New Conversations Project

Social Dialogue in the 21st Century
Mapping Social Dialogue in Apparel: Cambodia
January 2021
VEASNA NUON

SUSTAINABLE LABOR PRACTICES IN GLOBAL SUPPLY CHAINS

Cornell University School of Industrial and Labor Relations & The Strategic Partnership for Garment Supply Chain Transformation
# Table of Contents

1.0 Introduction ............................................................................................................... 4

2.0 Garment Industry Overview ...................................................................................... 5  
   2.1 Industry Background ............................................................................................ 5  
   2.2 Wages ................................................................................................................. 9

3.0 Industrial Relations ................................................................................................. 11

4.0 Stakeholders ............................................................................................................. 12  
   4.1 Unions .................................................................................................................. 12  
   4.2 Employer Associations ......................................................................................... 13  
   4.3 Governmental Institutions ................................................................................... 13  
   4.4 International Unions and Civil Society Organizations ........................................ 14  
   4.5 Stakeholder mapping - Freedom of Association (FOA) and Collective bargaining (CB) ........................................................................................................ 16

5.0 Freedom of Association ........................................................................................... 19

6.0 Collective Bargaining .............................................................................................. 21

7.0 Social Dialogue ....................................................................................................... 22

8.0 Experiments/Innovations ....................................................................................... 25  
   8.1 Action, Collaboration, Transformation (ACT) ....................................................... 25

9.0 COVID-19 impacts on the industry, workers and unions ....................................... 27

10.0 Conclusion .............................................................................................................. 31

References .................................................................................................................... 33
## Cambodia COVID-19 Garment Industry Impacts

| State of COVID-19<sup>1</sup> | As of January 10, 2021,  
|                              | • Confirmed COVID-19 cases: 458  
|                              | • COVID-19 deaths: 0  
|                              | • Case-Fatality: 0  
|                              | • Deaths/100K Pop: 0.  
| Year on year US & EU imports from Cambodia 2020 vs 2019 show an overall 18% decrease from January to September with imports falling 40% in May and rebounding to a 6% decline in July only to decline again by 30% in September. | ![Graph showing year-on-year changes in US & EU imports from Cambodia](chart.png)  
| Length of apparel industry lockdown | No official lockdown for the garment industry (David, 2020).  
| Job losses or workforce capacity reduction percentage | In November 2020, the Cambodian government reported a job loss of 300,000 workers in the entire economy since the beginning of the year. The Asian Development Bank (ADB) predicted that there would be 390,000 to 570,000 job loss in 2020 nationally and garment sector will be most affected (ADB, 2020).  
| Government support specific to apparel industry | Government to pay USD 40 per month and requests the payment of US$30 per month from employers until end of September 2020 for suspended workers, which together corresponds to 37 per cent of the garment sector minimum wage (USD 190) (ILO 2020).  
| Characterization of social dialogue activities | Unilateral Government action responsive to lobbying by employers. Trade union roles largely limited to information dissemination.  

---

<sup>1</sup> Data from the worldometer: [https://www.worldometers.info/coronavirus/country/cambodia/](https://www.worldometers.info/coronavirus/country/cambodia/).  
<sup>2</sup> Imports refer to imports of products with HS commodity codes 61, 62, 63, and 64. Data from UN Comtrade.
1.0 Introduction

The garment industry plays a critical role in Cambodia’s economy. It is the nation’s largest export industry representing 73.4 percent of exports in 2019 (Edge & Lu, 2020). Furthermore, it is one of Cambodia’s most labor-intensive industries providing employment for approximately 575,000 workers in 2019 (Ishaque, 2019). However, the garment industry has faced numerous labor challenges including, strikes, high labor turnover, and labor shortages (Merk, 2016). There have been attempts by the Cambodian government, trade unions, NGOs, and international organizations to address these labor issues, such as revisions of labor legislations, promotion of collective bargaining and social dialogue.

This study is part of Social Dialogue in the 21st Century, a collaborative project of the New Conversations Project at University and the Strategic Partnership for Garment Supply Chain Transformation, which includes the Fair Wear Foundation, CNV Internationaal, and Mondiaal FNV. This report will examine the capacity, strengths, weaknesses, and interactions of trade unions, employer associations, government institutions, civil society organizations, international organizations, and multi-stakeholder initiatives. Furthermore, the report includes an examination of social dialogue during the COVID-19 pandemic.

This report is structured as follows: after the introduction, section 2 provides a general context of labor relations in the garment industry. Section 3 examines the industrial relations framework. Following this, section 4 examines the relevant stakeholders in Cambodia’s garment industry. Sections 5 and 6 analyze freedom of association and collective bargaining. Section 7 examines social dialogue in the Cambodian garment industry and section explores the ACT initiative. Finally, section 9 examines the COVID-19 pandemic, its impacts on the industry and workers as well as the role (or lack thereof) of social dialogue in response to the crisis. Section 10 delivers concluding remarks.
2.0 Garment Industry Overview

2.1 Industry Background

The late 1990s was a remarkable turning point for the Cambodia garment industry, due to limited competition in international markets. That is, major garment suppliers – mainly China and India – had reached their quota under the Multi-Fiber Agreement (MFA) and could not increase their exports, sheltering Cambodia’s garment and wearing apparel exports. Another important comparative advantage Cambodia gained over the quota-restricted counterparts was Most Favored Nation (MFN) status granted as a non-World Trade Organization (WTO) member country in 1996. Additionally, the 1999 bilateral Trade Agreement on Textile and Apparel with the US was a contributor to the development of Cambodia’s garment industry and labor protection regime (Vixathep & Keo, 2017).

Becoming a member of World Trade Organization in 2004 and the MFA phase-out in 2005 meant stiff competition for Cambodia’s garment industry in the global market (Vixathep & Keo, 2017). At the same time, Cambodian products had favorable access to the European Market through the Everything But Arms (EBA) program between 2001 and 20201 (Ishaque, 2019). Also, Cambodia has been engaged partially in various formal trade and/or investment agreements, particularly with other ASEAN members. Cambodia’s garment and footwear share of exports to world market increased from 0.1 per cent from 1995 to 1.8 per cent in 2014 (ILO 2016a). According to the World Trade Organization (WTO), in 2019, Cambodia had the ninth largest share in world exports at 1.7 percent. The other top countries and regions include: China (30.8 percent), the EU (27.6 percent), Bangladesh (6.8 percent), Vietnam (6.2 percent), India (3.5 percent), Turkey (3.2 percent), the United Kingdom (1.8 percent), and Indonesia (1.7 percent) (WTO, 2020).

Cambodia’s garment and footwear industry has been an important contributor to expanding wage employment, especially for women (Vixathep & Keo, 2017). That is, nine in ten garment workers are women, mainly young women from rural areas (the Clinic 2011; Samsen et al. 2016; Reeve and Hwang 2015). With reference to ILO estimates and other sources, the garment and footwear industry could absorb approximately 77 per cent of all manufacturing employees or 6 per cent of the total labor force. The employment in this sector increased from 20,000 workers in 1996 to 623,000 workers in 2015 and to 641,000 in 2017 (ILO, 2015, ILO 2016a, ILO, 2018).2 The number of workers has been slightly increasing over time up until late 2019 to nearly 700,000 workers.

---

1. In August 2020, the European Union partially withdrew Cambodia’s duty-free quota-free access to the EU market under the “Everything But Arms” (EBA) program. The decision to lift preferential treatment was due to serious and systematic concerns related to human rights in Cambodia (European Commission, 2020).
2. The employment figures vary depending on estimates: the World Bank (2016) puts the figure at 522,000 workers (2016). Merk (2016) argues that if the informal sector is considered the figure could be up to 800,000 workers.
before declining in the beginning of 2020 (See Figure 1 below). Export products have also been in a similar increasing trend like the number of workers with a drop of the export in beginning 2020 as well (see the table 1 below).

<table>
<thead>
<tr>
<th>Table 1: Export performance of Cambodia’s garment and footwear, 2000-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garment and footwear exports (million of US$)</td>
</tr>
<tr>
<td>Export to the US</td>
</tr>
<tr>
<td>Export to the EU</td>
</tr>
<tr>
<td>Export to the Row</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Garment exports</td>
</tr>
<tr>
<td>Footwear exports</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Garment and footwear exports (% of year-on-year growth)</td>
</tr>
<tr>
<td>Export to the US</td>
</tr>
<tr>
<td>Export to the EU</td>
</tr>
<tr>
<td>Export to the Row</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Garment exports</td>
</tr>
<tr>
<td>Footwear exports</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Export figures from the website of Ministry of Economy and Finance and the General Department of Customs and Excise (Cambodia)
As Figure 1 below shows, such wage increases have not affected employment which has remained solid even in the years the minimum wage has increased relatively rapidly\(^3\) (ILO 2018).

---

**Figure 1: Statutory minimum wages and employment in the garment and footwear sector (December 2008 – June 2020)**

![Graph showing minimum wages and employment trends](image)

Source: Cambodian Policy Study’s compilation and calculation based on official statistics from the Ministry of Commerce and The Ministry of Labor and Vocational Training (MLVT)

As the great majority of Cambodia’s garment factories are subcontractors and vendors, the products have low added value. Approximately three-quarters of garment exports are relatively simple and the commodities have fundamentally remained the same such as sweaters/pullovers, men’s trousers, women’s trousers, and t-shirts/singlets (Samen et al. 2016). Cambodia’s garment production mainly depends on imported inputs including fabric and other raw materials mostly from China, because Cambodia’s local supply chain and supporting sector for garment manufacturing are inadequate or even missing (World Bank, 2016). By 2016, there were only two textile factories producing knitted fabrics to supply the garment sector (Merk 2016; Samsen et al. 2016).

---

\(^3\) Employment growth averaged 14.2 per cent per annum over the past three years, a period in which statutory minimum wage growth was relatively rapid and the average monthly wage of workers increased by an average of 13.7 per cent per year (ILO 2016b).
Garment manufacturers’ leverage with buyers is undermined by the highly asymmetric power relationships between them and international buyers and intermediaries; most Cambodian garment producers are vendor factories and subcontractors. Samsen et al. (2016) indicate that most negotiations take place between the international buyers and intermediaries regarding pricing, sources of raw materials, components, and production. Negotiations exclude the local factories, leaving them with limited decision-making power (ibid.)

Cambodia’s garment production is not sophisticated, mainly comprised of cut, make and trim (CMT) production. The limited investment and technology transfer associated with this type of production makes the possibility of relocation a source of worry for Cambodia’s garment industry (Samsen et al. 2016). In addition, most of Cambodia’s garment manufacturers are strictly managed by the overseas companies which are not supportive of local entrepreneurship (Kingdom of Cambodia 2014). For instance, 80 percent of the middle management in the garment factories are not Cambodian (Merk 2016). Oftentimes, intercultural misunderstandings have contributed to tension and conflict between foreign managers and workers.

Finally, the industry faces other obstacles: public corruption4 (which it both suffers from and engages in), underdeveloped infrastructure, and energy costs5 higher than those of countries in the region. Taken together, these have caused the production costs of Cambodian firms to remain high and to have longer production lead times6

---

4. A study by the World Bank and Asian Development Bank found that nearly 80 per cent of interviewed firms reported to have made informal payments to public officials as compared to 40 per cent in Vietnam and Bangladesh (Samsen et al. 2016). Informal payments remain high compared with Vietnam, Bangladesh and Sri Lanka (ibid.).
5. One main reason behind the high electricity costs is that over a third of Cambodia’s electricity supply is imported from Vietnam and Thailand (Samsen et al. 2016).
compared to Vietnam (Samsen et al. 2016). Apart from this, there is limited possibility for the government to use exchange rate as a tool of make its exports cheaper, because the Cambodian economy is highly dollarized (ILO 2017a).

### 2.2 Wages

Wages have been an attention-demanding topic in Cambodia’s garment industry which is the only sector with a minimum wage set annually. After a decade of labor strife over low wages, the monthly minimum wage has been revised via a new wage-setting mechanism every year since 2014 following large-scale strikes and the killing of several protestors by Cambodian armed forces. The minimum wage adopted from 2015 took into account the inflation rate. As shown in Figure 3, the rapid rate of increase between 2013 and 2015 slowed considerably after 2015, and the monthly minimum wage was set at USD 190 in 2020.

Figure 3: Development of minimum wage and other benefits in Cambodia (USD)

![Figure 3: Development of minimum wage and other benefits in Cambodia (USD)](image)

Source: Graph constructed by the author using data from MoLVT

6 Lead time refers to the days between the placement of an order and its delivery to the buyer. Cambodia’s average lead time is in the range of 45-120 days (Samsen et al. 2016). This is higher than Vietnam’s (50 days), but lower than Bangladesh’s (120 days) (ibid.).
Workers employed in Cambodia’s garment and footwear can receive monthly bonuses of USD 10 for working regularly, as well as USD 7 for accommodation and travel, as shown in Figure 3. For example, in 2020, a garment worker could receive at least a monthly pay of USD 207 if she comes to work regularly.

Thanks in part to activist unions and regular monitoring and public disclosure of factory-level labor violations by the ILO’s Better Factories Cambodia program, Cambodia’s garment industry has developed a good record of compliance with minimum wage. The ILO’s 2018 BFC Annual Report, the non-compliance rate on payment of minimum wage for all types of worker was only 3.77 per cent, which is relatively low compared the other countries in the region (ILO 2018). However, the non-compliance rate for piece rate pay allowing workers to earn the minimum wage was much higher at 23.73 percent.
3.0 Industrial Relations

The industrial relations environment in Cambodia has developed significantly over the past seven years. Widespread labor unrest in the garment industry in 2013 and 2014 and the killing of wage protestors by the Cambodian government changed the relationship between employers, workers and the state significantly. Almost immediately after the protests and strikes, the government embarked on a comprehensive and on-going program of reforms aimed at developing more peaceful labor relations in the country. The garment and footwear sector minimum wage-setting mechanisms through the Labor Advisory Committee (LAC) was reformed in 2014, a new Trade Union Law introduced in 2016 and a National Minimum Wage law was adopted by the National Assembly in June 2018, setting up a National Minimum Wage Council in 2019 which has taken over the LAC minimum wage coordination role. Though many of these reforms or attempts at reform were focused on the garment industry, they had more wide-ranging effects on the relationship between the social partners.

While instituting these reforms, however, Cambodia also passed the new Trade Union Law (TUL), which international observers and trade unions complain was significantly hampering the ability of unions to organize and represent workers, through restrictions on freedom of association and collective bargaining and participation in collective disputes. A new law on associations and non-governmental organizations which was passed in 2015 aimed at curtailing the right to strike and protest has further reduced the maneuverable space for unions and civil society organizations. Industrial relations became a key part of Cambodian politics over the last five years and in turn, industrial relations have also become political.

The Trade Union Law was promulgated in 2016 in an attempt to create more peaceful industrial relations. The government and employer associations assumed that the rising level of strikes in the decade leading up to the culmination in 2013 was the result of a proliferation of unions, and their ‘political’ or ‘personal’ agendas. The law therefore aims to reduce conflict by dictating what appropriate behavior for unions and employers is. In that sense the law is much more descriptive than the 1997 labor law (Interview with CAMFEBA representative in 2018). The ILO and other international observers, as well as a series of Cambodian unions, noted that the law is not compliant with ILO core labor standards of freedom of association and collective bargaining. The law has been opposed by parts of the trade union movement since it was initiated and many unions continue to demand revisions and amendments of the law (HRW, 2018a).
4.0 Stakeholders

4.1 Unions

Cambodian unions have increased significantly in number over the past two decades. In 2020, around 4,000 local unions have been in the record of the Ministry of Labor and Vocational Training, up from 1,944 in 2010 (MoLVT 2020). The overall unionization rate in Cambodia is estimated at between 5 and 7 per cent of the total workforce, while in the garment sector, the unionization rate is very high, at 60 - 70 per cent. Beyond relatively high levels of worker activism, this high rate of unionization among garment workers is due in part to the active protection of associational rights of in the years of the U.S.-Cambodian Apparel Trade Agreement (1999 – 2005) and, to a lesser extent, the continued presence of the ILO monitoring program. The larger Cambodian labor movement has benefitted, building density in other key industries including tourism and transportation.

Today, more recent data on union density remains lacking in Cambodia. The labor data provided by MoLVT is unreliable for various reasons; the union registry does not remove unions whose registrations have already expired. What is made available by the MoLVT is the number of unions registered per year from 2017 to 2019 (Table 2). While the number of newly-registered federations on average remained the same, a gradual decline in the number of new federations and a dramatic decline in the number of new local unions is observed during the period. In fact, the number of new local unions declined by about 41 percent in 2019 from its number in 2017. This suggests that indeed it has become more difficult to organize and register a union in recent years in Cambodia.

<table>
<thead>
<tr>
<th>Union type</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confederation</td>
<td>6</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Federation</td>
<td>40</td>
<td>37</td>
<td>36</td>
</tr>
<tr>
<td>Local union</td>
<td>635</td>
<td>489</td>
<td>375</td>
</tr>
</tbody>
</table>

Source: MoLVT annual reports, 2017 to 2019.

The exponential increase in the number of unions resulted in union multiplicity, which is “the proliferation or overcrowding of mostly competing trade unions at various levels” (Serrano and Nuon, 2018: 102). Union multiplicity is in fact one of the key characteristics of the Cambodian trade union movement. To the extent that the growth in the
The number of national-level federations and confederations is higher than the growth in the number of enterprise-level unions as shown in Table 2, union multiplicity tends to be more intensified among the higher-level union organizations.

The trade union movement in Cambodia is highly fragmented, mainly into three currents. The first ‘current’ is comprised of unions supportive of the Cambodian Peoples Party-led (CPP) government. These unions are believed to have the largest numbers of members—though data on this is missing—and via arrangements with factory management and the industry association, the membership figures of these organizations are significantly inflated. These unions dominate in numbers in the government’s Labor Advisory Committee and the National Minimum Wage Council (NMWC), the mechanisms responsible for wage negotiation and other labor policies. The second ‘current’ is comprised of unions linked to and supportive of the dissolved opposition political movement, the Cambodia National Rescue Party (CNRP). Since 2017, these unions have appeared to distance themselves from the CNRP because of the government’s liquidation of the opposition party and subsequent crackdown on CNRP members and sympathizers (Strangio, 2020). The third ‘current’ represents the activist, independent unions that are not identified with either of the two political parties.

### 4.2 Employer Associations

Among a small number of employer associations established in the country, Garment Manufacturers Association in Cambodia (GMAC) has been an active and influential actor for both the garment sector and other labor policy and law areas. For many years, GMAC has been actively involved in wage negotiations, labor regulatory reforms, unions and other forms of stakeholder engagement. GMAC labor relations practices, however, include direct support to employer-linked unions which is a corruption of freedom of association and social dialogue generally.

GMAC currently represents 611 garment factories, most are Chinese manufacturers (GMAC 2020); a new Cambodia Footwear Association (CFA) was established in 2019, representing now 37 shoe-producing factories. All exporting factories, including travel goods factories, are required to be part of their sector’s sole employer association as well as the ILO working conditions monitoring program, Better Factories Cambodia, in order to receive export licenses.

### 4.3 Governmental Institutions

The Ministry of Labor and Vocational Training (MoLVT) and the Ministry of Commerce (MoC) have been the two main government agencies involved in various capacities with the garment and shoe export industry. Formulation and implementation of the labor law and regulations, technical and vocational training institutions supervision,
coordinating industrial relations between employers and workers, and collective and individual dispute coordination have been the main job of the MoLVT. The Ministry of Commerce on the other hand is responsible for registering producing factories, regulating exports and imports and determining the country’s trade policies. The annual assessment of labor rights practices by the U.S. Government in 2019 included this assessment the Ministry of Labor:

The Ministry of Labor and Vocational Training is responsible for enforcing labor laws, but the government did not effectively enforce the law. Penalties were seldom assessed and were insufficient to address problems... The government enforced standards selectively due to poorly trained staff, lack of necessary equipment, and corruption. Ministry officials admitted their inability to carry out thorough inspections on working hours and said they relied upon the [ILO’s Better Factories Cambodia program] to do such inspections in export-oriented garment factories (US DOS, 2019).

Reports from human rights organizations and Cambodia’s major trading partners noted the government’s use of court charges against activist union leaders to threaten their freedom and deter organizing efforts (HRW, 2018b).

4.4 International Unions and Civil Society Organizations

Partnership among local, regional and international labor-oriented organizations has been active in supporting Cambodian unions and promoting workers’ rights. This partnership can be classified into three groups.

The first grouping includes International Trade Union Confederation (ITUC) and Global Union Federations (GUFs). The ITUC has been engaging its regional organization members in the Asia-Pacific region in the partnership. The GUFs include IndustriALL, Building and Wood Workers’ International, International Union of Food and Allied Workers, International Transport Workers’ Federation, Public Services International, Education International, and International Domestic Workers Federation.

The second grouping is made up with the International Trade Union Solidarity and Support Organizations (TUSSOs). TUSSOs have developed various partnerships with Cambodian unions. The members of this group include but are not limited to Union Aid Abroad - APHEDA, the Solidarity Center (SC), National Federation of Christian Trade Unions in the Netherlands (CNV), Swedish Trade Union Confederation-Swedish Confederation of Professional Employees, Confederation of Christian Trade Unions of Belgium, and the Friedrich-Ebert-Stiftung (FES).

The third grouping is in the form of collaboration and coordination among local and international Non-Governmental Organizations (NGOs) working in different sectors. The NGOs are not union-based and their strategic priorities are not necessarily originally based on union-related issues. The NGOs may be operating some of their
programs related to trade unions and worker’s rights. Local NGOs include the Community Legal Education Center (CLEC), the Center for Alliance of Labor and Human Rights (CENTRAL), the Cambodian League for the Promotion and Defense of Human Rights (LICADHO), and the Cambodian Human Rights and Development Association. The international NGOs include OXFAM International, Action Aid, CARE International, and Worker Rights Consortium (WRC).

Local and international NGOs also work in different capacities and roles in supporting workers and unions. Their major roles include capacity building through training and education, research including wage surveys, providing some financial support and technical services for workers, and advocacy support for labor demands.

Since 2001, the Better Factories Cambodia (BFC) project of the ILO has been monitoring working conditions in the garment sector in Cambodia. The project has been using a comprehensive checklist of working conditions based on the Cambodian Labor Law and International Labor Standards. Specifically, BFC runs training and advisory service for the factories under its monitoring and being a reference point to indicate compliance trend. BFC’s significant roles for the industry include (1) compulsory monitoring for all exporting factories, (2) continuation of the ILO’s supervision in light of limited inspection capacity and governance challenges of the Cambodian Ministry of Labor, and (3) broad stakeholder participation including buyers, their suppliers, employer association, trade unions and the government. BFC, however, faces several challenges. Firstly, participation now depends not of the terms of the 1999 trade agreement but a requirement by the Cambodian government. Secondly, it does not address basic job security and genuine bargaining between employers and workers and finally, it covers only formal garment sector while the informal sector is also large.
### 4.5 Stakeholder mapping - Freedom of Association (FOA) and Collective Bargaining (CB)

<table>
<thead>
<tr>
<th>Stakeholder and their categories</th>
<th>Influences (To facilitate or impede reforms)</th>
<th>Interest (In keeping status-quo versus reforms)</th>
<th>Capacity (To push or impede reforms)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Labor and Vocational Training</td>
<td>The ministry has developed a law for trade unions which includes some reform for collective bargaining rule and other trade union restrictions like financial reporting and other conditions for unions to take industrial actions. The ministry could also get employer and most of worker organizations to take its positions and they have to negotiate with independent unions to move things properly and peacefully.</td>
<td>The ministry has already done some reforms in law and practice. However, the ministry wishes to do it slowly and have sufficient control over this issue. They control and wish to continue to control their unions even under pressure. They want to reduce disputes by among others controlling unions. They wish to comply with international standards as well.</td>
<td>They still have limited capacity and experience in handling freedom of association and bargaining. They still have to review their existing regulations and policies to address challenges in these areas. They lack capacity to work on these areas in any other sectors than the dominant garment sector.</td>
</tr>
<tr>
<td>CAMFEBA (Cambodia Federation of Employers and Business Association); GMAC (Garment Manufacturers Association of Cambodia); CFA (Cambodia Footwear Association)</td>
<td>They are an important representative organization for the unions and bargaining issues. They influence policy and practice in this area. They still have contentions with unions on the two areas. They are mobilizable.</td>
<td>They are interested in providing service to their members to benefit from policies and practices related to unions and bargaining. They engage with the government and other actors mainly to make any reform or no reform in their interest.</td>
<td>The associations are technically capable and able to block or slow down the reform which is the case for unions and bargaining issues.</td>
</tr>
<tr>
<td>Pro-government trade unions</td>
<td>They take the line the government has chosen and therefore are less influential for the reform.</td>
<td>They want to have status-quo as they don’t have any challenge. A reform normally costs them publicly and among their members. Once reforms are made on the two areas, they use their legitimate roles to obstruct their union counterparts to push for reforms in favor of workers.</td>
<td>They are weak organizations with a lot of capacity improvement needs.</td>
</tr>
<tr>
<td><strong>Independent trade unions</strong></td>
<td>They are quite strong and influential and are particularly interested in the reform in these two areas. They are well supported by international and national organizations in their pursuit to influence the ministry to reform.</td>
<td>They have a huge interest to have reforms. They have campaigned for the reform and to some degree have been successful particularly for freedom of association although they face a huge challenge.</td>
<td>They need relief from employer and government interference and repression, and need technical support in the form of data, analysis and recommendation for the reform. Their organizations are also weak and need to be further strengthened. They have engaged members who could be mobilized to push for their agenda.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Union members</strong></td>
<td>They have low capacity and are not engaged with their unions, therefore having little influence in their organizations. They are attractive to unions and other influential actors like the government and international actors like brands and other human rights organizations. They are mobilizable by their unions to influence policies and practices concerning their work.</td>
<td>They are interested in better working conditions and pay. They are of course reliant on their unions to work on this. They can join campaigns when called by their unions.</td>
<td>Many of them are unskilled and get used to not having the courage to demand for changes in policies and practice. They do need awareness raising on their rights as workers, unions and other related issues.</td>
</tr>
<tr>
<td><strong>International Labor Related Organizations</strong></td>
<td>They are involved and to some degree influential to the ministry and worker and employer organizations.</td>
<td>They are interested to push for reforms in these areas. They highlight problems in the two areas to get the ministry and worker and employer Organizations to undertake the reform.</td>
<td>They are capable in many areas and their technical skills are also beneficial to the local agencies and Organizations in particular in the areas of discussing the issues and finding proper ways to resolve it. Their connections and power beyond national level are important to support local actors to engage for improvements in these two areas.</td>
</tr>
<tr>
<td>Political parties</td>
<td>Global brands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>--------------</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td><strong>They are important to reforms for unions and bargaining. They are influential to both independent and government unions as for their political reasons they need to collaborate with unions and their worker members. The political parties are in contention in these areas.</strong></td>
<td><strong>For garment sector, the brands are powerful and could influence working conditions, pay and union freedom and bargaining by using their purchasing practice and relationship with the government, employer associations and trade unions.</strong></td>
<td><strong>They do have high capacity to make changes in policies and practices. They often also need financial and political support on their reform agenda.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>They are particularly interested in working with the unions and having the reforms particularly for trade union issues. They are both interested in and interesting to workers for their roles to make changes on working conditions and pay for the workers.</strong></td>
<td><strong>For branding purpose and pressure from their consumers, they are interested in unions and bargaining policies and practices and of course reforms in the areas. They wish the public and actors to think they comply with their code of conducts which include compliance on labor standards which makes it good for their business. However they are not willing to pay a higher price in return and have a track record of leaving countries that become less competitive especially in labor prices.</strong></td>
<td><strong>They have high technical and financial capacity. They have broad relationship with actors at national and international level to influence the reforms if they find it attractive to do so.</strong></td>
<td></td>
</tr>
</tbody>
</table>
5.0 Freedom of Association

Cambodia has been ranked among lowest performers in the world for the violation of workers’ freedom of association and collective bargaining rights. In 2020, Cambodia received a 5 rating from the ITUC Global Rights Index. Countries with 5 ratings are “the worst countries in the world to work in” where “workers have effectively no access to [their rights] and are therefore exposed to autocratic regimes and unfair labor practices” (ITUC, 2020).

The 2016 Trade Union Law (TUL) included provisions that do not comply with international standards including undue administrative and legal burdens on unions that distract the process of setting up union; government control over union finances; restricted conditions for the ones who want to be elected as union representatives; a union is dissolved if an official do illegal things, which is based on the a decision by the Labor Court; unfair labor practices has a broad scope or are loosely defined; and troublesome restrictions on the right to strike which have negative impact on the ability to exercise collective bargaining right (Xhafa and Nuon, 2018).

Ten articles of the TUL were amended in December 2019. Though the procedures for union registration have been facilitated by the amendments, they did not have sufficient substance and could not address the major aforementioned issues. Hence, domestic and international labor unions have called for further consultations between the government and the independent unions.

Many sources reveal severe violations of basic rights of workers. Impunity regarding “[a]cts of anti-union discrimination, intimidation, and retaliation” is commonly known (US State Department, cited in Merk 2016: 9). A severe crackdown by the government on union leaders and workers during 2013 and 2014 culminated in Cambodia’s military police shooting real bullets at a crowd of protesters, killing five of them and injuring dozens (ITUC 2016). The government, with support from GMAC, introduced new restrictions on union activities after the killings of wage protestors. However, some of these restrictions were reversed under extreme pressure from the European Union as it considered revoking a trade privilege (EBA) for Cambodia that was tied to respect for human rights (RFA, 2020).

Employer interference with workers’ freedom of association is systemic. Common tactics include: the creation of unions controlled by firm management, demotivating and intimidating workers from forming or joining a union; and distracting the union formation process by expelling, discriminating, bullying or bribing the union representatives (Merk 2016; Human Rights Watch 2015; Nuon and Serrano 2010). Fixed-dura-
tion contracts are commonly used by employers to either terminate the contracts of labor union representative and activists or to recruit men on shorter-term contracts in order to them from participating in a union (Human Rights Watch 2015; the Clinic 2011). Using fixed-duration contracts also impeded the process the union formation by making it more time-consuming (Clinic, 2011). Additionally, this kind of contract is used as a discriminatory tool by the employers against union activists by sharing the information (blacklisting) with other employers (Human Rights Watch 2015: 61). For instance, some factories informed each other about labor union activists who were fired for participating in the minimum wage demonstrations, making it difficult for them to be re-employed (Merk 2016).
6.0 Collective Bargaining

The high levels mistrust in industrial relations has been further soured by an environment with restricted freedom, employer and government interference (Ritchotte 2010). These problems have also weakened the possibility of promoting working conditions through collective negotiation even though the rate of union formation is high. For instance, among 620 factories in Cambodia in 2014, there were only 37 collective agreement registered at MoLVT, and most of them were on single or ad hoc basis (Ward and Mouly 2016). Restricted to firm level, collective negotiation coverage remains fragmented with low quality7, in part because of low compliance with legal provisions, which urges unions to focus on compliance rather than bargaining improvements (Merk 2016; ILO 2016c; Reeve and Hwang 2015), and also because the possibility for negotiations at factory level is limited, due to the structural power imbalances in the industry, mentioned earlier. As a result, labor unions find it very hard to achieve ‘most representative status’ and to win recognition for bargaining from MoLVT.

Finally, the very limited negotiation skills among unions has also affected the extent and quality of collective negotiation, which still remains in its early stages, although it is slowly gaining ground in some areas including garments, hotels and tourism, airports, and other services. There were 543 CBAs registered at MoLVT between 2003 and January 2017; 483 or 90 per cent of these registered CBAs belonged to the garment and footwear sector (Reeve and Hwang, 2015: 27). (In 2014, there were 18 CBAs from the hotel and tourism industry and 13 agreements were from the service sector).

The 483 CBAs reported by the MoLVT include all CBAs since 2003 and many of these CBAs are of low qualities. The official data on the actual number CBAs is not available yet. In contrast, with only 26 registered CBAs in 2016 across 620 garment factories, it suggests that less than 5 per cent of the garment factories negotiated CBAs in that year. Most of the registered CBAs has limited coverage as it is marginally better than what the Labor law and regulations could offer.

At some levels, some provisions of the Trade Union Law provide room for increased the collective negotiation (although this has not materialized). For instance, the minimum requirement for a union membership to be eligible to apply for recognition as the most representative union, the status required to become a sole negotiation party for unions, was reduced in 2019 to 30 percent from 51 percent of all workers in an enterprise.

---

7. The vast majority of the CBAs include provisions stipulated in the labor law and include provisions on frequency of wages payment; only a small number include provisions about bonuses, working hours, health and safety and others (Merk 2016; Reeve and Hwang 2015).
7.0 Social Dialogue

At the national level, the Labor Advisory Committee established in 1999 is comprised of 14 representatives from the Royal Government of Cambodia, including the chairman, as well as seven representatives from employers and seven from workers. The Labor Advisory Committee provides a mechanism for the tripartite constituents to engage on issues of labor disputes and labor complaints, labor law reforms, employment, wages (including setting the minimum wage), vocational training, migration, improvement of the material and moral conditions of workers, and health and safety.

Tripartism in general, and in the garment and footwear industry in particular, is characterized by power which is “heavily skewed... towards the interest of government and employers” (Arnold 2015: 2). Over the years, the Garment Manufacturers Association in Cambodia has effectively succeeded “to get things done with the government, in particular the Ministry of Commerce” (ibid.). Moreover, the Council is dominated by government-aligned unions (Reeve and Hwang 2015; Merk 2016). The informal venues for tripartism, too, “are often ad hoc, irregular, informal and not that conducive to actual bargaining” (Merk 2015: 22).

Wage-setting in the garment industry changed considerably after the killing of wage protestors in 2013 and strong interventions by global buyers and trading partners. A new minimum wage-setting mechanism was created with support from the ILO and the process became markedly more regular. Wages began a steady climb, and strike activity declined, after a decade of little or no growth. Under the 2018 Minimum Wage Law, a National Wage Council was set up in 2019 which is composed of 51 members, 17 from each of the tripartite representatives of the Cambodian Government, Employers and Workers. The council’s main task is ultimately to negotiate and determine wage level for all sectors, but currently only for the garment sector.

The Arbitration Council, an independent tripartite body created in 2003 had become the locus of much of the practical, factory-level social dialogue in Cambodia’s garment industry. When conciliation of labor disputes conducted by the MoLVT are unsuccessful, cases are forwarded arbitration. Although its awards are non-binding and non-enforceable—unless parties decide otherwise—it has a reputation among apparel buyers and trade unions of being efficient and neutral.

However, the Trade Union Law (TUL) (Article 54 on MRS and Article 14 on new registration requirements) has changed the industrial relations environment and is primarily responsible for fewer cases registered with the AC (Figure 4). The key factor that led to the reduction in collective cases has not been a reduction in workplace grievances and disputes, but rather the increased barriers for unions to submit cases to the MoLVT as only MRS unions have been considered qualified to submit collective dispute cases.
The MoLVT and its provincial departments have begun to reject cases where unions, in their view, do not meet the requirements outlined in the TUL. They have also encouraged unions to file their cases as individual disputes instead. The TUL has simply led to a situation where a number of legitimate collective cases can no longer be conciliated by the Ministry and ultimately can no longer be arbitrated by the Arbitration Council. This is a direct contradiction to the labor law which envisaged all collective cases to be conciliated or arbitrated.

Figure 4: Number of arbitration cases, 2003-2019

![Graph showing the number of arbitration cases from 2003 to 2019. The number of cases registered ranges from 0 to 400.]


Workers and unions have found alternative ways to express and solve their grievances. Unions have moved their complaints from the statutory mechanisms to non-statutory mechanisms. This has, in turn, increased pressure on buyers to get involved in workplace disputes, and most strikingly, resulted in an exponential rise in individual labor disputes which have led to a rise in wildcat strikes. Some cases were also returned to the workplace for further negotiation, after being rejected by the Ministry. These further negotiations and other alternative pathways for labor dispute resolution have been taking place in a tense political and industrial relations climate, so that often solutions are less effective and sustainable than if they had gone through the pathway envisaged in the 1997 Labor Law.
The 1997 Labor Law envisaged a statutory mechanism where all workplace disputes are conciliated and ultimately resolved through arbitration or adjudication. The Trade Union Law has created a mechanism where the conciliation procedures at the Ministry and its provincial/municipal departments no longer address all workplace disputes. Due to the MRS requirement, many cases are either defined as individual disputes or rejected outright. This has also led to unions no longer filing collective disputes with the Ministry or provincial/municipal departments. It seems that the key barrier to collective disputes, which has led to a significant reduction of cases at the AC and the Ministry, is the access to the conciliation services by the Ministry and its provincial/municipal departments. There are therefore clear contradictions between the 1997 Labor Law and the practice of labor dispute resolution, which has developed since the promulgation of the Trade Union Law in 2016. This has led to more collective disputes either not resolved or not resolved adequately through more informal mechanisms.

It should be noted that among the labor law amendments proposed recently is the suggestion that the AC also arbitrates individual cases defined by the MoLVT. This is of serious concern as collective cases can be changed to individual cases by the Ministry, and local and national unions found it too difficult to make and process their cases.
8.0 Experiments/Innovations

Brands and international buyers have played an increasingly important role in encouraging employers and the government to comply with labor standards and respect workers’ rights. Firstly, many buyers involve themselves in BFC monitoring programs by both purchasing the reports and addressing the identified areas of non-compliance, albeit on a limited scale. Secondly, buyers at times intervened in individual cases at the factory when unions or other labor NGOs called for their intervention. Some selected brands also have their representatives in the country to both observe and address any emerging problems in their sourcing factories. Thirdly, some buyers also work with global unions to implement some significant projects like the Global Framework Agreement concluded in 2016 between H&M and the global union federation IndustriALL, and the ongoing industry-wide bargaining initiative called Action, Collaboration, Transformation (ACT). Finally, several buyers’ organizations have been actively advocating for amendments in the Labor Law and the Trade Union Law, as well as the introduction of new laws (e.g. Law on Minimum Wage), that are aimed at protecting labor rights and promoting workers’ welfare.

8.1 Action, Collaboration, Transformation (ACT)

ACT is a foundation jointly created by global brands and retailers in the garment and textile sector and IndustriALL, the global union federation representing workers in the manufacturing sector, including garment and textile.

ACT began with the signing of a Memorandum of Understanding (MoU) between IndustriALL and 19 global brands in 2015. As a joint and long-term effort, all signatories of the MoU commit to support higher wages and facilitate the payment of a living wage in the garment industry by linking purchasing practices to collective bargaining at industry level between national unions and employer associations (i.e., GMAC). ACT member brands also commit to make Cambodia a preferred sourcing and investment destination for a number of years.

The ACT initiative is premised on the assumption that the cost of higher wages and better working conditions resulting from negotiations between unions and the employer association will in some way be covered by buyers. This opens up space for collective bargaining on wages in Cambodia’s garment industry. If successful, a collective bargaining agreement will be achieved from this negotiation and coordination process and it will be applicable for the whole industry. ACT is the first initiative to link purchasing practices of buyers with collective bargaining on wages, and the first collaborative effort by brands to assess and reform their purchasing practices. Nonetheless, the ACT
commitments are contingent on the full exercise of freedom of association, a collective bargaining agreement which sets continuous and significant wage increases, and the development of a robust monitoring and enforcement mechanism within the CBA.

In November 2017, a series of stakeholder workshops was held in Cambodia. ACT member brands and IndustriALL presented the development of country level commitments and began a consultation with the relevant main stakeholders—the MoLVT and the Ministry of Economy and Finance, Cambodian trade unions, and the employer association GMAC. The ACT delegation also held meetings with national and international actors involved in labor relations where the involvement of ACT in the national sectoral collective bargaining was discussed.

It should be noted that sectoral bargaining between the trade union bargaining council and the GMAC already began in early 2017 with technical support in the form of training and coordination from the ILO Cambodia wage project. A draft working proposal prepared by unions, which cover working conditions, wages and benefits, has been the subject of negotiation between the trade union bargaining council and GMAC throughout 2018. The ACT country consultation in late 2017 and 2018 provided further support to the process.

There is as yet no agreement. If an industry-wide agreement is signed, ACT will develop a monitoring and enforcement system to guarantee the enforcement of the industry-level agreement and monitor the fulfillment of the ACT member brands’ commitments.

The bargaining process has been held up as GMAC withdrew from the bargaining table pointing to a threat of EBA withdrawal by the EU. The temporary withdrawal of tariff preferences, which took effect in August 2020, affecting selected garment and footwear products, and all travel goods as well as sugar. The withdrawal amounts to a possible loss of around one-fifth or EUR 1 billion of Cambodia’s yearly exports to the EU (EC, 2020). It also means that 12 percent of tariff will be added on Cambodia’s apparel exports and somewhere between 8 percent and 17 percent on shoes (Turton, 2020). The EC however clarified that all emerging industries and high value-added garments and certain types of footwear in Cambodia will continue to enjoy duty-free, quota-free access to the EU market.

Cambodian trade unions and IndustriALL have been trying to revive the sectoral bargaining through exploring with GMAC a first step: a voluntary, flexible and multi-employer agreement focused on living wages with ACT buyers’ support through their purchasing practices. This has not materialized mainly due to GMAC’s unwillingness to negotiate citing the impact of Cambodia’s loss of EBA privileges.

In the beginning 2020, ACT secretariat started meeting some major Cambodian unions to discuss with ACT brands sourcing from Cambodia to determine the effect of the COVID-19 crisis on the Cambodian garment industry and discuss the role of brand purchasing practices need to play in supporting the industry and workers during the crisis and recovery. The dialogues are on-going and will become part of the broader ACT implementation in Cambodia.
9.0 COVID-19 impacts on the industry, workers and unions

COVID-19’s impact on Cambodia’s employment, wages and earnings

Like many countries in the world, Cambodia has not been spared by the health and economic impacts of the COVID-19 pandemic. The first case of transmission in Cambodia was found in January 2020, and most of the infections in the country have come from abroad. The Cambodian government imposed a flight ban for 30 days from countries which had high rates of COVID-19 infection. Surprisingly, China was not included in the list although it was a Chinese national who brought the first known infection into Cambodia. The April Khmer New Year celebration was cancelled and travel restrictions were imposed between Phnom Penh and the provinces, and vice versa. The government did not impose an official lockdown for the garment industry (David, 2020).

At the outset, the impact of COVID-19 and the various control measures exacted a heavy price on the garment factories in the country. The sudden halting of the economy in the first quarter of 2020 in order to arrest the spread of virus infection prompted garment and footwear factories as well as other enterprises in Cambodia to partially or totally shutdown operations. Adding to this misery, several global buyers and retailers cancelled existing orders and postponed others, badly affecting garment factories which had no other recourse other than to lay off workers or cut their wages. The Clean Clothes Campaign estimates that, in the aggregate, in March 2020, workers experienced an 18 percent wage gap, a 30 percent wage gap in April 2020, and a 51 percent wage gap in May compared to their earnings in January 2020 (CCC, 2020). Those workers who are temporarily suspended from work received less than the minimum wage or were not paid at all (Asia Floor Wage Alliance, 2020). A July 2020 report of the Solidarity Center cited a joint statement from GMAC, the Cambodia Footwear Association (CFA) and the European Chamber of Commerce in Cambodia stating that approximately 400 factories had suspended their operations affecting 150,000 workers (Solidarity Center, 2020).

With regards to wage subsidies for garment (and tourism) workers affected by suspension of business operations due to the economic slowdown, the government opted to provide support with the following scheme: provision of USD 70, about 37 percent of the current minimum wage of USD 190, and of this amount, the government pays USD 40 while the employer covers the remaining USD 30. With this arrangement, the MoLVT issued guidelines to garment factories and tourism industry advising those who has suspended their operations to provide contacts of their affected workers so that they could be provided with the wage subsidy transfer. However, the scheme was
characterized by unions and workers themselves as ineffective because of its stringent and unclear procedures. In addition, workers lamented that what the government provided as a subsidy to help suspended workers did not compensate for the loss of back pay, seniority bonuses and other requirements in the government’s notification (No. 018). The government had also relaxed regulation on notice of factory closure requirements and even suspended the payment of biannual indemnity payment to workers. Other control and support measures taken by the Cambodian government included ensuring schools and enterprises were being properly disinfected, extending tax break for factories, provision of assistance for displaced workers as well as exemption to worker payments of contribution to the National Social Security Fund (NSSF).

In November 2020, the Cambodian government reported a job loss of 300,000 workers in the entire economy since the beginning of the year. The Asian Development Bank (ADB) predicted that there would be 390,000 to 570,000 job loss in 2020 nationally and garment sector will be most affected (ADB, 2020).

The extent of these job and income losses will likely undermine the poverty reduction program effort of the government. As estimated by the UNDP, the poverty rate in Cambodia increased nearly double to 17.6 percent because of the impact of pandemic. It could be noted that in 2019, 8.3 percent of Cambodian workers were extremely poor and another 28.6 percent were poor (UNDP, 2020). Any impact on employment will tend to have a greater impact to livelihood earnings as households derived much of their earnings in wages and salaries. With no adequate income guarantee for the affected workers, many are at high risk of sliding back into extreme poverty level.

**Government’s Response**

The extent of the pandemic on employment and income will largely depend on the impact of the policy responses described above aimed at addressing employment contraction and disruptions of livelihoods. A series of stimulus packages that involves expansion of social protection and tax relief have been proposed but funding for these measure would come from reallocation of government funds for some capital projects, and support from philanthropists and international bodies.

While Cambodia enforced strict containment measures to avoid the spread of COVID-19, the government strictly enforced restrictions on fundamental rights of the people including the right to privacy, freedom of speech and the right to peaceably assembly. It also moved to roll back pay and labor standards. At the peak of massive lay-offs of workers due to business stoppages, the government used the COVID-19 pandemic as a reason to propose amendments to reduce overtime pay to normal hours, remove paid leave for public holidays that fall on weekends and limiting access to collective labor disputes mechanisms. The government through the MoLVT issued an advisory to employers that they are not compelled to provide separation pay to workers if their business closed due to economic impact from COVID-19.
It should be noted that the situation has been exploited by the government to reverse political and economic rights. Laws have been passed to further regulate public spaces and freedom of movement. For example, new public order and state of emergency laws have been drafted to grant unrestricted power to the prime minister to curtail rights of the people in the name of “more civilised society” which received an uproar and strong condemnation from trade unions and civil society organizations as it will impede the exercise of freedom of expression, association, assembly and other fundamental rights.

Impact of COVID-19 on workers and trade unions and union’s responses

A union survey commissioned by the Solidarity Center with support of USAID gathered data to understand the situation of workers and trade unions in the period of the pandemic.8 Relevant key results from the survey findings are explained below:

• Many local unions surveyed reported that work was suspended or totally stopped during the pandemic and the workers were paid reduced wages from the payment shared by the government and employer.

• In the operating enterprises, workers noted measures to prevent the virus spread mainly temperature check, hand washing, and COVID-19 awareness-raising. Some workers in the factory were placed under mandatory quarantine.

• At the union federation level, organizing, training, negotiations, and campaigns requiring mobilization of workers were mostly suspended or reduced. Social media was turned to by the unions to keep in touch with members and continue important campaigns.

• A majority of union respondents noted violations of regulations on work suspension as a result of closure of enterprises. Workers’ work contracts were terminated without compensation, or with reduced compensation.

Trade unions’ involvement in policy responses were largely limited to information dissemination. Little dialogue between unions and employers took place. Local union representatives were involved in the COVID-19 risk assessment and determination of appropriate measures to prevent the spread of the virus in the workplace. Many of the federation respondents reported getting involved in the development of the government’s measures to address the effects on workers although the measures only involved disseminating with employers the hygiene instructions from the ministry of health. Local unions also took their own actions to protect their members by providing training on the infection prevention and requesting employers to allow space to have physical distancing. Some federations reported organizing local union training on the

---

8. SC has kindly agreed to share the survey findings concerning the impacts of the Covid-19 on workers and unions and their response. This input is significant given the need to understand deeply what has been happening at national and local union levels with regards to the effects and responses to the pandemic. The author is particularly grateful to SC for this contribution to this paper.
virus protection and encouraged workers to demand use of masks, soap, alcohol and a clean workplace that enables social distancing. Some federations also indicated that they have made demands to the government through their petitions to request that NSSF provide support to workers impacted by the pandemic, raise funds for workers, and give support to vulnerable group of workers including pregnant women.

**Call to Action**

In response to the COVID-19 pandemic and the ensuing crisis for the garment industry, the ILO helped broker the COVID-19: Action in the Global Garment Industry Call to Action (Call to Action). The Call to Action was negotiated in April 2020 between the International Organization of Employers (IOE), International Trade Union Confederation (ITUC), and IndustriALL Global Union. Several global brands, MSIs, NGOs, and employers’ associations have signed on to the Call to Action. The Call to Action seeks to provide economic support to garment workers and develop social protection capabilities in garment-producing countries affected by the pandemic.

In May 2020, the Call to Action’s Working Group selected Cambodia in its list of priority countries (ILO, 2020a). Within its priority countries, the Call to Action established National Working Groups to guide and implement the initiative (ILO, 2020b). In Cambodia, the National Working Group consists of unions, CAMFEBA, GMAC, and ILO-Better Factories Cambodia. CAMFEBA, GMAC and the government have not however endorsed the Call to Action. In October 2020, the ILO announced that the German government committed to spend EUR 1.95 million for Cambodian workers affected by the pandemic (ILO, 2020b). There has been an arrangement to pay on workers with young children whose job have been lost or suspended. The fund will be managed by the National Social Security Fund (NSSF). Additional discussions on disbursement and oversight are ongoing (ILO, 2020b).

---

10.0 Conclusion

The Cambodian garment industry plays a critical role in Cambodia’s economy, representing over 70 percent of exports and employing over 500,000 workers. The industry has experienced significant growth since the early 2000s, reaching the ninth largest share in world apparel exports in 2019. Despite this growth, industrial relations in the industry has been fraught with animosity and repression. The industry’s low wages, poor working conditions, and limited space and acknowledgement of worker voice came to head in 2014 when Cambodian government forces violently repressed workers protesting for higher wages.

Cambodia ranks among the lowest performers in the world for violation of workers’ right to freedom of association. From a legal standpoint, Cambodia’s legal framework – particularly the 2016 Trade Union law – includes provisions that impose undue administrative and legal burdens on unions as well as government control over union finances and activities. In practice, employer interference with trade union organizing is commonplace. Common tactics include: the creation of unions controlled by firm management, demotivating and intimidating workers from forming or joining a union; and distracting the union formation process by expelling, discriminating, bullying or bribing the union representatives. Furthermore, institutional support mechanisms for social dialogue and conflict resolution have not adequately provided trade unions with reprieve or fairly adjudicated their cases. Government actors suppress union cases from reaching the Arbitration Council.

Despite these very persistent obstacles, independent trade unions are active in Cambodia. The growth of independent unions in the garment industry specifically was due in part to the active protection of associational rights of in the years of the U.S.-Cambodian Apparel Trade Agreement (1999 – 2005) and, to a lesser extent, the continued presence of the ILO Better Factories monitoring program. The larger Cambodian labor movement has benefitted, building density in other key industries including tourism and transportation. Still, the Cambodian trade union landscape is highly fragmented with independent unions competing with government and management-aligned, non-independent unions.

The effects of imbalance among government and employer interests and worker interests on the other have led to an industrial relations system where tripartite forums are skewed in the interests of employers and little social dialogue with genuine worker input occurs. Over the years, powerful industry actors, particularly GMAC, have succeed in leveraging the government, pushing reforms that have relaxed worker and trade union protections. This imbalance has made it difficult for social dialogue initiatives, particularly those seeking sectoral bargaining such as ACT, to make any progress in negotiating agreements for workers.
The COVID-19 pandemic has further demonstrated the absence of social dialogue and lack of political will by the Cambodian government and employers to engage with trade unions and workers. Employer Associations lobbied the government to remove worker protections and benefits such as severance and certain weekend overtime bonuses. Trade unions were largely not involved in the policy formulation process and their role was limited to information dissemination. For social dialogue to work, state and employers must refrain from unilateral decision making. However, the current lack of political will by government and employer actors show that prospects for social dialogue in Cambodia are bleak.


The Clinic (International Human Rights Clinic Yale Law School) *Tearing apart the seams: How widespread use of Fixed-Duration Contracts threatens Cambodian workers and the Cambodian Garment Industry*. 2011


__________. *Decent Work Country Program for Cambodia 2016-2018*. Phnom Penh: ILO. 2016c

__________. “Recent trade policy developments and possible implications for Cambodia’s garment and footwear sector” *Cambodian Garment and Footwear Sector Bulletin*, No.5. Phnom Penh: ILO. 2017a

__________. “What explains strong export and weak employment figures in the Cambodian garment sector?” *Cambodian Garment and Footwear Sector Bulletin*, No.6. Phnom Penh: ILO. 2017b


Vixathep, Souksavanh. and Keo, Socheat. “Sources of post-MFA productivity change in the Cambodian garment industry.” Journal of University of Hyogo 69 (2): 61-88. 2017


Acknowledgements

New Conversations Project
Cornell University, School of Industrial and Labor Relations

This report is part of the Social Dialogue in the 21st Century project, with the support of the Fair Wear Foundation through the Strategic Partnership for Garment Supply Chain Transformation.

Special thanks to all of the research participants without whom this report would not exist.

Special thanks to Mondiaal FNV and CNV Internationaal for their contributions and support via the Strategic Partnership for Garment Supply Chain Transformation.

www.ilr.cornell.edu/new-conversations-project-sustainable-labor-practices-global-supplychains

www.fairwear.org
Mapping Social Dialogue in Apparel: Myanmar

New Conversations Project
Cornell University School of Industrial and Labor Relations & The Strategic Partnership for Garment Supply Chain Transformation