



International Institute for
Trade and Development

Labour Standards and Trade:

The Case of Cambodia



Labour Standards and Trade:

The Case of Cambodia

By

Associate Professor Dr. Voravidh Charoenloet

Abstract

Cambodia has battled through a hegemonic era with powerful nations and through its horrific and fratricidal civil war and remarkably emerged with a constitution after peace negotiations in 1991. This event marked a major turning point from a one party nation to democracy. It also transformed Cambodia's centralised economic structure to a market economy. In 1992, Cambodia promulgated a new labour law that provided significant labour protection to its workers by incorporating international labour standards and conventions. At the same time, the government advocated for the enforcement of labour standards and welcomed factory inspections on exporting manufacturers and made an earnest attempt to improve working conditions for garment factory workers by cooperating with the International Labour Organisation (ILO) in the establishment of the "Better Factory Cambodia" programme.

The acceptance of higher labour standards enabled Cambodia to qualify for garment export quotas to the United States and entitled garment manufacturers to the Generalized System of Preferences (GSP) from the European Union. The country's textile industry developed at a fast pace along with foreign direct investment (FDI). Employment increased while maintaining solid labour standards. Such factors contributed to the advancement and growth of Cambodia's labour unions, the impact of which extended into other industries and created stability of the Cambodia's labour unions that had brought about an improvement in factory working conditions system such as the introduction of minimum wages and voluntary overtime hours. Nevertheless, the development of labour unions could not fully develop because of government and employer interference.

Although the textile industry has entered an era of free competition after the abolishment of the world textile quota system, Cambodia has been able to maintain its export oriented Ready-made garment industry (RMG). This situation attests to the fact that high labour standards do not pose obstacles to trade and investment but, to the contrary, illustrate that the promotion of labour standards will assist Cambodia in transforming into a knowledge based industry that will enable sustainable development for industrialisation.

List of Abbreviations

AAFLI	Asia-American Free Labour Institute
AC	Arbitration Council
RMG	Ready Made Garment Industry
AFL	American Federation of Labour- Congress of Industrial Organisations
ATC	Arrangement on Textiles and Clothing
BFC	Better Factories Cambodia Programme
CBA	Collective Bargaining Agreement
CIO	
EPZ	Export Processing Zone
FDI	Foreign Direct Investment
GATT	General Agreement on Tariff and Trade
MNC	Multinational Corporation
MOSALVY	Ministry of Social Affairs Veterans & Youth Rehabilitation
TNC	Transnational Corporation
ILO	International Labour Organisation
IMF	International Monetary Fund
WTO	World Trade Organisation

Table of Content

Abstract.....	E-1
List of Abbreviations	E-2
Introduction.....	E-4
Literature Review.....	E-5
Objectives of Research	E-6
Research Methodology	E-6
Target group.....	E-6
Research Findings	
Development of Labour Law in Cambodia.....	E-6
The Constitution and Promotion of Labour Rights.....	E-7
Labour Act of 1992 and Labour Act of 1997.....	E-8
Legal enforcement and Labour dispute settlement	E-9
Ratification of ILO Conventions.....	E-14
Working Condition of Workers in Cambodia's Textile Industry	E-15
Labour Law and Origin of Trade union in Cambodia.....	E-18
Linkage of Labour Standards and Trade	E-25
International Labour Organisation (ILO): Better Factories Cambodia (BFC).....	E-26
The Growth of the Textile Industry in Cambodia	E-29
Issues on Industry Development, Trade and Labour Standards in Cambodia	E-31
Conclusion	E-35
Appendix 1:.....	E-38
Appendix 2.....	E-40
Appendix 3.....	E-43
Researcher's CV	E-44

Labour Standards and Trade: The Case of Cambodia

Introduction

During the period from 1986 to 1988 Thailand successfully promoted Industrialisation through an export-led growth strategy that boosted domestic export and economic growth by double digits. The main industrial sectors that contributed to such growth were the ones with labour intensive structures - such as textile, shoes, dolls, artificial flowers, and computer parts (circuit boards). However, the development was unstable in that the labour intensive industries started to face obstacles and difficulties during globalisation and the free trade era that started in 1990. Thailand, once used to benefits from foreign direct investment (FDI) due to low cost of labour, now faced intense competition in manufacturing for low niche markets - especially from countries that offered lower labour costs. Thus, Thailand is encountering a transfer of its manufacturing base.

Various professionals claim that Thailand needs to reform its industrial structure in order to shift to high niche markets that compete by proficiency, competent human resources and product quality. However, Thailand, due to its lack of socio-economic infrastructure (education), technology development, and knowledge based economy, remains dependent on export and FDI. Because of this situation, Thailand is unable to elevate its manufacturing capability from primary industry and original equipment manufacturing to brand creator.

Thailand's inability to transform its industrial structure, the cause of which can be traced to labour intensive Thai industries, especially those in the textile industry, resulted in factory closures which contributed to an increase in unemployment. At the same time, textiles became a sunrise industry with export and employment growth in Vietnam and Cambodia.

Borderless FDI from multinational (MNC) and transnational corporations (TNC), through international sub-contracting, has become prevalent among foreign investors. Countries such as Taiwan, Singapore and China that have moved its manufacturing base to low cost labour locations receive purchase orders from brand owners or "End buyers", who act as a trade brokers that dominate manufacturing markets. This system enables the free flow of investment by providing an extensive choice of manufacturers that can offer the lowest price and meet quality control requirements. Developing countries are competing to attract FDI that generates income, employment, and growth through various mechanisms such as Generalized System of Preferences (GSP) and the passage of laws which prevent the formation of unions. One of the most utilised economic strategies to prevent the formation of unions while attracting FDI is the creation of export processing zones (EPZs). This intense competition has led to a "Race to the bottom" phenomenon that occurs when competition between nations or states over investment capital leads to the progressive dismantling of regulatory standards affecting workers' wages, welfare, and employment stability.

The case of Cambodia is rather interesting because of the country's ability to emerge from a devastating civil war and adopt a democratic Constitution in 1991 along with the passage of a Labour Act in 1992 that provided a high level of labour protection with regards to working conditions. The law also promotes labour union formation and negotiations, holidays, and the prevention of child and forced labour which are ILO conventions. While many countries were competing for market shares by lowering

labour standards with the use of subcontracting to dismantle labour unions in order to attract FDI, Cambodia bucked the trend in an effort to prove that labour standards offer benefits, not obstacles, to development. In a speech, a representative from Cambodia's Ministry of Commerce said, "Cambodia is confident that high labour standards do not pose difficulties and obstacles to investment and export, but will support the country's export processing industry sustainable development".⁸ Therefore, this research study on the case of Cambodia seeks to identify the successful linkages between labour standards and trade, and to assess how labour standards promote investment and export as well as elevating workers' living standards.

Literature Review

According to Ingeborg Wick's (2004) study on textile industry global agreements and the impact of such agreements on labour unions in Southeast Asian textile industries, 1947 to 1994 was the period when the industry was still subject to General Agreement on Tariff and Trade (GATT) with free trade agreement (FTA) promotion, tariff reduction, quota system, and anti-dumping mechanisms. The period from 1995 to 2004 experienced a transition from GATT to the Arrangement on Textiles and Clothing (ATC) which was monitored by World Trade Organisation (WTO). Developing countries that were able to develop a textile industry under GATT, with export quotas and market shares, started to face stiff market competition as was the case in Cambodia. The country was significantly affected by exposure to market competition due to its dependence on raw-material imports and higher production and transportation costs. After the abolishment of textile quotas in 2004, Cambodia faced additional competition from China. Therefore, the future of Cambodia's textile industry depends on the United States tariff reduction scheme because the United States is the main importer of Cambodia's textile goods.

Ingeborg Wick (2004) also predicted that the abolishment of the world textile quota system would bring about fierce competition in the industry, especially with a new comer like China. Therefore, many developing countries with textile export driven economies, as well as labour unions, demanded an extension of the quota system. For example, Indonesia claimed that free competition would lead to massive textile plant closures and increased unemployment. The American Federation of Labour and Congress of Industrial Organisations (AFL-CIO) demanded that the US government impose textile import restrictions on China because of labour rights' violations, which would also give US trade a comparative advantage. Despite the pleas for an extension, the abolishment was inevitable. Therefore it was imperative to structurally reform and issue new standards for the textile industry in preparation to enter a free trade era; for example, an introduction of social safety-net programmes to protect workers from the impact of industrial transition, promote decent work, support people participation movements, support civil society, and international alliance networks - such as cooperation between labour unions, non-government organisations and religious groups.

Veasna Noun's⁹ study of the impact of the ILO's Better Factories Cambodia (BFC) programme found that factory monitoring systems influenced an improvement in working conditions and better labour relations in the textile industry. However the study also encountered some limitations in data collection such as importing quota from

⁸ From in-dept interview with Head of Technical Division, Department of Export Promotion, Ministry of Commerce on 20th November 2007.

⁹ Labour specialist and research fellow in field data collection in Cambodia.

US was issued before factory inspection and workers rights violations were still rampant, for example forced overtime hours, late wages payment, workers health and workplace sanitation, opposed to labour union and unwilling to cooperate as well as resignation of union leaders and chair person.

After abolishment of the world textile quota system in 2005, Cambodia's export oriented RMG industry grew at 14.6% and created 30,000 new jobs within a year. This however leaves us a question of how can Cambodia exercise social responsibilities to its benefit? Can high labour standards be advantages to market competitiveness and stimulate export growth?

Objectives of Research

This research on labour standards and trade through a case study of Cambodia was conducted with following objectives:

1. To examine the development of labour law in Cambodia.
2. To examine the integration of international labour standards in Cambodia labour law and enforcement mechanisms.
3. To analyse whether the established labour law will help facilitate investment and export in Cambodia.

Research Methodology

Data were collected from following sources:

1. Secondary data from existing literature, research papers, and documents.
2. Field data from in-depth interviews with individuals and focus groups.

Target group

The individuals and groups targeted for interviews consisted of representatives from government organisations such as Ministry of Labour and Ministry of Commerce, from the private sector to include corporate heads and members of Employers' associations, from workers and workers' representatives, and from representatives of international labour organisations such as the ILO and US national labour committee as well as labour related independent development organisations in Cambodia.

Development of Labour Law in Cambodia

The development of labour law in Cambodia history can be categorised into 5 phases.

1. Colonial period

While Cambodia was a colony of France, the laws of the Indo-Chinese Federation of French Territories governed employer and employee relations according to a 1920 Civil Code. The code required employment contracts and in 1927 the code was revised to provide for 10 hour working days, and labour inspectors were established as well. In 1936, the Labour Dispute Committee was established along with three labour laws that applied to the Indo-Chinese Federation, foreign labour, specifically European citizens, and Cambodia citizens working overseas. In 1951, the Ministry of Labour and Social Affairs was established.

2. Post Colonial period: Independent State

Cambodia gained independence from France in 1953 and France transferred the Court of Justice to the Cambodian government on 29 August 1953 along with government organisations responsible for the adjustment of labour related issues such as the Ministry of labour.

3. *The period of 1970 – 1975*

A major event within the period was Cambodia's membership in the International Labour organisation (ILO). Cambodia's membership in the ILO resulted in an improvement in labour management relations and further defined the role and responsibilities of Ministry of Labour and Ministry of Labour and Social Affairs and Employment. Labour relations became more transparent and a new labour law was drafted as well.

4. *The period of 1975 – 1992*

This 17 year period can be divided into two sub-periods. From 1975-1979 Cambodia was led by communist Khmer Rouge leader Pol Pot. During the Pol Pot regime, all laws dealing with international relations were abolished. From 1980-1992, Cambodia entered a civil war era between the Khmer Rouge and a political group led by Hun Sen, a Khmer Rouge break away group with support from Viet Nam.

5. *The period of 1993 – Present*

Under the 1991 Paris Ceasefire Agreement, Cambodia's civil war ended. The United Nations (UN) supervised national elections that followed transformed Cambodia from a one-party communist system to a multi-party system. The 1993 elections resulted in a government led by Prime Minister Hun Sen. Hun Sen's victory was achieved through the support of Cambodia's rural poor. In 1997, 9.9% of the population in Phnom Penh, Cambodia's capital city, was living in poverty. In other provinces outside the capital, the level of poverty was 10.7% in city center areas and 79.4% in rural areas. On average, 39% of Cambodia's population lives in poverty.¹⁰

Apart from political transformation in 1993, two other important events changed Cambodia's economic and labour structures. After 1993, with support from the International Monetary Fund (IMF), the Cambodian government embarked on a mission to rebuild and transform the country's economy to a market economy from the pre-civil war socialist economic structure. Second, the government enacted a new Labour law in 1994 with the support from Ministry of Labour, the ILO and the Asia-American Free Labour Institute (AAFLI). Accordingly, on 24 January 1996, the government established the Ministry of Social Affairs and the Ministry of Labour and Veteran Affairs to merge state responsibilities for labour and military related activities under one ministry.

The Constitution and Promotion of Labour Rights

On 21 September 1993, Cambodia's legislative body activated the Constitution as the highest law to regulate all other state laws and decisions by government organisations. Cambodia's Constitution contributed to the foundation of labour laws concerning employment conditions and workers rights such as:

- Article 31 - Emphasised equal treatment.
- Article 35 and 36 – Prohibited discrimination based on gender and emphasised equal rights specifically with regards to political activities, right to

¹⁰ Udom Kaedpiboon "Poverty in Cambodia" Economic Faculty Chiangmai University P.15

economic development, right to social activities, right for cultural activities, right to form a labour union, right to choose employment and right to equal pay.

- Article 45 - Prohibited discrimination against women based on pregnancy and established entitlements for maternity leave and a one hour rest break during working hours for breast feeding. Women were also allowed to work at home if the work could be efficiently performed as at the work place.

- Article 48 – Provided that State has a duty to protect women and children rights.

- Article 36 and 37 – Provided that all Cambodian citizens have the right to legally form a labour union. In addition, the articles provide the right to take leave to participate in non-violent demonstrations.

Labour Act of 1992 and Labour Act of 1997

In 1992 Cambodia's legislative body approved the country's first complete labour law titled the Labour Act of 1992. While the law addressed labour relations, there were many shortcomings to include:

- Employers could force workers to work overtime without remuneration;
- There were no procedures for the resolution of labour disputes; and
- There were no penalties imposed on employers for violating the law.

Most importantly, the 1992 law did not provide workers the right to form labour unions. Workers were provided with a limited right to engage in negotiations. In addition, workers were not provided the right to take leave to participate in non-violent demonstrations.

The adoption of Cambodia's 1993 Constitution gave Cambodia's legislative body the opportunity to redraft new laws. Opposition party members, with the support and assistance from AAFLI, drafted a new labour law. In conjunction with draft legislation prepared by the Ministry of Labour, a new Labour Law was enacted as the Labour Act of 1997. The law covered workers in the manufacturing, handicrafts, services, agriculture and transportation industries.

The Labour Act of 1997 is based on French law ¹¹ and while similar to the 1992 Act, there are differences as follows:

- Prohibited bonded labour.
- Prohibited forced overtime work. According to the law, the normal work day is eight hours with a six day workweek. Exceptions to the normal work day or workweek may be made by the Ministry of Labour and allow a maximum of two hours of overtime work per day for half of the usual wage rate.
- Protection for women including protection against sexual harassment, the right for maternity leave with half wages for both parents, and mothers shall be granted one hour during work for breast feeding. The law also requires employers to arrange for childcare or pay for childcare costs for infants not older than 18 months.
- Prohibitions on the use of child labour. No employer will employ children under the age of 15 except in the case of non-labour intensive work that will not adversely affect the child's education. In such instances, employers are allowed to employ children 12-15 years old.

¹¹ In 1789 France was a bourgeois state that significantly influenced Universal Declaration of Human Rights such as workers rights and dispute settlement.

- Wage protection through the establishment and enforcement of minimum wages.

- Health and safety protection in the workplace. Employers are required to provide sanitary and safe working conditions and provide safety equipment when needed. In addition, the law requires employers to provide a primary health care centre with qualified nurses or permanent assistants. The law also provides for workplace inspection by labour and medical inspectors from the Ministry of Labour.

- Work related to illness and injury. The law provides that employers compensate employees for any injury that occurs at the workplace or any illness caused by hazardous or unsanitary conditions at work. The definition of “work related” encompasses commuting time from the employee’s home to work. The law requires employers to pay for medical expenses and for rehabilitation services. If employers fail to do so, workers can petition for compensation through court order.¹²

- Workers’ rights to form and join labour unions. In order for a union to become a “legal entity” workers must collectively sign and register the union with the Ministry of Labour. There is no limitation on the number of labour unions in Cambodia to promote worker rights and benefits. However, the labour law provides that the union with the most members in the factory/enterprise will be considered as most representative union. In addition, the law prohibits employer discrimination against any employee because of the employee’s union activities

- .

- Collective bargaining. Workers have the right to engage in negotiations with their employer through their union representatives. Negotiations provide workers with a voice and an important mechanism to improve their wages and working conditions.

- Workers have the right to take leave from work to participate in non-violent demonstrations. Taking leave can be defined as postpone work contract without payment or working without rights violation by employers such as, penalising workers who join strike demonstration, hiring a replacement, illegal factory shutdown. In such cases employers must compensate for the working days lost in doing so. Illegal strike is when procedures are not carried out according to labour dispute law.

Legal enforcement and Labour dispute settlement

Labour law requires factory inspections in order to ensure legal enforcement by authorised labour and medical inspectors as well as safety specialists. Inspectors are responsible to ensure that operations comply with the terms of the collective bargaining agreement (CBA) through direct communication with employers and employees.

The law requires that the applicable minimum wage must be specified in every employment contract except where the provisions of a collective bargaining agreement provide wages above the minimum wage.

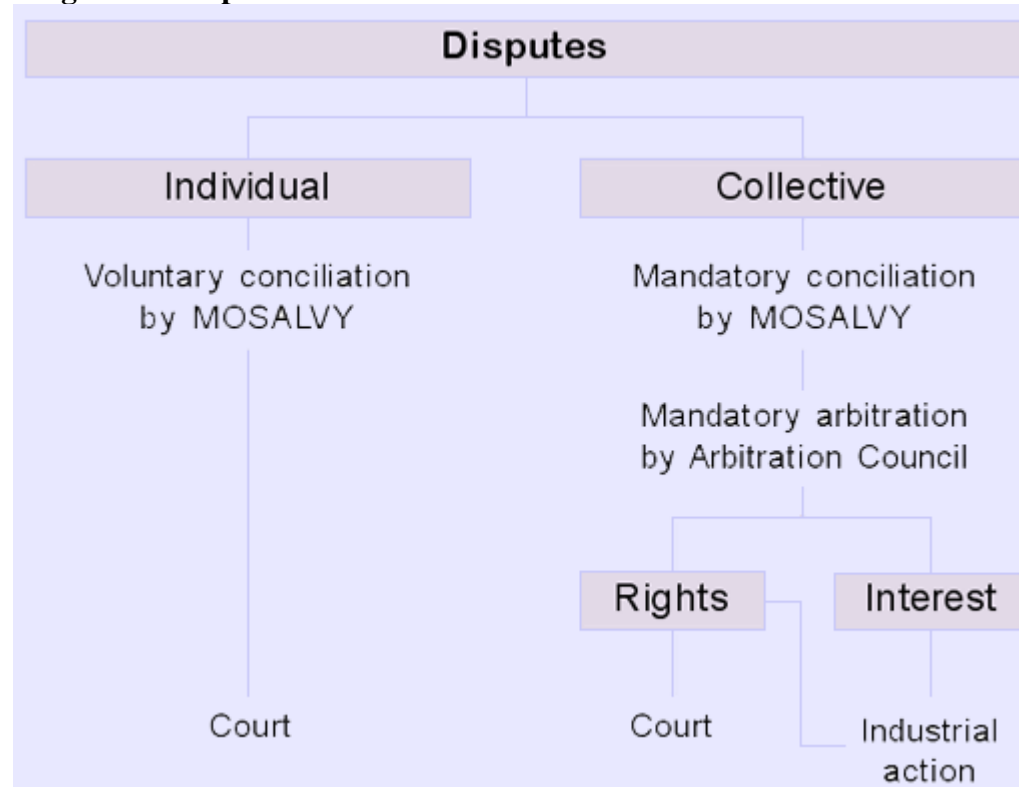
Labour disputes shall be settled through procedures provide in law. However, rights violations are also permitted in some circumstances such as from employment contract as well as CBA’s content. Disputes between employers and workers and individual employee disputes are also considered related to legal rights and shall be

¹²Cambodia government is in the process of researching and establishing labour court as well as social welfare such as social security fund and provident funds.

settled through legal means such as arbitration by Ministry of Labour personnel or through court order.

Disputes between an employer or employers with more than one worker in regards to employment conditions and in exercising labour union rights or problems between employers and workers that affect business operations can be defined as collective disputes.¹³ In this case, dispute settlement shall be by the Arbitration Council (AC) as stated in Article 12 of Cambodia labour law 1997 chapter XII. However, Arbitration Council has no authority to settle independent disputes.

¹³ Article 302 of Labour Law 1997, "Any dispute that arises between one or more employers and a certain number of their staff over working conditions, the exercise of the recognised rights of professional organisations, the recognition of professional organisations within the enterprise, and issues regarding relations between employers and workers, and this dispute could jeopardise the effective operation of the enterprise or social peacefulness."

Diagram 1: Dispute Settlement

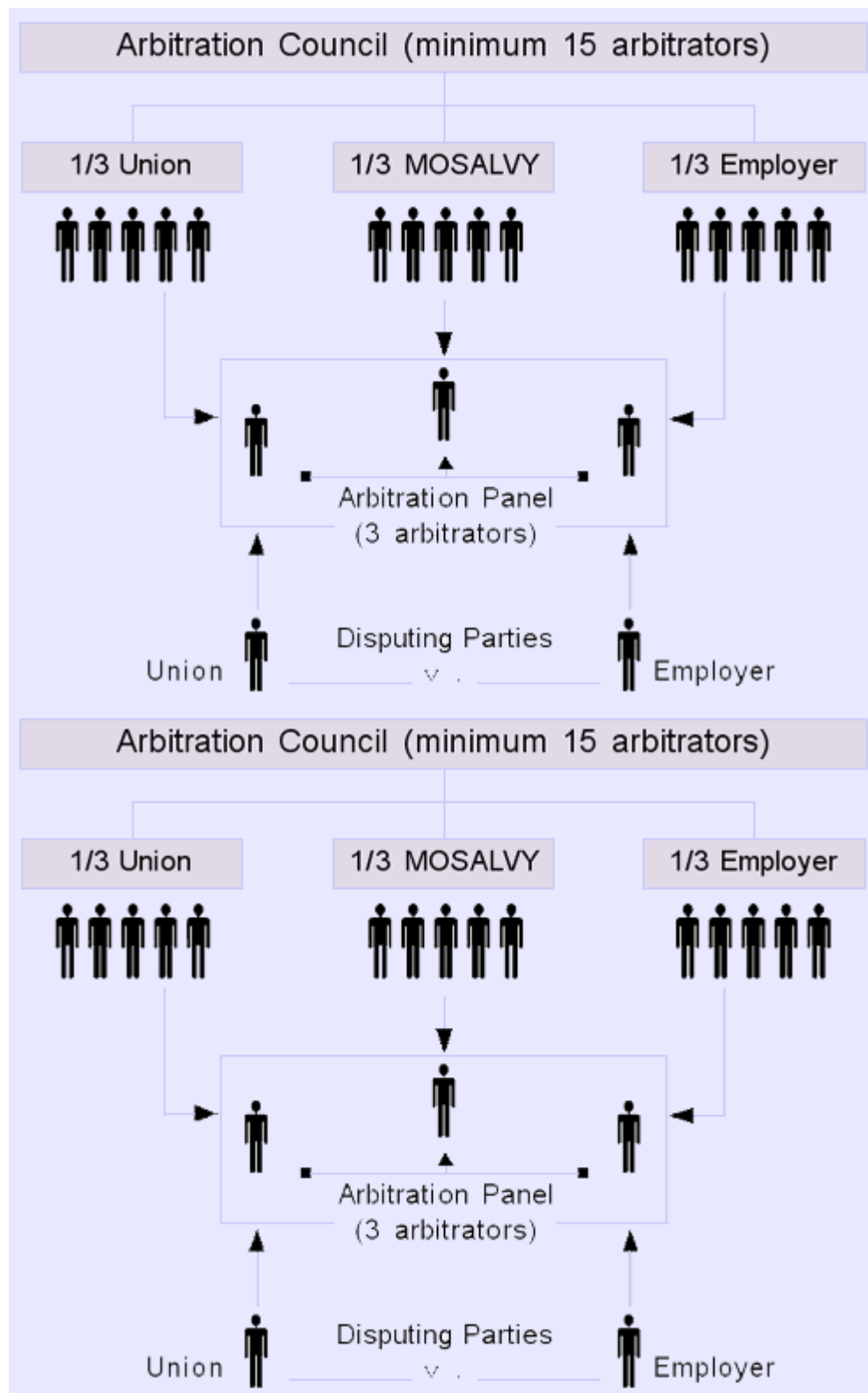
Source: The Arbitration Council

The Arbitration Council can consider and resolve disputes over rights violation cases and conflicts of interest among both parties' cases not specified by law such as disputes arising from legal employment conditions or agreements while wage increases that do not comply with the law is considered as conflict of interest.

According to dispute settlement procedures when both parties can not compromise or negotiate an agreement, the arbitrator can then petition such dispute to the Arbitration Council through Ministry of Social Affairs Veterans & Youth Rehabilitation (MOSALVY). The Arbitration Council (AC), established in 2003 under Labour Act 1997, is an independent organisation with a mission to settle disputes that can not be reached through compromise.

The AC has a tripartite structure with a minimum of 15 committee members appointed by MOSALVY for 1 year terms. Members are proportionately selected from three groups: Employer Associations; Labour Unions; and Ministry of Labour officials. When disputes are submitted to the AC for resolution, a three member panel will be appointed to issue a decision to resolve the dispute.

- Two judges are selected by defendant
- One judge is selected by the first two judges to act as a chairman

Diagram 2: The Arbitrator Council Dispute resolution procedures

Source: The Arbitration Council

Disputes that arise from rights violations will be examined in each case according to law. The AC will adjudicate disputes based on equity and justice.

Example of a rights violation dispute is a situation where an employee in a garment factory receives of 1200 reil per hour when the employee agreed to work five hours of overtime. According to law, the employee is entitled to 1800 reil per hour for overtime hours. However, the employer only paid the employee at his/her normal rate of 1200 reil five hours of overtime. Therefore, the employee has the right to file a complaint to demand to be paid 1800 riel for overtime hours.

Example of conflict of interest dispute is a situation where employees in garment factory received minimum wages as stated by law specified in employment contract but believe that they worked efficiently and effectively and should receive a higher wages as well as two days and annual leave and bonus. When the employer refuses to meet such requirements, it generates a conflict of interest dispute.

Before the AC makes a final decision, the judges will request that each party submit evidence in support of their position while encouraging settlement through compromise and negotiations. Prior to the AC's issuance of a decision, both parties must determine whether they are willing to abide to the AC's decision. If both parties agree to be bond by the decision of the AC, the decision of the AC will be final and binding on the parties to the dispute. Any remedy imposed by the AC will be immediately implemented by the losing party. If one party objects to be bound by the decision of the AC, the objecting party may file an objection to the AC's decision within eight working days after the AC's issues its decision. Upon the proper filing of an objection, the AC's decision will be vacated.

To be valid, an objection must be filed within eight working days after receipt of the official AC decision. The objection must be filed by an official letter to the AC secretariat or by filing the objection form at the secretariat's office. Upon the filing of a timely objection, the AC decision will be voided and both parties can legally engage in a strike or shut down the factory. In the case of a rights violation dispute, the complainant can pursue the matter to a court of competent jurisdiction.

During negotiations, and the AC process, the law prohibits any strike action, and picketing. Such actions are legal only when an objection to the AC decision has been properly filed or where the AC cannot issue a decision within the time period as stated in law.

Summary of Dispute Settlement Time line

<i>Procedure</i>	<i>Processes</i>	<i>Duration (Day)</i>
Dispute Settlement	Submit dispute report to labour inspector (Article 303) in 48 hours Minister appoints an arbitrator (Article 304) in 15 days Submit settlement report to Minister (Article 308) in 48 hours (Article 305)	19
AC Arbitration	Propose to the AC Appoint Judge committee (Arbitration Panel?) (Article 310) in 3 days Appoint examine date (Article 310) (Set hearing date?) Announce final decision (Article 313) Notify Minister	3 15
Objection	Notify parties to dispute Period for filing objections begin	8
Total Duration		45

In sum, the dispute settlement procedure is usually accepted by all parties due to the tripartite structure of the AC. In addition, both workers and employers have the right to petition to the AC with transparent procedures and real participation. The AC, in another sense, acts as a court of final disposition with an official decision based on law that is disseminated to the public.

Ratification of ILO Conventions

There are 180 ILO Conventions on labour issues. These are comprised of various issues such as minimum wage, discrimination, trade union rights, labour management, unemployment, and occupational health and safety (OHS). In 2004, Cambodia ratified twelve ILO conventions, including ILO Core Labour Standards such as:

- The Convention on Forced Labour (Convention 29, 1930) and the Convention on Abolition of Convention on Forced Labour (Convention 105, 1957) ban all types of forced labour.
- Freedom of association and the right to organise and negotiate (Convention 87 and 98) protects the right to form trade unions, protects workers and trade union leaders from the retaliation or discrimination by employers for their union activities, and promotes the negotiation process on a voluntary basis between employers and employees.
- Equal Remuneration (Convention 100, 1951) provides that men and women will receive equal pay on the basis of similar types of work
- Discrimination (Convention 111, 1958) provides that countries adopting this Convention will impose measures to prohibit discrimination based on nationality, race, gender, and political comments on employment.
- Child Labour (Convention 138, 1973) the minimum working age in Cambodia is 15 years old and is in compliance with this convention.

Working Condition of Workers in Cambodia's Textile Industry

With regard to Cambodia's industrial structure, the garment industry is the sole sector driving the country's economic growth. It provides the most export revenues for Cambodia. However, it is a downstream industry that depends on raw material and garment components imports, e.g. textile imports from Thailand, and garment components imports from Taiwan. The development of Ready-Made Garment (RMG) industry started in 1997. In 1997 there were only ten garment factories. However, after the implementation of quota allocations for exports to the U.S. and the European Union (EU), foreign direct investment (FDI) inflow increased markedly. At present, there are 350 garment factories in operation and most of them are foreign-owned (from Singapore, Mainland China, Hong Kong, and Taiwan). Only 5% of the factories are owned and operated by local investors. At present, the RMG industry provides 12% of GDP and 65% of total employment (approximately 300,000 employees). Therefore, the garment industry can be regarded as the critical component for Cambodia's economic development.

With regard to size of factories in the garment industry, it can be classified into 3 categories: 1) large factories with 1,000 – 2,000 workers; 2) medium factories with 500 – 900 workers; and 3) small factories with less than 500 workers. The large factories receive direct orders from multinational corporations which are the producers of branded products such as NIKE, ADIDAS and The GAP. Small and medium factories are mostly subcontractors of the large factories. Regarding the location of factories, they are mainly situated in Phnom Penh because of its infrastructure development. However, the government has a policy on enhancing the distribution of industry to rural areas such as the establishment of three export-oriented economic zones near the Vietnam border in which RMG, shoes, and bicycle manufacturing are in operation.

Regarding the demographics of the RMG industry, 80-90% of the 300,000 workers are 18–25 years–old and are rural women with low levels of education. The type of work in garment factories is classified as unskilled work. Therefore, the investment inflow to the country provides only for unskilled work in the garment factories consisting of cutting, trimming, and sewing garments. Women workers sew particular parts of clothes while male workers cut and iron clothes as well as perform tasks in the warehouse. Despite the fact that most of the workers are young, many of them have to provide financial assistance to their families and children. Some even send their children back to their home town because they cannot take care of them in the cities.

The workers in the factories are protected by labour laws such as minimum wage, work hours, overtime work, sick leave and annual leave. However, social protection is not guaranteed for them such as a social security fund, a workers' compensation fund (during the process of establishment), and a central labour court has not been established.

All factory workers are covered by minimum wage laws at the rate of US\$45 per month. But, workers in large or medium size factories will usually make more than the statutory minimum wage.

Table 1: Comparison of wage, working hours, and overtime working between factories with without trade union.

	Large Factory (1)	Medium and Small Factory (2)
(1) Wage	\$50 per month	\$45-50 per month
(2) Premium Price	\$5	None
(3) Work Hours	8 hours a day x 6 days per week With Sunday as a day of rest } 48 hours	8 hours a day x 7 days per week No day of rest } 56 hours
(4) Overtime	Overtime is not compulsory	Overtime is compulsory and workers usually work 3–5 overtime hours per day which is allowed by law.
(3)+(4)	60 hours per week	70-80 hours per week
(5) Trade union	Yes	Yes
(6) Collective Bargaining Agreement (CBA)	Yes – work on Sunday With double wage rate	No – work on Sunday With normal wage rate
(7) Subcontracting	Yes	No Problems of some processes No purchase order Temporary stop of production process 50% wage payment
(8) Temporary Employment	No	Yes (e.g. fixed duration of employment contract)

Note: Premium price is additional payment for the workers who can achieve production target

Source: (1) A focus group comprised of six workers provided this data on 18 November 2007 at the ILO Training Centre in Phnom Penh.

(2) Union and non-union workers from medium and small size factories provided this data during interviews on 20 November 2007 at the offices of the Federation of Trade Unions CCTU. The workers were divided into groups consisting of three workers per group during the interview.

This data shows that large factories, as the direct order takers from branded products companies, will provide better working conditions than medium and small factories; such as wage, working hours, and job stability. This is the result of the presence of trade unions and their ability to negotiate favourable conditions of employment in the Collective Bargaining Agreement.

Table 2: Comparison of workers' income and living cost in 2007

	Workers in Cambodia	Workers in Thailand
Wage cost	\$1.92 per day	\$6.00 per day
Petrol cost	\$1.20 per litre	\$1.00 per litre
Noodle cost	\$1.00 per bowl	\$1.00 per bowl

Source: This data was collected from interviews with the factory investigators of Workers' Right Consortium (WRC) on 17 November 2007 at the Cambodiana Hotel, Phnom Penh

Table 2 illustrates that the workers in Cambodia receive about one-third of the wages their counterparts in Thailand, but the living costs are similar. Moreover, it should be noted that expenses for Cambodian workers are high. Therefore they face inadequate income in comparison to the cost of living. Particularly, in the case of a temporary stop of production, they will receive only 40% of their normal wages while inevitably facing higher living costs because of petrol prices.

Table 3: Monthly expense of the workers in Cambodia

\$5-7: 6 people-shared rent for 3X4 meter room
\$1: 3 meals (rice, soup, and small fish)
\$4: electricity bill
\$1: water bill
\$10-15: transferring money back home or expense for transportation and clothes
Total: \$45-48

Source: Workers in medium and small factories provided this data during interviews on 20 May 2007

Table 3 illustrates that most of a workers' income is used to provide essential food and housing. It was also noticed that workers have a very low standard of living. Although they have enough money to eat three meals a day, they lack sufficient income to provide a variety of foods necessary for a nutritional diet. Concerning living accommodations, workers live in cramped conditions with 4-5 people sharing a 3x4 meter rented room. Moreover, their incomes are not adequate to cover their monthly expenses. Monthly expenses are \$45-48 compared to wages \$45 per month. This means that workers must reduce their expenses by sending less money back home, reduce spending for clothes and other discretionary spending, or reducing food expense by bringing food from their villages.

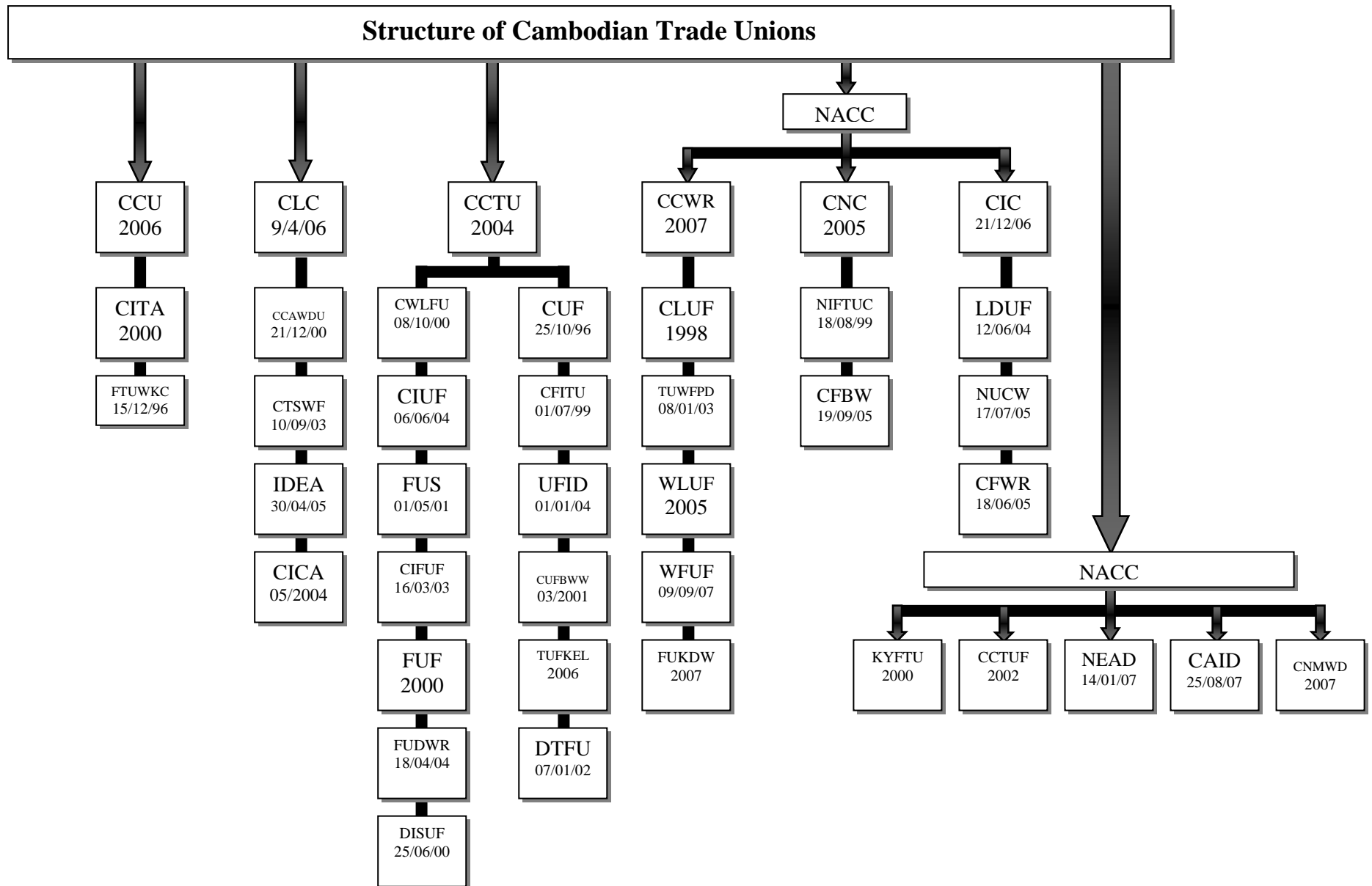
Most strikes occur because workers' wages are inadequate even for the cost of a low standard of living. Trade union leaders consider an increase in wages to be the workers' top priority.

Labour Law and Origin of Trade union in Cambodia

Even though trade unions existed in Cambodia¹⁴ in the era of socialism, it was established by the communist party and its role could not be distinguished from the party and the government. However, when Cambodia was pressured by the world to hold elections in 1991, the Cambodian People's Party, led by Hun Sen, won the election due to strong support from Cambodia's rural people. Cambodia's rural poor people represent the majority of people in the country. Hun Sen's party gained the most seats in the parliament while the opposition party had a number of representatives in the parliament. The opposition party, led by Sam Rainsy, had the support from the middle-class and people in Phnom Penh.

The enactment of a new labour code in 1998 led to an influx of foreign investment and economic expansion in the country. The growth of the garment and tourism industries enabled the trade union movement in Cambodia to develop at a rapid pace as well. When trade unions began to form under the new law, the unions usually had close ties to or were sponsored by a political party. For example, the Cambodia People's Party (CPP) supported the establishment of Cambodian Union Federation (1996) CUF and Cambodian Trade union Federation (CLUF) in 1998. In 1996, the opposition party, led by Sam Rainsy, supported the establishment of free trade unions under the name of Free Trade Union Workers of the Kingdom of Cambodia (FTUWKC).

¹⁴ Under Pol Pot system, one trade union established in 1980 was Cambodian Workers Union Federation (CWUF). The union was influenced by PRPK, which at present is the government founding party. In 1991, the party changed its name to Cambodian People's Party. Therefore, the trade union leaders in the past were trained about rights of trade union by Vietnam's trade union (VCGL). After implementing market economy system, governmental trade union became private trade union.

Diagram 3: Structure of Trade union in Cambodia

Source: Prepared and updated on Oct 17, 2007 by Yim Serey Vathanak, Program Officer, American Center for International Labour Solidarity (ACILS), Cambodia.

* Note: CCU: Cambodia Confederation Unions

CLC: Cambodia Labour Confederation

CCTU: Cambodia Confederation of Trade Unions

NACC: National Union Alliance Chamber of Cambodia

In NACC, there are three confederations as below:

CNC: Coalition of National Construction Federations

CIC: Cambodia Inheritance Confederation

CCWR: Cambodia Confederation for Worker Rights

** Independent Unions: KYFTU (2000), CCTUF (2002), NEAD (2007), CAID (2000), CNMWD (2007) are trade unions which are not under the direct supervision of any Federation of Trade Unions

*** See appendices for more details

In 2003, an effort to build unity in the Cambodian labour movement was initiated by bringing different trade unions under the umbrella of Federation of Trade Unions. At present, the development of Cambodian trade unions is marred by the polarization between groups “A” and group “B”.

Group “A” is pro-government and receives the support of the government such as financial support for activities of the Federation which is comprised of the Cambodia Confederation of Trade Union (CCFTU) and the National Union Alliance Chamber of Cambodia (NACC).

Group “B” is anti-government and has close relations with the opposition leaders in the parliament. This impedes the Federation’s activities because it is subject to pressure from the government through the Cambodia Confederation Union (CCU)

In addition, nonaligned groups have been developed. This is because unions who support the government are incapable of adequately protecting workers’ rights or forcefully advocate for workers because they need to respect and adhere to government’s policies. At the same time, those unions who are part of group “B” and have close political ties to the opposition party, are subject to government pressure and interference. Two trade union leaders of the Federation of Trade Union (CCU)’s were assassinated and those responsible have never been apprehended.

The nonaligned union groups are comprised of four Federations of Trade Unions under Cambodia Labour Confederation (CLC) and they call themselves as independent democratic trade unions. The leader identifies “Freedom” as without dependence on financial support from the government and is non-partisan in political activities. The group will mainly advocate for workers⁸. The leader of the “Freedom” trade union has progressive ideas with an emphasis on strengthening the union, expanding membership, as well as involving and educating the new generation of workers so they are able to work for the union. Furthermore, labour-related non-governmental organisations play an important role. For example, the Cambodia Labour Organisation (CLO) supported the establishment of the National Independent Federation of Trade Union of Cambodia (NIFTUC) in 1999 under the supervision of NACC. This was done with a purpose to reduce the close relations with the government to provide for a more independent trade union movement. This trade union federation works closely with international labour-related organisations such as

⁸ From the interview with Ath Thorn, President of Cambodian Labour Confederation

American Center for International Labour Solidarity (ACILS) and Oxfam Hong Kong.

The structure of Cambodian trade unions is as follows:

Labour Confederation	=	4
Labour Federation	=	32
Trade Union	=	31
Total member	=	259,670 members ⁹

Trade unions represent workers in various sectors as follows:

225,000 garment factory workers (86.6%)
 10,000 rubber and tobacco plantation workers
 8,000 teachers
 4,000 food and beverage workers
 3,000 hotel workers
 1,000 casino workers
 900 airport workers
 300 government workers
 200 restaurant workers
 2,700 workers in miscellaneous in various sectors (e.g. tobacco, bicycle, bar beer, three-wheels vehicle services, and bike services)

The Labour Federation has 259,670 members from a total of 7.5 million workers. Union membership represents 3.5% of total number of workers in the industrial and services sectors (including the plantation workers, but excluding other agricultural workers). In 2004, the total number of workers was 2.1 million (1.3 million workers in services sector and 825,000 workers in industrial sector). Workers represented by trade unions accounted for 12.4% of the workforce. The percentage of workers represented by unions in Cambodia is higher than in Thailand. Thailand's unions represent only 2-3% of the total workforce. Cambodia's level of workers represented by trade union was on par with France which has a level of 10% of the total workforce represented by unions. In Cambodia, workers represented by unions are concentrated in the garment industry (86.6%). In addition, women represent 80–90% of the total workforce.

With more than 250,000 members, the Cambodian labour movement plays an important role in supporting democratic principles and political reform. This leads to a robust civil society. Moreover, 80% of the Cambodian labour movement are women and they play pivotal role as union leaders. For example, Cambodia Federation of Independent Trade Union (CFITU) includes affiliations from the Ready-Made Garment industry, rubber plantations, and beverage, golf course, bicycle, shoes, and leather products industries. There are 27 members of the federation's committee and there have been three female Vice Presidents.¹⁰

The establishment of labour unions is regarded as new issue for Cambodia. The trade union movement came into existence only 10 years ago and there were at

⁹ Overview of the Cambodian Labour Movement, Solidarity Center- Cambodia, 2007

¹⁰ Interview with Vice President of Cambodia Confederation of Trade Union on 17 May 2007.

which time there were only 10 labour unions. However, trade unions have experienced a rapid growth rate. At the present time, there are many different types of sectors with workers in trade unions such as garment, tourism, construction, food and beverage, food processing, and services (e.g. hotel). There are also the labour unions in the agricultural sector such as plantation workers and workers in Special Economic Zones

Nevertheless, the strengths and weaknesses of the Cambodian labour union movement is characterised by following factors:

Most of labour in industrial sector is composed of young workers who are 18-25 years old. Moreover, workers from the countryside will rely on unskilled factory jobs. In addition, there is low rate of job change due to the workers' lack of education and skills. Such workers are faced with remaining in their factory jobs or returning to the countryside with low income jobs in the informal economic sector.

These unskilled workers will call themselves “Gum Ma Gorn” (Khmer language). The name embodies a shared identity of poor people relying on selling their labour in exchange for an income that is only enough for the essentials of daily life. This shared identity facilitates union organisation. Furthermore, the low turnover of workers in factories also enhances union organisation which is much different from Thailand's situation. In Thailand, the workers call themselves “officers”, and frequently change jobs to search for factories with more overtime work. Moreover, most Thai workers regard working in factories as a only a part of their overall working life. Due to this, Thai workers will not spend their lives as permanent workers. The expectation of returning back to the countryside is always a consideration. Also, the high job turnover rate and Thai workers' attitude towards trade unions are major obstacles for the establishment of a labour union.

Labour unions that have huge membership base such as PDC factory is RMG factory, which is situated in Phnom Penh with 800 workers: 770 workers are female while 30 of them are male and more than 500 workers are union members.¹¹

Some labour unions are able to successfully negotiate for the deduction of union dues from the salary of union members. This leads to financial stability of the union by using the fees to fund the union's operating expenses and activities as well as eliminating problems of the direct collection of membership fees from with the workers.

- Women play a vital role in labour unions. For example, more than half of union committee members are women. Women are also leaders in the labour federation and other confederations such as the CFITU. In addition, there is support for establishing a Cambodia Women Movement's Organisation.

- Labour unions primarily exist in the industrial sector with the possible expansion to other similar types of factory. Current trade union policy calls for the expansion of organising efforts to subcontracting factories to enhance negotiation power. At present, the garment industry pays differing wage rates. The subcontracting system allows factories to minimise labour costs because they do not need to pay for the workers' welfare or to hire more workers. In addition, the subcontracting system facilitates the adjustment to changed market conditions. Therefore, the establishment

¹¹ Data from interviewing 3 workers from medium factories (PDC) on 20 November 2007

of labour unions throughout an entire industry represents a strategy of building negotiation power with multinational corporations. Also, labour unions plan to organise workers in Special Economic Zones.

In Cambodia, there are three Special Economic Zones located at the border areas shared with Vietnam. Investment promotion measures are implemented in these areas. More than 90% of workers are women. Regarding the investment, there are wide range of industries operating in the Special Economic Zones such as garment, bicycle, and shoe production. For the most part, the production is made-to-order goods for multinational corporations. However, in the Special Economic Zones, employers and governments rarely promote the association of workers in labour unions and many countries name the areas as “Non-Labour Union Zones”. In Cambodia, export-oriented economic zones were established in 2004 and in 2005–2006. The CFITU established labour unions in three factories, namely, a garment and shoe factory in 2005–2006, and another shoe factory in 2007. Notably, women’s roles are addressed and promoted. This is because export industries, such as garment factories, have a workforce that is 80–90 % women and they mainly work on the production line. The women are unskilled workers with low wages. Women workers face the additional burden of work outside the factory to care for their children and perform other household related chores. Furthermore, gender promotion will enable labour unions to more effectively respond to women’s needs and get the acceptance and approval of women workers as a majority of the workforce in the industrial sector.

Problems of labour unions can be described as follows:

- In some factories, there are many labour unions. The situation leads to competition between the unions. This results in a problem in selecting the union which will be the primary representative of workers in the factories.
- The labour union movement is fragmented. The labour unions that are supported by the government or political parties will normally inflate their membership figures because they want increased budgetary support from the government. Labour unions formed by employers (yellow unions) will focus on promoting the employers’ interests and try to create divisions among workers. Labour unions with close ties to the opposition party will be influenced in their activities and actions by the leader of the opposition and use this as their driving force in their relations with the government. The independent labour unions have experienced rapid growth, but they are not trustworthy because they cannot be controlled.
- Employers actively oppose and frustrate union organising activities. Therefore, during the certification process, if a union is not registered, the union leaders might be terminated. In addition, employees who are union members will be discriminated against by the employers.
- Even though workers are covered by n labour standards provided in labour law and labour standards of the International Labour Organisation (ILO), such as ban on child labour or forced labour, there are only a small number of employers that accept the negotiation process or promote the right of workers to form labour unions. At present, there are only 20 collective bargaining agreement (CBAs) that have been successfully negotiated with the factories. An interesting case is the hotel workers’ dispute that led to strikes in 2002–2003. The dispute was caused by the hotels’ collection of a 10% service charge for food and beverages which was not distributed to hotel workers. The dispute was taken to Arbitration Council and the council ruled

in favour of the employees and held that the hotels must pay the service charge back to the hotel workers.

- The workers cannot rely on public dispute or enforcement procedures, such as factory auditor, or taking a dispute to court because they believe that there is rampant corruption and a lack of transparency.

- The abolishment of the Multi-Fibre Agreement (MFA) in 2005 led to trade liberalisation of textile goods. This caused some garment factories to close and it also caused a decline in union membership. Because of increased global competition in the garment industry, employers will increasingly rely on subcontracting and the casualisation of work.

With regard to ranking of the workers' demands, it can be noted that an increase in wages is ranked first. It is followed by employment security, work hours, welfare, and occupational safety, and health respectively. At present, there is potential that there will be an increase in the number of strikes due to the cost of living and discrimination against trade union leaders.¹²

In conclusion, although the establishment of labour unions in Cambodia has expanded rapidly and there is gender promotion in the labour movement, the employers' support of labour standards is limited and they rarely accept labour association and negotiations. The labour movement is fragmented while workers have to face rising prices and employment instability because of the increased use of temporary employment, contract employment, and subcontracting. In the future, it is predicted that strikes will increase and be more serious.

Linkage of Labour Standards and Trade

In 1996, Cambodia became a member of the WTO. As a result, it was not bound by the Agreement on Textile Clothing (ATC). For developed countries, quota allocations for export to the U.S. market and Europe is a basic consideration for many developing countries to develop their industrial sector such as the textile industry, garment component industry, and the ready-made garment industry. With the enactment of a Constitution, the elections in 1992, and the launch of new labour law in 1999, Cambodia concluded the negotiation of a bilateral agreement on textiles (US- Cambodia Bilateral Textile Agreement). According to the agreement, the U.S. will grant export quotas for ready-made clothes from Cambodia to the U.S. However, the quota allocation is tied to the implementation of labour laws in Cambodia in compliance with international labour standards.

In January 1999, the U.S. and Cambodia signed a three-year agreement on trade in textile and ready-made clothes. According to the agreement, from 1999-2001, Cambodia is able to increase textile exports to the U.S. market at an annual rate of 14%. For the period 2001-2004, Cambodia is allowed to increase textile exports at an annual rate of 18%. In addition, for period 2001-2004, the Cambodian government has committed to comply with labour law and ILO Core Labour Standards. The U.S.

¹² For Ready-made Garment industry, there are approximately 77 strikes per year between 1999 and 2006. The highest rate of strikes is 92 times in 2000 and the lowest one is 55 – 66 times in 2003 and 2005 respectively. Last year, it is estimated that 340,000 working days were totally lost (cited in Better Factories Cambodia Journal).

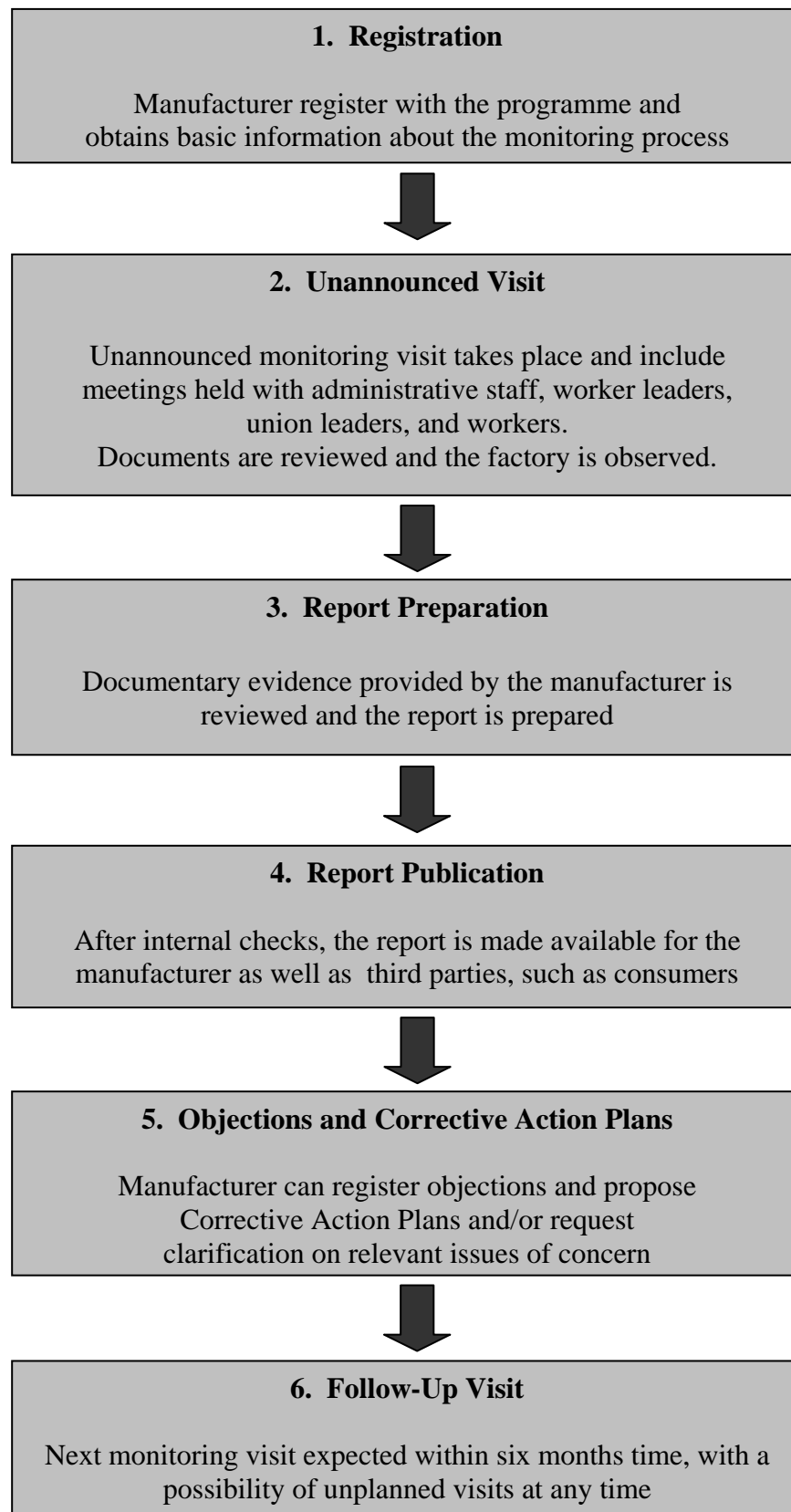
will provide budgetary support for the ILO to monitor factories in Cambodia. In addition, Cambodia can export quota-free and duty-free ready-made clothes to the EU under the project “Everything But Arms Generalized System of Preferences”. During 1995 – 2004, Cambodian ready-made clothes exports developed rapidly with total export value increasing from US\$26 million to US\$2,000 million and, during this period of time, the export value to the U.S. and the EU markets accounted for 80% of total value exports.¹³

International Labour Organisation (ILO): Better Factories Cambodia (BFC)

Factory monitoring launched by International Labour Organisation (ILO)’s Better Factories Cambodia (BFC) programme was initiated in 2001 with a total of 350 export factories participating in the programme. The factories in the BFC had to register and, once registered, their participation in the programme was compulsory. The main objective of the BFC monitoring was to encourage manufacturers to comply with the Cambodia’s labour law and core labour standards of the ILO. In doing so, it was believed the programme would improve working conditions, and unfair competition as well as promote sustainable growth in the Cambodian ready-made garment (RMG) industry. However, the critical issue was what would be the process the programme used to achieve its objectives. The BFC programme therefore needed a team of highly trained monitors that made unannounced monitoring visits to the factory at least twice a year. The visits involved document review, workplace observations, and discussions with employers, workers, and trade unions. Monitors utilized a 485-item checklist of issues that included wages, sick leave, annual leave, occupational safety and health, freedom of association, discrimination, and child labour¹⁴. After that, the ILO team assessed the data and prepared a report. Based on the results of the findings, the U.S. considered Cambodia’s quota allocation under the Generalised System of Preferences (GSP).

¹³ Doug Miller, Veasna Noun et al.: “Governing the Supply Chain in Clothing Post MFA Phase Out : The case of Cambodia”, Global Union Research Network, Discussion Paper No. 6, 2005 or see www.gurn.info and researchnet@ilo.org

¹⁴ Better Factories Cambodia, Quarterly Newsletter, No 8, July 2007.

Diagram 4: Monitoring process of Better Factories Cambodia

Source: Better Factories Cambodia, Quarterly Newsletter, No 8, July 2007.

According to the 18th Synthesis Report on Working Conditions in Cambodia's Government Sector of the BFC programme on April 30, 2007, the BFC programme was a proven success. Based upon the monitoring data collected from 223 factories visited during 1 November 2006–30 April 2007, some key findings in the report are as follows:

- Compliance with the labour law, in particular, the payment of wage improved;
- Ninety-six percent of the factories monitored complied with minimum wage requirements for regular workers while 61% of the factories employing casual workers paid the correct minimum wage to those workers;
- Sixty percent of the factories insured that overtime work was voluntary (up from 49% in the previous Synthesis Report);
- The number of factories that adopted employee complaint procedures to resolve disputes increased by 28%;
- The participating factories in compliance have labour dispute settlement process increased by 28%;
- Only one factory hired employees under the minimum age established by law

In Cambodia, Corporate Codes of Conduct (COC) have played a minor role in the manufacturing sector. Based on interviews with worker leaders, the Garment Manufacturers Association, ILO experts, and freelance researchers, the COC of multinational corporations duplicate ILO international labour standards. Therefore, the COC have had no impact on the existing regulatory framework¹⁵. Most workers do not know and have never participated in COC training¹⁶. Worker leaders who had some knowledge about COC accepted that the COC was new issue to labour circles and represented another opportunity for workers to gain knowledge about labour rights. However, workers paid more attention to labour law and its enforcement¹⁷, meaning that workers gave precedence to labour law over the COC. In general, multinational corporations have their own COC and manufacturers in Cambodia will not take purchase orders from only one source due to risk concerns. As a result of the diversity and differences in the COC of each corporation, it is too complicated for the manufacturers to put the various COC into practice. Moreover, the expense of auditing and monitoring the COC for multinational corporations are high and the work is said to duplicate the BFC Programme.

Currently, multinational corporations who order products from Cambodia will not invest in factory monitoring but the corporations will request the ILO to implement the factory monitoring programme under the Better Factories Cambodia Programme. Therefore, the impact of COC for multinational corporations in Cambodia is diminished, except for Worker's Right Consortium (WRC)¹⁸. The WRC uses its own

¹⁵ Interview with experts from ILO who play a major role in Better Factories Cambodia Programme on November 20, 2007

¹⁶ Information from focus group with three industry workers on November 20, 2007

¹⁷ The Opinion expressed by Head of Labour Union, interviewed on November 17, 2007

¹⁸ Worker's Right Consortium (WRC) was found in 2001 by university students in the U.S. and was initiated with "Clean Clothes Campaign" which aims to end the exploitation of child labour and labour rights violations in this industry such as cutting wages, high working hours and employing casual workers. After that, the committee is formed up with the representatives from company, university

COC; visits factories, and interviews workers and employers about working conditions, the promotion of labour rights, the protection of the rights of union leaders and the trade union committee in order to prepare report to the committee of the WRC. The WRC then proceed the protection of the rights for workers who work in the factory that takes the purchase order. Obviously, the WRC pays more attention to the COC and practices which will result in freedom of association such as the establishment of trade unions. In contrast, the ILO's Better Factories Cambodia (BFC) programme emphasised the improvement of working conditions in the industry rather than the promotion of trade union rights. This might be due to the limitation on the structure of ILO which is tripartite system, meaning that ILO must work together with every department. Therefore, ILO will pay greater attention to international labour standards and the improvement of strengthening the law practices mechanism. As for trade unions, it will be as a consequence.

The Growth of the Textile Industry in Cambodia

In 2001, the aggregate value of Cambodian ready-made garment exports was US\$1.1 thousand billions or approximately 0.5% of world export values¹⁹. However, in 1996, the value of ready-made garment exports decreased to US\$20 million. The rapid expansion of ready-made garment exports was the result of foreign direct investment in Cambodia's production sector in order to exploit the low-cost labour and receive the competitive advantage of Cambodia's export quota for the ready-made garment industry. Cambodia's ready-made garment exports were mainly to the U.S. which accounted for 1.7% of the total U.S. ready-made garment imports. The EC is Cambodia's second largest market garment exports and, in 2001, it made up 0.5% of the total garment imports to the EC.

In 1995, textile and ready-made garment represented only 8% of Cambodian garment exports, but this portion later on increased to 96.5% in 2001. Therefore, Cambodia is one of a few countries, such as Macao and Bangladesh, which have a near total dependency of manufactured exports, particularly ready-made garment exports in one sector and to one market. Thanks to the U.S., the growth of garment exports has driven Cambodia's economic expansion. Cambodia ranked second behind People's Republic of China with an export growth rate in 2 digits - 10.0% in 2004 and 13.4% in 2006. In addition, exports are the major source of the Cambodian government's income. In the past, tax collections were the government's major source of income. However, due to corruption, the government changed its primary source of revenue from income taxes to export taxes.

students and trade unions in order to draft the COC. Thus, garment company, especially sports wear and university custom must use the COC of the WRC. As for garment factory, the factory that is located in the developing countries must allow the WRC officials to monitor and make report available for the committee of WRC.

¹⁹ Ianchorchina, E, and Martin, W. "Trade Liberalization to China's Accession to the WTO", World Bank, June 2001.

Table 4: Cambodia's Real GDP Growth (% , 2000 prices)

	2001	2002	2003	2004	2005
Agricultural Sector	4.5%	-2.1%	11.9%	1.1%	16.4%
Plant	0.7%	-7.8%	22.3%	-12.2%	43.6%
Industry	11.7%	17.7%	12.5%	16.8%	12.3%
Garment Industry	28.4%	21.3%	16.8%	24.9%	10.3%
Service Sector	8.7%	6.3%	4.4%	11.7%	12.1%
Tourism Sector	22.6%	18.8%	-16.7%	23.4%	17.3%
Total GDP	7.7%	6.2%	8.6%	10.0%	13.4%

Source: National Institute of Statistics, 2006 cited in Export Diversification and Value Addition for Human Development, Economic Institute of Cambodia.

In 1991, Cambodia began to integrate itself into newly emerging countries by transforming from a centrally planned economy to a market economy. Cambodia joined the Association of Southeast Asian Nations (ASEAN) in 2000 and entered the World Trade Organisation (WTO) in 2004. In the past, Cambodia was ranked as a least developed country stricken by poverty because Cambodia's per capita income was less than US\$500. However, Cambodia had good economic performance with a growth in GDP (see Table 4) of 13.4% for 2005, up from a previous of 10.0% growth made in 2004. The increase in GDP was the obvious result of the expansion of manufacturing sector (particularly ready-made garment industry), exports, and tourism. Cambodia's population growth rate between 2000 and 2005 was 1.8%. In 2004, the population of Cambodia stood at 14 million with an estimated 7.5 million in the labour force.

However, the change in Cambodia's employment structure has been minimal. According to an economic and social situation survey, a total of 7.5 million or 56% of the total population was in labour force in 2004. Employment growth is evident in rural sector, or agriculture, and accounts for 71% of the labour market. Employment in service sector has remained basically the same (17%) in the period from 1993 to 2004. However, industry-sector employment expanded rapidly, up from 6% in 1993 to 11% in 2004. The rapid rise of the industry-sector employment is attributable to the growth of the manufacturing sector, in particular, the ready-made garment industry.

Table 5: Cambodia's Garment Industry Growth, Export and Employment

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Number of Factory	20	24	67	129	152	190	186	188	197	206
Total number of employees (thousand)	18.7	24.0	51.6	79.2	96.6	122.6	188.1	210.4	234.0	245.0
Ready-made garment exports (millions US\$)	26.2	106.4	223.9	355.3	653	965	1,119.8	1,338.4	1,581.5	1,987

Source: U.S. Embassy in Cambodia, "Economic Significance of the Garment Sector in Cambodia" cited in Doug Miller and Veasna Noun, "Governing Supply Chain in Clothing Post MFA Phase Out: The Cambodia Case", 2005.

In general, the scheme of the U.S. GSP is to reduce import tariffs for textile products to the U.S. market. To acquire standing under the GSP, Cambodia must comply with labour law and international labour standards. Because of the U.S. insistence on compliance with labour standards as a trade instrument, there is request to the ILO to carry out the factory inspections and monitoring on behalf of the U.S. government. This practice is considered as a market driven labour system which leaves Cambodia with no other alternative because the country is experiencing a lack of domestic investment. Therefore, foreign investment is needed. Cambodia's domestic investment accounts for less than 5% of the total investment in the garment industry. More than 50% of the total investment in the garment industry is from China, Hong Kong, Taiwan, and South Korea. Most foreign investment is production-based investment which seeks to exploit low-cost labour in Cambodia. After Cambodia was granted standing under the GSP from the U.S. and the European Union (EU), market access enabled Cambodia to expand its production base because foreign investors established factories in Cambodia in order to be in a better competitive position to get purchase orders from brand owners who subcontracted their production work. The factories in Cambodia produced the branded garment products by hiring unskilled and uneducated women labour at low wages. After that, the branded garment products were exported and sold in EU market or the U.S. market²⁰.

Issues on Industry Development, Trade and Labour Standards in Cambodia

Study of Labour Standards and Trade in Cambodia can be summarized below:

1. The ready-made garment (RMG) industry in Cambodia is an industry that has expanded rapidly in a short period of time. The fast expansion has created an employment growth rate that represents approximately 65% of total employment in manufacturing sector. At the end of 2005, around 270,000 workers were employed in RMG industry garment, "indirectly created employment" involve 242,000 workers, more than half of the employment of RMG industry engages service sector (113,000 workers)²¹ such as transport, trade, restaurant, etc. However, the RMG industry has some weaknesses.

2. The RMG industry relies on the import of raw materials and garment components. For example, the industry imports textile materials, clothing components consisting of buttons, zippers, etc., and packaging materials. Because of the continued importation of these items, the RMG industry in Cambodia has failed to develop a complete industry cycle. Current efforts to promote foreign investment for a nascent textile industry are unlikely to succeed because it is a capital-intensive industry. In addition, the textile industry is not attractive to foreign investors' interests. Cambodia's political instability and government corruption are major concerns for foreign investors when considering long-term investments. For that reason,

²⁰ Cambodia's textile/garment industry requires low skills, such as CUT, SEW and TRIM, which are part of the production of conveyor belts. This industry employs women mostly because women have this kind of abilities as in-born skills. Moreover, women have the kind of patience to work on the production of conveyor belts which is a boring routine work. Also, women, who have the least educational power relations opportunity, tend to avoid verbal argument. Therefore, the textile/garment industries apply power relation, which means that men have more power in society and women are seen to be low-cost labourers and they are the backbone of the labour-intensive export industries in Cambodia.

²¹ Interview with GMAC manager in Phnom Penh on November 19, 2007

Cambodia, as a producer who imports raw material and parts, needs a low-skilled, labour-intensive garment process to serve the lower-end market which based on price competition. To shift the production structure to serve the high-end market, Cambodia must possess a higher-skilled labour force with a higher level of education. The production structure cannot be changed in a short period of time because the country needs to invest more in education, human resources development, and labour training. At the same time, the shift in production needs “just-in-time” production and the delivery time of products must be short because of changes in consumer taste and preferences for products. The ready-made garment production process in Cambodia usually takes a long period of time because the manufacturers rely on the imports of raw materials and garment components from other countries. Due to the above-mentioned constraints, the change in production structure for ready-made garment industry in Cambodia will be difficult to achieve in the short-term.

Despite the inability of Cambodia’s garment industry to evolve outside its current low-skilled, labour-intensive production process, the Garment Manufacturers Association of Cambodia (GMAC) is optimistic that RMG industry will still be in existence ten years from now.

To understand the RMG industry growth in Cambodia, one needs to take non-economic factors into consideration. Most of the factories established in Cambodia are owned by capitalists from Taiwan, South Korea and Hong Kong – China. In 2004, the establishment of Special Economic Zones successfully attracted Chinese and Vietnamese investors to establish garment factories. This indicates that companies moved their production facilities to Cambodia to exploit the low-cost labour and to benefit from the quota for ready-made garment exports to the U.S. and EU markets. The foreign investors also enjoyed the benefits of the GSP because Cambodia adopted ILO core labour standards and made an attempt to promote labour law enforcement through the Cambodian government’s cooperation with the ILO to monitor the factories under the Better Factories Cambodia (BFC) Programme.

The ILO’s BFC Programme focused on monitoring factories to insure compliance with conditions of employment such as wages, working hours, voluntary overtime, annual leave, use of child labour, labour enforcement and special treatment, which represent ILO core labour standards. However, the BFC Programme did not put an emphasis on rights of association and the establishment of trade unions. For instance, the protection of trade unions leader when they were disemployed. The ILO views the robust and effective labour law enforcement as a tool to promote labour standards that measure up to the international labour standards. Furthermore, high labour standards under the BFC Programme do not have any impact on trade and investment. Instead it is linking labour standards with trade and has been discussed in the era of globalisation and liberalisation. The issues discussed are necessary to link labour standards with trade. But which organisation will be responsible to put the link into practice, the WTO or ILO? However, these issues were soon be covered by the trend of multinational corporations in implementing their codes of conduct.

The U.S. and the EU have paid attention to Cambodia’s labour law - particularly the U.S. which has played significant role in drafting the labour law before ILO’s entry into the country. The U.S. believes that democracy is political regime composed of many parties which compete against each other. As for the democracy in Cambodia, the U.S. and the EU view the previous elections in Cambodia as a virtual monopoly by the Cambodian People’s Party, of which Hun Sen is the leader and sole beneficiary. Therefore, the promotion of democracy is essential because it will bring about a balance of power and a proportional distribution of benefits. Likewise, the

promotion of labour law, in accordance with international labour standards in Cambodia, particularly the promotion of trade union establishment, negotiations and the right to strike, is as an instrument to lead the society to promote a strong civil society in order to balance the government's monopoly. However, the U.S. and the EU have different points of view on the role of trade unions in society. The U.S. views trade unions as interest group, while the EU, based on social-democrat culture, perceives trade unions as allies of political parties such as Labour Party in United Kingdom and Social Democratic Party in Germany or Scandinavia. In Europe, the role of Social Democratic Party has changed as Government or Opposition in union system.

As long as the current Cambodian government continues to enforce labour standards and labour laws, the growth of civil society in Cambodia through the support of U.S. and EU trade unions will continue to encourage quota or tariff deduction through the GSP.

3. In Cambodia, the promotion of high labour standards is not an impediment to trade and export due to the existing 'win-win' solution. Manufacturers who produce and export their products to high purchasing powers like the U.S. and EU markets will move their production base into Cambodia. As a result, the government benefits from export and import revenues, and factory workers get labour law protection in the form of minimum wages (US\$45 per day), working hours (8 hours per day and 6 days per week), voluntary overtime (maximum 2 hours per day), etc. Multinational corporations that have established a reputation for income distribution and civil society can promote labour rights, stop labour exploitation in the factories, and simultaneously have better public relations and enhanced marketing power for their corporation. For example, The Gap Corporation considers Cambodia as the only country in Asia that has substantial labour laws and practices such as ILO's Better Factories Cambodia Programme. As a consequence, The Gap Corporation has made extensive purchase orders with garment manufacturers in Cambodia and has long-term policy to continue to purchase ready-made garment made in Cambodia with the intention of alleviating poverty. However, the garment sourcing of multinational corporations, like The Gap, account for 0.5% of the total purchase orders. Nonetheless, The Gap has garnered a good corporate image and a company with corporate social responsibility (CSR).

4. The ILO has enforced labour law, international core labour standards, and has monitored factories in compliance under the Better Factories Cambodia Programme. The ILO trained officials in order to increase the effectiveness of factory monitoring. However, the ILO's programme has a set timeframe for withdrawal and, thus, the question is who will take over its role each multinational corporation has its own code of conduct (COC) and practices for producers. In order to eliminate the need for factory monitoring for each COC and to lower compliance monitoring costs, the multinational corporations agreed to assign the ILO responsibility for factory monitoring.

The ILO has the capability to monitor factories because the organisation has technical advisors and highly trained monitors. Moreover, the ILO has funding from the U.S. and an inherent interest to make the programme a successful example of linking labour standards with better working conditions. As mentioned earlier, the ILO has a set timeframe for the programme. At the end of the allotted time, the programme will be restructured. The nature of the restructured programme will likely be determined by a tripartite committee comprised representatives from employers,

employees, and government agencies who will work in partnership and share the costs.

The problematic issue is that there is no guarantee that the U.S. will be lenient enough to continue the GSP to Cambodia when effective factory monitoring fails. This is because the U.S. might be concerned on trade negotiations more than labour standards. Sometimes, the U.S. gives an import quota or GSP to Cambodia before the launch of ILO's factory monitoring report under BFC Programme²². This indicates that the provision of U.S.'s import quota may not be necessary to wait for notification of law enforcement in Cambodia.

5. Most employers recognise labour standards and labour rights as conditions of employment but do not agree with the establishment of trade unions and bilateral negotiations. Employers think that the demands of trade unions are often irrational or involved in political agendas or hidden benefits for the leaders²³. The promotion of freedom of association, which depends on liberalism, sometimes leads to an unpleasant labour relations system, competition among trade unions, and the conflict between trade unions and employers. For example, a factory that has many unions, freedom of association will result in the competition among trade unions. Each union will have a representative from factory workers who tries to serve his or her own members rather than trying to represent the interests of the all the workers in the factory. Since each union is trying to achieve its own agenda in negotiations, negotiations are seldom successful and eventually become labour disputes. In Cambodia, the question is what trade unions should carry out negotiations in order to reduce fragmentation and establish a more united front. In the era of globalisation, accessibility for rights is not equally allocated. For instance, workers in a large factory and another factory owned by a subcontractor have different wage rates and welfare packages due to a lack of negotiation power. Thus, the factories commonly apply short term employment contract, temporary or piece rate employment, and also take advantage of the law to temporarily halt production by paying employees only 40% of their full salary.

6. Dependency on exports in the ready-made garment industry and a limited number of international buyers is a weakness for economic development. Therefore, the Cambodian government intends to promote diversification in the agricultural sector by shifting from agriculture to manufacturing, such as contract farming, plantations, and promoting tourism in the service sector; and promoting other export industries such as electronic parts and electronic components²⁴. If Cambodia applies labour standards and a good labour relations system, the country will have the ability to effectively compete in the global marketplace, develop a skilled labour force, and restructure its manufacturing base. Experiences in other countries²⁵, like Germany, use a bilateral labour relations system and mutual agreement between employers, employees and a worker's council. France uses a tripartite labour relations system which leads to human resource development, particularly development of labour skills and steady economic growth. On the contrary, the U.S. focuses profoundly on individual investment and

²² Interview with research freelance in November 2007

²³ Employer's point of view, interview with manager of Garment Manufacturers' Association in Cambodia (GMAC) and manager of multinational corporations programme in November 2007

²⁴ Richard B. Freeman, *Working Under Different Rules*, Russell Sage Foundation, New York, NY, 1993

²⁵ Interview with researcher from Economic Institute of Cambodia in November 2007

human capital for job creation. The U.S. relies on low cost labour which can have a negative impact on manufacturing development in the long run.

Thus, each country should promote labour law and its effective enforcement, as well as the development of international labour standards. However, the best is putting these into practices rather than the purpose of commercial benefits in returns.

Conclusion

Cambodia's civil war ended with the signing of the Peace Treaty in Paris in 1991 and was soon followed by elections in 1993. After the elections, the Cambodian government, with the support of World Bank and International Monetary Fund (IMF), initiated economic reform by changing from a centrally planned economic system to a market economy. The Cambodian government then launched a new labour law in 1993 to protect labour rights in accordance with international labour standards. Cambodia ratified ILO Conventions on child labour, forced labour, discrimination, freedom of association, and collective bargaining. Furthermore, the Cambodian government enacted measures to protect worker's employment conditions such as minimum wage, working hours (8 hours and 6 days per week), and voluntary overtime work that is limited to not more than two hours per day.

Cambodia developed its industry-oriented economy by promoting the garment industry as the leading industry. However, Cambodia entered garment manufacturing later than other developing countries. During 1995–2004, ready-made clothes export had rapid growth with total export value increasing from US\$26 million to US\$2,000 million and, during this period of time, the export value to the U.S. and EU markets accounted for 80% of total value of Cambodian ready-made clothes export. The number of garment factories increased from 20 in 1995 to 245 in 2004 and the total employment rate in 2004 was 245,000 workers.

The expansion of Cambodian ready-made garments for export in the first phase (1991–1998) resulted from the expansion of private sector investment, particularly foreign investors investing in garment factories in Phnom Penh. The foreign investors were from Taiwan, Hong Kong, Mainland China, and Malaysia. Only 5% of investment came from Cambodian investors. The attractive features of investing in Cambodia were low wages and the Most Favoured Nations status granted since 1996 by the WTO due to non-WTO member status of Cambodia at that time. Growth of Cambodian garment industry in the second phase was after 1999. This was the period in which Cambodia concluded the U.S.-Cambodia Bilateral Trade Agreement that granted export quotas to the U.S. market with the condition that the garment industry comply with international labour standards. To insure compliance with international standards, Cambodia, implemented a factory auditing system under the ILO's "Better Factories Cambodia" project.

The effort to link labour standards with Cambodia is for creating platform of development for other countries through labour standards improvement. Hence, high labour standards of one country will not impede trade and investment; on the other hand, it will enhance the development, the improvement of working condition, labour protection, and labour's quality of life.

The period after 2004, was the third phase of growth in the Cambodian garment industry. It was the period after the abolishment of the Agreement on Textiles and Clothing which resulted in a more competitive system of textile trade. The garment industry became a highly competitive industry. The low cost of labour resulted in the movement of production to Cambodia. Because the garment industry in

Cambodia utilizes unskilled labour involved in a production system to cut, sew, and trim garments. Therefore, Cambodia cannot make the structural change in its garment industry to produce high quality products for the high end market due to lack of skilled labour, technology, and innovation. It also lacks a one stop service garment industry and it needs to rely on garment components and textile imports from other countries. Due to this, the Cambodian garment industry was not well developed and business operators moved their production base to other countries with cheaper labour costs such as Eastern Europe or Africa. However, there are other factors for promoting investment in addition to labour costs, especially the investors' concern for markets for their products.

The Cambodian government's commitment and willingness to comply with labour laws and with international labour standards together with effective implementation of law in Cambodia resulted in the U.S. and EU granting the export quota or GSP tariff reduction to Cambodia which greatly enhanced Cambodia's exports to these markets. Granting of the special rights for Cambodia might be have been for non-economic related reasons such as strengthening Cambodian civil society through labour unions and the rapid growth of pluralism which resulted from the investment expansion, especially investment in garment industry. Despite the fact that the labour unions in a factory will result in abolishing of labour protection and the workers have higher working standards than provided by law such as higher wages and better benefits, the problem of fragmentation still exists. Hence, the labour movement's unification is essential for the development of democracy in Cambodia and improvement in labour relations is critical for the adjustment of the industrial structure.

Bibliography

- 1 .Economic Institute of Cambodia. 2007. “Export Diversification and Value Addition for Human Development” Cambodia.
- 2.Ingeborg, W. “Understanding the World Textile Agreement” in Regional FES/FTUWKC Workshop on “The World Textile Agreement : Challenges for Textile Workers’ Trade Union in Southeast Asia”, Phnom Penh 12-13 June 2004.
3. Community Legal Education Center.2005. “Cambodian Employment and Labour Law,” International Labour Organisation.
4. Ministry of Social Affairs, Labour and Veteran Affairs. Labour Law.
5. International Labour Organisation, “Eighteen Synthesis Report on Working Conditions in Cambodia’s Garment Sector”, Better Factories Cambodia, 30 April 2007.
6. Miller, D and Veasna Noun : “Governing the Supply Chain in Clothing Post MFA Phase Out: The case of Cambodia”, Global Union Research Network, Discussion Paper No. 6.
7. Freeman, Richard B. 1993. Working Under Different Rules, New York:Russell Sage Foundation.

Appendix 1:

Details of Field Research in Phnom Penh

Date	Interviews	Location
Friday: 16 May 2007		
18.00 pm.	Arrival in Phnom Penh	
20.00 pm.	Meeting with Mr. Veasna Noun, Independent Labour academic and Project Coordinator	Restaurant
Saturday: 17 May 2007		
10.00 am	Interview with Deputy Chair of the Cambodian Confederation of Trade Unions (CCTU) and Women Labour Organisation	CCTU office
14.00 pm	Interview with Investigator, Workers Right Consortium	Cambodiana Hotel
16.00 pm	Interview with Chairman of the Cambodian Labour Confederation (CLC)	CLC Office No. 6C, St.476, Tuol Tumpung I Khan Chambar Morn, Phnom Penh.
Sunday: 18 May 2007		
10.00 am	Focus Group with 6 garment workers	ILO Training Center
13.00 pm	Interview with Mr. Veasna Nuon	Kemphuchea Hotel
Monday: 19 May 2007		
09.00 am	Interview with the Senior Researcher, Private Sector Program, Economic Institute of Cambodia	Suite 234, Phnom Penh Center Corner Streets 274, Phnom Penh.
13.40 pm	Interview with the Manager of the Garment Manufacturers Association in Cambodia (GMAC)	175 Jawaharlal Nehru Blvd, Phnom Penh.
16.00 pm	Interview the Project Officer Labour Programme Unit Community Legal Education Center (NGO)	# 54, Street 306 Sangkat Boeung Kang Kang I Khan Chamkar Morn Phnom Penh.
20 May 2007		
09.00 am	Focus group with workers (3 persons per group) from (1) non-unionised factories (2) small sub-contracted factories	Office of the Cambodia Confederation of Trade Unions
11.00 am	Interview with the Chief of Technical & Executive Bureau, Export Promotion Department Ministry of Commerce	# 57-59, Road 136 Phsar Kandal 2, Daun Penh Phnom Penh.
15.00 pm	Interview with 2 ILO experts Chief Technical Advisor Labour Dispute Resection Project Chief Technical Advisor Better Factories Cambodia	

21 May 2007		
09.00 am.	Interview with Project manager, Global Partnership GAP International Sourcing Pte. Ltd.	Cambodia Representative Office 25 Soramarith Boulevard District Daun Penh Phnom Penh.
18.00 pm	Interview with the Country Program Director, American Center for International Labour Solidarity (ACILS)	Restaurant

Appendix 2
List of Labour Organisations in Cambodia

List of Labour Professional Organisations in Cambodia					
Professional Organisation	Acronym	Year Founded	Affiliation	Sectors/Industry	President
Cambodian Confederation Union	CCU	2006	ITUC-APRO		Mr.Rong Chhun
Cambodian Independent Teachers Association	CITA	2000	Education International	Teachers	Mr.Rong Chhun
Free Trade Union Workers of Kingdom of Cambodia	FTUWKC	1996		Garment and footwear	Mr.Chea Mony
Cambodian Confederation of Trade Unions	CCTU	2004	ITUC-APRO		Mr.Vong Sovan
Cambodian Federation of Independent Trade Unions	CFITU	1999	TWARO	Garment, agriculture, port, carton, beer & wine, bicycle, footwear and golf club	Mr.Ros Sok
Cambodian Industrial Food Union Federation	CIFUF	2003		Food (beverage & tobacco) and restaurants Garment	Mr.Heng Bun Chhun
Cambodian Industry Union Federation	CIUF	2004		Garment	Mr. Lo Sak
Cambodian Union Federation	CUF	1996	TWARO	Garment, services, agriculture, brick, transportation and civil servants and police forces	Mr. Chuom Mom Thol
Cambodian Union Federation Building and Wood workers	CUFBWW	2001		Construction and woods	Mr.soysam Un
Cambodian Worker Labour Federation Union	CWLFU	2000		Garment and footwear	Mr. Vong Sovan
Democratic Independent Solidarity Union Federation	DISUF	2000		Garment	Mr. Yong Pany
Democratic Trade Union Federation	DTFU	2002		Garment	Mr.Nuon Chantha
Federation Union of	FUDWR	2004		Garment and	Mr. Cheng

Development Workers Right				footwear	Naing
Federation Union Solidarity	FUS	2001		Garment and footwear	Mr. Nai Sok Veasna
Free Union Federation of Khmer Labour	FUF	2000		Garment and footwear	Mr.Sok Ravouth
Independent and Democratic Union Federation	UFID	2004		Garment and footwear	Mr.Phung Montry
Trade Union Federation for increasing Khmer Employees Lifestyle	TUFIKEL	2001		Garment	Mr. Mom Saron
Cambodian Labour Confederation	CLC	2006	BATU/WCL	Garment, footwear, students, community, services, civil, servants and informal sectors	Mr. Ath Thun
Cambodian Independent Civil Servant Association	CICA	2004		Civil servants	Mr.Heak Ping
Cambodian Tourism and Service Workers Federation	CTSWF	2003	IUF	Hotels, airports, NGO, security, casinos and services	Mr. Pat Sombo
Coalition of Cambodian Apparel Workers Democratic Union	C.CAWDU	2000	BATU/WCL	Garment and footwear	Mr. Ath Thun
Independent Democratic of Informal Economic Association	IDEA	2005		transportations, vendors, beer workers	Mr. Von Pao
National Union Alliance Chamber of Cambodia	NACC	2007			Mr. Som Aun
Cambodian Confederation for Worker Rights	CCWR	2007		Garment and Footwear	Mr. Som Aun
Trade Union Workers Federation of Progress Democracy	TUWFPD	2003	TWARO	Garment	Mr. Kim Chan Samnang
Cambodia Labour Union Federation	CLUF	1998	TWARO	Garment and Footwear	Mr. Som Aun
Worker Lucky Union Federation	WLUF	2005		Garment	Mr. Vat Samnang
Federal Union of	FUKDW	2007		Garment	Mr. Rim Bora

Khmer Democracy Workers					
Worker Freedom Union Federation	WFUF	2007		Garment, plastic and carton	Mr. Un Dara
Coalition of Cambodian Inheritance Confederation	CIC	2006			Mr. Sok Sambath
Labour Development Union Federation	LDUF	2004		Garment, motodop, Poor community	Mr. Sok Sambath
National Union Federation Cambodian Workers	NUCW	2005		Garment and Footwear	Mr. Tol Phan Meurng
Cambodian Federation for Workers' s Rights	CFWR	2005		Garment	Mr. Chhom Veasna
Coalition of National Construction Federations	CNC	2005			Mrs. Mom Nhim
National Independent Federation Textile Union of Cambodia	NIFTUC	1999		Garment and Footwear	Mrs. Mom Nhim
Cambodian National Federation of Building	CNFBW	2005		Construction	Mr. Sok Sovannbeth
Independent Status					
Cambodian Association of Informal Economic Development	CAID	2000		Vendors and motodop	Mr. Luos Seyha
Cambodian Construction Trade Union Federation	CCTUF	2002	BWI	Construction and temples	Mr. Van Thol
Khmer Youth Trade Union Federation	KTFTU	2000		Garment, footwear	Mr. Yon Rithy
National Educators Association for Development	NEAD	2007		Teachers	Mr. Soung Huot
Network Men Women Development Cambodia	CNMWD	2007		Beer promotion workers and sex workers	Mr. So Sotheavy

Appendix 3

Guidelines on Interview Questions

- (1) History and Process of the New Labour Law in Cambodia: Problems and Obstacles
- (2) To what extent has the new labour law incorporated the ILO's Core Labour Standards?
- (3) In Cambodia, do foreign companies that produce goods for foreign brands introduce Corporate Codes of Conduct to their workplace? Why?
- (4) What is the level of your knowledge of Corporate Codes of Conduct (CoC)? How do you think CoC can help promote workers' rights?
- (5) Comparing between strong labour law and foreign companies' compliance with codes of conduct, which do you think play a more important role in promoting workers' rights? Which part of labour law can be put into practice the most? Which part is the most problematic?
- (6) What is the mechanism for implementation of the Labour Law?
- (7) The ILO investigates factories in the Better Factory Cambodia project to ensure their compliance with the labour law. What are the project objectives and how would these objectives be achieved?
- (8) What are the strengths and weaknesses of the Better Factory Cambodia in your opinion?
- (9) When the Better Factory Cambodia ends or is halted, who will take over the project especially in the development of the legal mechanisms? Will the new organisation be accepted by every party? Will there be any problems of human resources shortages especially the shortage of factory investigators? How will the new project/organisation be funded?
- (10) Does having strong labour laws or international labour standards help trade and investment growth, and why?
- (11) Do you think labour standards and trade should be linked to each other?
- (12) A good labour law is the minimum labour standard that should be complied with. In your opinion, does the government and employers support workers' bargaining power through the establishment of trade unions and collective bargaining?
- (13) Comparing working conditions in the factory during the pre- and post-trade union formation, what were the changes?
- (14) How are the living conditions of workers today e.g. wages, welfare benefits, working hours, and living expenses.?
- (15) Why are work stoppages and strikes being widely now used, and what are the usual causes of work stoppages?
- (16) What are the obstacles and problems faced by trade unions? What are priority areas for trade unions?
- (17) How much importance do trade unions give to corporate codes of conduct, and do CoC help the establishment of trade unions?
- (18) In your opinion, how strong are labour unions in Cambodia, and what are the factors for it?
- (19) In your opinion, how much longer will the garment industry in Cambodia remain competitive, and why?
- (20) Does the government have any policy to support other industries to accommodate the economic growth?
- (21) In your opinion, how sincere is the government to promote and develop labour rights that will lead to its effective implementation?

Researcher's CV

Associate Professor Dr. Voravidh Charoenloet

Mailing address: Faculty of Economics, Chiangmai University Chiangmai 50200
Email: cvoravid@econ.cmu.ac.th

Associate Professor Dr. Voravidh Charoenloet graduated with a Ph.D in Economics from University of Paris X (Nanterre). He has worked for 20 years at the Faculty of Economics, Chulalongkorn University. At present, he is Associate Professor at the Faculty of Economics, University of Chiang Mai. His field of specialty is in Political Economy, Development Economics and Labour Economics. His research focuses on Industrialization and Labour, with special emphases on industrial relations, social protection and welfare and occupational health and safety.

Education:

- 1984 Doctorate cycles, University of Paris, France.
- 1974 M.Sc. in Economics, Kansas State College, U.S.A
- 1972 B.A.(Hons.) in Economics, University of Delhi, India.

Past experience:

- ❖ Director of Labour and Management Development Center, Faculty of Economics, Chulalongkorn University.
- ❖ Director of Political Economy Studies Center, Chulalongkorn University.
- ❖ Chairman of Arom Pongphagan Foundation - Labour Resource Centre.
- ❖ Chairman of a Committee to Resolve Conflicts on the Construction of 5 Dams, Office of the Prime Minister.
- ❖ Regional Committee Member of Asia Monitor Resource Center (AMRC), Hong Kong.
- ❖ Secretary of Executive Committee, Ph. D Program in Economics, Chulalongkorn University.
- ❖ Secretary of a National Committee to Draft a Bill on the Setting-up of Independent OSH Institute, Ministry of Labour.
- ❖ Present Position:
- ❖ Associate Professor, Faculty of Economics, Chiangmai University.
- ❖ Member of committee, Center for Education and Labour Studies (CELS), Faculty of Education, CMU.
- ❖ Invited Lecturer on Political Economy, Faculty of Economics, Chulalongkorn University.

Advisor:

- ❖ Vice-chairman of Arom Pongphagan Foundation Labour Resource Centre.
- ❖ The Council of Work and Environment Related Patients' Network of Thailand (WEPT).
- ❖ State Enterprise Workers' Relation Confederation (SERC).
- ❖ Committee Member, Labour Museum.
- ❖ Northern Labour Networks.
- ❖ Asian Network of Related Occupational Disease and Accident Victims (ANROAV).

- ❖ Homenet of Thailand.
- ❖ Labour Solidarity Groups.
- ❖ The Lawyer's Association of Environmental Protection.
- ❖ Editorial board, Revue d' Alternatives Sud, Centre , Tricontinental , Louvain-la-Neuve.

Books:

- 2006 Political Economy Theory (on going).
 1993 Comparative Economic Development, Chulalongkorn University Press.
 1990 Thai Economy in the World Economy, Chulalongkorn University Press

Research:

- (2007-) Charoenloet, V. (Project Director) "The Creation of People's Financial System for Achieving Equitable Income Distribution: Cases Studies of Workers, Informal Workers and Small Farmers in Thailand" a project funded by The National Economics and Social Development Advisory Council.
 (2007-) Charoenloet, V. (Project Director) "The Process of Building Countervailing Power: Case Studies of Workers in the Northern Industrial Estate, the Small Retail Traders and the Small Independent Farmers in Thailand" a project funded by The National Economic and Social Development Advisory Council.
 (2007-) Charoenloet, V. (Researcher) " Thailand In the Next Ten Years: Alternative policies and Strategy" a project funded by The National Economic and Social Development Advisory Council.
 (2007-) Charoenloet, V. (Researcher) "Comparative Studies of the Labour Standards: Thailand, Vietnam and Cambodia" a project funded by International Trade and Development (ITD). UNCTAD.
 2006 Charoenloet, V. "Occupational Health and Safety and Workers' Participation in Formulating Public Policies, National Health Foundation.
 2002 Charoenloet, V. and Ativanichayakul, N., " Welfare System for the Poor and Underprivileged Groups in Thailand: Case Studies of Workers in Industries" Thai Research Fund.
 2001 Charoenloet, V. and Ativanichayakul, N., "The Impact of Trade Union Solidarity Support Organisations in Thailand 1993-2002", Friedrich-Ebert Stiftung/Political Economy Studies Center, Chulalongkorn University.
 2000 Charoenloet, V. "Study on Implementation of Employment/Income Generating Projects to Alleviate the Economic Crisis in Thailand", ILO/ESCAP, Bangkok.
 2000 Charoenloet, V., Thanachaisethavudh, B. "The Study on Policy of Industrial Development and the Employment of Foreign Migrant Workers", Thai Research Fund.
 2000 Charoenloet, V., Thanachaisethavudh, B., and Chaowilai, J., "Economic Crisis of 1997-8, the Lay-off and Social Inequality" National Research Council of Thailand.

Published articles:

- 2007 Charoenloet, V. and Flor de Lis Vasquez Munoz " Women in Economic Crisis: Mexico and Thailand", Peter H. Smith (editor) **Promises of Empowerment: Women in Asia and Latin America**, Rowman & Littlefield Publishers, INC., NY.
 2007 Charoenloet, V. "OHS situation in Thailand and Labour Perspective" a paper presented at **Asian Network for the Rights of Occupational Accident Victims (ANROAV)** Meeting, 29-31 August 2007, Hong Kong.

- 2002 Charoenloet, V. "Thailand and Industrial Restructuring: Government Policies and the Labour Situation Since 1997" *The Journal of Comparative Asian Development*, Vol.1, No.2 , FALL 2002.
- 2001 Charoenloet, V. "Economic Crisis, Social Development and Challenges for the Trade Unions : Thailand" in Ludo Cuyers (ed.), *Globalization and Social Development : European and Southeast Asian Evidence*, UK : Edward Elgar Publishing Ltd.
- 2000 Charoenloet, V. "Women Workers, Trade Union and NGO's and the OHS Reform Movement" in Phongpaichit (ed.) *The Life and Struggle of People's Movement*, Thai Research Fund.
- 2000 Charoenloet, V., "Industrialization and Labour Fragmentation in Thailand" *Social Development in Asia*, Social Indicators Research Series, Vol.5, Kluwer Academic Publishers, The Netherlands.
- 1999 Charoenloet, V., "L'arriere-plan du systeme de la sous-traitance dans l'industrie de habillement en thailande" *Alternatives Sud*, Vol. VI (1999) 1, Centre Tricontinental, Louvain-la-Neuve.
- 1997 Charoenloet, V (1997), " Thailand in the Regional Division of Labour" in David Campbell (ed.), *Regionalization and Labour Market Interdependence in East and Southeast Asia*, Geneva : International Institute for Labour Studies.
- 1997 Charoenloet, V. " Labour Standards in Thailand : The Impact of Trade Liberalisation" *PSIO Occasional Paper*, Geneva : The Graduate Institute of International Studies.
- 1995 Mounier, A., Kaewthep, K. and Charoenloet, V. "Forms and Phases of Thai Industrialization in a Historical Perspectives" *Economies et Societes*, Cahiers de l'ISMEA.
- 1991 Charoenloet, V. "Thailand in the Process of Becoming a NICs : Myth or Reality?" *Journal of Contemporary Asia*, 21(1), 31-41.
- 1988 Charoenloet, V. and A. Soonthornthada (1988), "Factory Management, Skill Formation and Attitudes of Woman Workers in Thailand : A Comparison between an American and a Japanese Factory" in N. Heyzer (ed.), *Daughter in Industry : Work, Skills and Consciousness of Women Workers in Asia*, Kuala Lumpur : Asian and Pacific Development Center.