 2014.

3/ Based on Ministry of Commerce, effectively operating factories only. The data exclude foreign office workers and foreign managers.

4/ At December 2010 prices.

*/ Note that a large proportion of the recorded closures are the result of the Ministry of Commerce's inspection and reclassification of on-going and temporary closed factories, which includes some inactive factories that closed down without notice to the Ministry.

Sources: National Institute of Statistics, Ministry of Commerce, National Bank of Cambodia, IMF and ILO Staff Calculation

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