

Cambodia – Labour Market Profile 2012

Executive Summary

Main Issues on the Labour Market

- Export which make up half of Cambodia's GDP, is dominated by labour intensive textile and footwear production, making it the country's most prominent industry. Under the favourable Multi-fibre trade agreement coupled with transparent monitoring of working conditions, the industry experienced explosive growth. After 2005 when the Multi-fibre Agreement was phased out, Cambodia has maintained a niche of ethically produced textiles with the monitoring continuing under ILO supervision, though these are only minority of all textile factories.
- In 2002 the Arbitration Council was established to handle the increasingly contentious industrial relations, caused by increasing strikes, lack of social dialogue and non-existent labour courts. The Council is an advance in the labour law system of Cambodia and has effectively taken the place of labour courts. The Council is widely respected for its even-handed and impartial investigations and rulings. However, a common union complaint is that the Council's decisions are nonbinding, making it easy for employers not to implement decisions.
- Short-term and precarious employment is increasingly common. Workers in garment factories have three months contracts which bar them from maternity leave and discourages workers from joining unions, due to fear of reprisals. Cambodia has been hit particularly hard for an Asian country by the Great Recession, and the garment sector has shrunk somewhat. Many laid-off workers have moved back to agriculture or into the informal economy. The industry also experiences severe shortages of skilled personnel, contentious labour relations with frequent strikes.
- It is common to find non-compliance with minimum wages and labour standards, particularly leave and excessive use of overtime.

Labour Market Developments

- The labour market in Cambodia has been characterised by increasingly unrest and strikes in 2012. Partly due to the poor working conditions, but also because the Memorandum of Understanding on Industrial Relations in the Garment Industry expired in November 2011. In October 2012 the Cambodian Trade Union and the Garment Manufacturers Association in Cambodia (GMAC) along with trade unions, signed a new Memorandum of Understanding. It is a two-year-agreement that binds the Arbitration Council to promote harmonious industrial relations in Cambodia.
- Mass fainting are an increasingly common phenomena with more than 900 workers in 11 factories who fainted in the first 8 months of 2012. The faintings are caused by workers' poor health condition, low blood pressure, low blood sugar and poor working environment in the factories. Other reasons are attributed to poor living conditions, poor hygiene, and unsafe food. They have also been exposed to long working hours in order to qualify and be entitled to bonuses.
- Identifying trade union divisions as a major obstacle to advancing workers rights, seven trade union federations representing about 260,000 members signed a unity agreement in November 2012, addressing common issues.
- Violent and uncompensated expropriation have increased to make way for foreign investors. The land grabs have led to discussion if Cambodia should be excluded from EU trade benefits.



Contents

Trade Unions	3
Trade Unions in Cambodia	4
Employers' Organisations	6
Central Tripartite Structures	6
National Labour Legislation	7
ILO Conventions	7
Trade Union Rights Violations	8
Working Conditions	8
Workforce	9
Unemployment and underemployment	10
Sectoral employment	10
Migration	11
Informal Economy	12
Child Labour	12
Gender	13
Characteristics of the Working Age Population	13
Social Protection	15
General Economic Performance	16
Trade	17
Trade agreements	17
Export Processing Zones.....	17
References	18



Trade Unions

Trade unions in Cambodia (2012)	
Registered trade union confederation	8
Registered trade union federations	41
Registered trade unions	1758
Dues per month (standard)	\$0.25
Members of trade unions	483,945
Trade union members share of labour force	5.8 %
Trade union members to waged workers	19 %
Female member share of trade unions (CLC)	60 %
Number of CBAs	52
Workers covered by CBAs	41,500
Share of waged workers covered by CBAs	1.62 %
Labour force ¹	8.3 million

According to the ILO,² The number of trade unions in Cambodia has recently expanded exponentially, led in large part by the rapidly expanding garment industry, but also more recently by the success of the construction, transport, hotel and tourism sectors which have pressured for union formation.

In 2004 there were one registered trade union confederation and 431 trade unions. In the 2010, there were 8 confederations and 1,758 trade unions. The growth of unions is also encouraged by NGOs as well as political parties seeking to mobilise support and build spheres of influence.

According to the U.S. Annual Human Rights Report,³ the majority of unions were affiliated with the ruling party, though some were politically independent. At the same time unions leaders from across the political spectrum complained that the pro-government Khmer Youth Federation of Trade Unions often threatened and harassed workers from other unions.

An independent trade union movement is still relatively new in Cambodia, as until 1997 only a state-controlled union federation existed. In fact, the legacy of the past is still very much observed in many Cambodian unions today as union leaders who led state-controlled unions in the past still figure prominently in union leadership today.⁴

Some of the largest trade union federations in Cambodia signed a unity agreement in November 2012. Identifying trade union divisions as a major obstacle to advancing workers rights CLUF, TUWFPD, CLWLFU, CUF, CIFTU, NIFTUC, CCAWDU representing

about 260,000 members agreed to overcome disunity and to address issues of increased use of short-term contracts that weakens enforcement of workers' rights, organising and collective bargaining, as well as occupational health and safety standards especially mass fainting.⁵

(CCTU) Cambodian Confederation of Trade Unions

The Cambodian Confederation of Trade Unions was established in December 2003. The CCTU is a national confederation consisting of fifteen member-federations/associations. All fifteen trade union members are established during 1996 – 2010.

90% of CCTU's members are working in the textile and garment industry. The remaining 20% are employed in (plastic) manufacturing, hotels, guesthouses etc. Of the total number of members the vast majority are women.

The objectives of the CCTU are to eliminate violations of workers' rights and promote and improve enforcement of the labour law. The strategies applied are to:

- Provide members with relevant services to improve working and living conditions.
- Advocate for key labour market issues such as workers rights, enforcement of labour law, gender equality, elimination of child labour etc.
- Support local union's ability to represent members in grievance handlings and negotiations at local level.
- Support income generating activities amongst members by carrying out small scale vocational training at the national office.

(CLC) Cambodian Labour Confederation

The Cambodian Labour Confederation was established in April 2006. The CLC originate from the Confederation of Free and Democratic Trade Unions in Cambodia (CFDTUC).

In 2006 two of the four member organisations of the CFDTUC declared themselves as independent. The two national trade union organisations declaring independence are the Cambodian Independent Teacher's Association (CITA) and the Free Trade Union of the Kingdom of Cambodia (FTUWKC). The remaining two national trade union organisations established the CLC along with four other national trade union organisations. The six member organisations have



been established during the period from 2000 – 2007. 90% of CLC’s members are working in the textile and garment industry. The remaining 10% are employed in hotels and restaurants, transport and food and beverage etc. Of the total number of members, around 25.000 are women.

The objective of the CLC is to improve workers working and living conditions and protect workers from violations of workers’ rights. The strategies include:

- Provide the members with services to enhance their awareness about their rights stipulated in the labour law.
- Enhance the capacity of the local trade union leaders to represent and gain benefits to members in negotiations with local employers and grievance handlings at local workplaces.
- Advocate for improvements in the enforcement of the labour law.

(NACC) National Union Alliance Chamber of Cambodia

The NACC was formed in 2007, and is currently the dominant trade union organisation in the country. It is an alliance between the trade union centres CIC, CCWR and CUNIC. It has many member federations that are the majority unions with “most representative status” and CBA status among unions in the garment industry.

NACC have representation in tri-partite committees such as the LAC, Social Security Board, and in the 8th Working Group and together with either CCTU or CLC, make up the majority of the union representatives of these tripartite bodies.

The NACC strategies include:

- Strengthening of education and training capacity.
- Enhancing capacity of union leaders to negotiate for better benefits and improved working and living conditions for its members.
- Advocacy for improvements in the enforcement of the labour law.
- Advocacy for key labour market issues such as workers rights, enforcement of labour law, gender equality, elimination of child labour etc.

Trade Unions in Cambodia⁶							
Members, Dues, Collective Bargaining Agreements (CBA) and Occupational Safety and Health committees							
Trade Union / Trade Union Centre	Affiliation To national trade union centre	Total Members (2012)	Female Members	Dues (per month)	Number of CBAs	Workers covered by CBAs	Number of OSH committees at workplaces
NACC National Union Alliance Chamber of Cambodia		207,435	176,320	\$0.25	30	30,000	16 Factories
CCTU Cambodia Confederation of Trade Unions		216,427		\$0.25			15 Factories
CLC Cambodian Labour Confederation		83,000	66400	\$0.5	22	11,500	12 Factories
CCU Cambodian Confederation of Unions		25000	20000	\$0.25	0	0	-
CNC Coalition of Cambodia of National Labor Confederation		35000	29750	\$0.25	0	0	-
CIC Coalition of Cambodia Inheritance Confederation	NACC						
CCWR Cambodia Confederation for Workers Rights	NACC						
CUNIC Confederation of Union National Independence Cambodia	NACC						
FTUWKC Free Trade Union of Workers of the Kingdom of Cambodia	-	60,000	54000	\$0.25	1	2300	-
CITA Cambodian Independent Teacher’s Association	-						
CAC Cambodian Asian Confederation	CCWR						
CIUF Cambodia Industial Union Federation	CCWR						
CLUF Cambodia Labour Union Federation	CCWR						
DISUF Democratic Independent Solidarity Union Federation	CCWR						



NEAD National Educators' Association For Development	CCWR							
OITA Occupational and Transportation Association	CCWR							
TAC Teachers Association of Cambodia	CNCLP							
TUFDW Trade Union Federation Democracy of Workers	CCWR							
TUWFPD Trade Union Workers Federation of Progress Democracy	CCWR/NACC	14,000	11,900	\$0.25	2	4,500	-	
USWUF United Struggle for Women Union Federation	CCWR							
CFWR Cambodia Federation For Workers' Rights	CIC/NACC							
CFWU Cambodia Federation Voices' of Worker Union (CFWU) having	CIC							
LDUF Labor Development Union Federation	CIC							
NUCW National Union Federation Cambodia Worker	CIC/NACC							
C.CAWDU Coalition of Cambodian Apparel Worker Democratic Union	CLC	68,000	61,200	\$0.5	5	7,500	12	
CICA Cambodian Independent Civil Servant Association	CLC	650						
BWTUC (Building Wood Workers Trade union of Cambodia) Construction Sector	CLC	3,500	1,400	\$0.5	3	750	0	
CTSWF Cambodian Tourist and Service's Workers Federation	CLC	5,800	3,480	\$1	14	3,500	-	
FAPD Farmers Assn. for Peace & Development	CLC	620	372	\$0.25	0	0	0	
IDEA Independent Democratic of Informal Economic Association	CLC	4,519	533	\$0.25				
WDURG Workers Union Democratic of Rackhorn Group	CLC	50						
CIFUF Cambodia Industrial Food Union Federation	CUNIC/NACC	2,005						
FUKDW Federal Union of Khmer Democracy Workers	NACC/NACC	5,531						
PWUF Prosperity of Workers Union Federation	NACC/CUNIC	2,098						
WFUF Workers Freedom Union Federation	NACC	2,015						
CFITU Cambodia Federation of Independent Trade Unions	CCTU	23,990						
CUF Cambodia Union Federation	CCTU	72,815						
CWLFU Cambodia Workers Labour Federation Union	CCTU	52,500						
DISUF Democratic Independent Solidarity Union Federation	NACC	32,005						
DTFU DhamaThpatay Federation Union	CCTU	4,928						
FBWW Federation of Building and Wood Workers	CCTU	4,612						
FUDWR Federation Union Development Workers Right	CCTU	12,500						
FUF Free Union Federation of Khmer Labour	CCTU	11,700						
FUS Federation Union of Solidarity	CCTU	6,515						
TUFIKEL Trade Union Federation for Increasing Khmer Employees Lifestyle	CCTU	4,900						
UFID Union Federation of Independent and Democratic	CCTU	4,962						



Employers' Organisations

(CAMFEBA) Cambodian Federation of Employers and Business Associations

CAMFEBA was established in 2000 and has increased its membership from 10 to 138 enterprises in 2010.² In 2012 CAMFEBA represented over 1000 employers, both unionized and non-unionized, comprising of six business associations, 155 individual companies and 14 non-profit organizations.⁷

CAMFEBA's services include HR & labour consultation, information dissemination, training, lobbying and advocacy etc. CAMFEBA is headed by Mr. President Van Sou leng.

Central Tripartite Structures

Mediation and Arbitration

Individual and collective labour disputes are regulated by the Labour Law:¹¹ An individual dispute is first attempted to be settled by the labour inspector, otherwise it ought to be referred to the Labour Court. Collective disputes are first attempted to be settled by a Conciliator, if that fails the dispute shall be arbitrated either by procedures set out in the collective agreement often the Arbitration Council.

The Arbitration Council has a list of 30 arbitrators with 10 nominated each from trade unions, employers' organisations and the minister in charge of Labour. Each party in the dispute select an arbitrator, who then chose a third member to chair the council. The Arbitration Council started operating in 2003, and now handles around 150 cases per year. According to the Arbitration Council itself the growth in cases handled by the Council, has led to fewer strikes in the garment sector later years.⁸

According to ITUC,⁹ the Arbitration Council has effectively taken the place of labour courts, which have not been established despite them being provided in the Labour law of 1997. The Council is widely respected for its even-handed and impartial investigations and rulings, but employers found to have engaged in anti-union discrimination usually appeal against the Council's decisions in the provincial

courts. Moreover, employers often choose not to apply the Council's recommendations.

The Arbitration Council is a response to the lack of social dialogue, which has led to several conflicts between workers and employers. Sporadic protests and strikes are commonplace, especially in the garment sector which is the dominant manufacturing sector, where an average of 80 strikes per year took place between 2005 and 2009.

The Labour Advisory Committee¹¹

The Committee studies labour and employment related issues, formulates recommendation for the minimum wage and gives advice on the scope of collective bargaining agreements.

Other bi/tripartite organs

- Governing Body of National Social Security Fund (NSSF)
- Labour Advisory Committee
- 8th Working Group on Labour and Industrial Relations



National Labour Legislation

Constitution¹⁰

The constitution is from 1993 and last amended in 2008. It gives the right to form and join trade unions, equal pay for equal work and the right to strike. It also obliges the state to establish social security systems.

Labour Law¹¹

The labour law from 1997 regulates employment relations, wages, hours of work, time off, collective bargaining agreements and trade unions and Occupational Safety and Health standards. It prohibits child, forced and debt bonded labour, and also establishes the labour inspectorate, the Labour

Advisory Committee, labour courts and procedures for labour disputes.

The Labour Law is the most important labour legislation. Several other legislations exist which regulate and set standards and restrictions for the labour market.¹²

ILO Conventions

Ratified ILO Conventions ¹³		
Subject and/or right	Convention	Ratification date
Fundamental Conventions		
Freedom of association and collective bargaining	C087 - Freedom of Association and Protection of the Right to Organise, 1948	1999
	C098 - Right to Organise and Collective Bargaining Convention, 1949	1999
Elimination of all forms of forced labour	C029 - Forced Labour Convention, 1930	1969
	C105 - Abolition of Forced Labour Convention, 1957	1999
Effective abolition of child labour	C138 - Minimum Age Convention, 1973	1999
	C182 - Worst Forms of Child Labour Convention, 1999	2006
Elimination of discrimination in employment	C100 - Equal Remuneration Convention, 1951	1999
	C111 - Discrimination (Employment and Occupation) Convention, 1958	1999
Governance Conventions		
Labour inspection	C081 - Labour Inspection Convention, 1947	Not ratified
	C129 - Labour Inspection (Agriculture) Convention, 1969	Not ratified
Employment policy	C122 - Employment Policy Convention, 1964	1971
Tripartism	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	Not ratified
Up-to-date Conventions		
Labour Administration	C150 - Labour Administration Convention, 1978	1999
Fundamental Conventions are the eight most important ILO conventions that cover four fundamental principles and rights at work. Equivalent to basic human rights at work.		
Governance Conventions are four conventions that the ILO has designated as important to building national institutions and capacities that serve to promote employment. In other words, conventions that promote a well-regulated and well-functioning labour market.		
In addition, there are 71 conventions, which ILO considers "up-to-date" and actively promotes.		



Trade Union Rights Violations

According to ITUC:⁹ Short-term contracts, subcontracting and yellow unions are the strategies most widely used to prevent or undermine organising. Civil servants remain deprived of the right to unionise. Many employers exploit the pervasive climate of impunity, harassing and dismissing trade unionists at will.

According to the U.S. Annual Human Rights Report:³ The law stipulates that strikes can be held only after several requirements have been met, including the failure of other methods of dispute resolution.

The government's enforcement of collective bargaining rights was inconsistent. Although the Ministry of Labour and Vocational Training often decided in favour of employees, it rarely used its legal

authority to penalize employers who defied its orders. Instead 105 cases of unresolved disputes were sent to the Arbitration Council. Some unions urged the government to expand the role of the Arbitration Council to include individual and collective interest disputes and to make its decisions binding.

There were credible reports of antiunion harassment by employers, including the dismissal of union leaders in garment factories and other enterprises.

ILO is processing two cases in the Committee of Freedom of Association. One is concerning the murder of three trade union leaders and continuing repression of trade unionists in Cambodia. The other concerns unfair dismissals, acts of anti-union discrimination, and refusal to negotiate with the trade union concerned.¹³

Working Conditions

Wages and earnings			
Monthly average and legal minimum wages			
	Source	Current riel	2011 US Dollar
Average wage (2009)	Global Wage Report ¹⁴	314,665	80.5
Minimum wage (2012)	ILO Travail ¹⁵	238,000	61
% minimum wage to value added per worker (2012)	Doing Business ¹⁶	4 %	
Growth of real average wage (2004-2009)	Global Wage Report ¹⁴	16.6 %	
Growth of real minimum wage (2000-2011)		1.4 %	
<i>% of minimum wage to value added per worker denotes the minimum wage share of labour productivity. Reported as ratio of minimum wage to value added per worker in the Doing Business Report.¹⁶</i>			

The minimum wage is \$61 per month for regular workers and \$56 for probation workers.¹⁵ It has been raised twice from \$40 in 2000, equivalent of a real wage increase of 1.4%. The real average wage is increasing much faster.

According to the U.S. Annual Human Rights Report:³ Legislation on working hours and overtime compensation is not effectively enforced. Workers reported that overtime was often excessive and sometimes mandatory. Outside the garment industry, regulations on working hours were rarely enforced. The government has 107 labour inspectors, who conduct inspections, but due to lack of equipment, training, staff and also corruption, enforcement of occupational safety and health standards remain selective and insufficient. In practice, work-related injuries and health problems were common. Most large garment factories producing for markets in developed countries met relatively high health and safety standards as conditions of their contracts with buyers. Working conditions in some small-scale factories and cottage industries were poor and often did not meet international standards.

107 labour inspectors is 1 per 76,000 workers in the labour force. The ILO recommends 1 per 40,000 workers in less developed countries.¹⁷

Cambodia is rather progressive in using good working standards as a competitive edge in exports of textiles and garments. ILO is implementing the Better Factories Cambodia programme,¹⁸ which closely monitors factories' working conditions. These factories



are however only a small share of the garment industry, and there are serious decent work deficits in the industry in general.

Despite experiencing explosive growth, the garment industry is characterized by low productivity, a severe shortage of skilled personnel, contentious labour relations with frequent strikes, high electricity and transportation costs, and inefficient trade processes reflecting weak and often corrupt governance.¹⁹

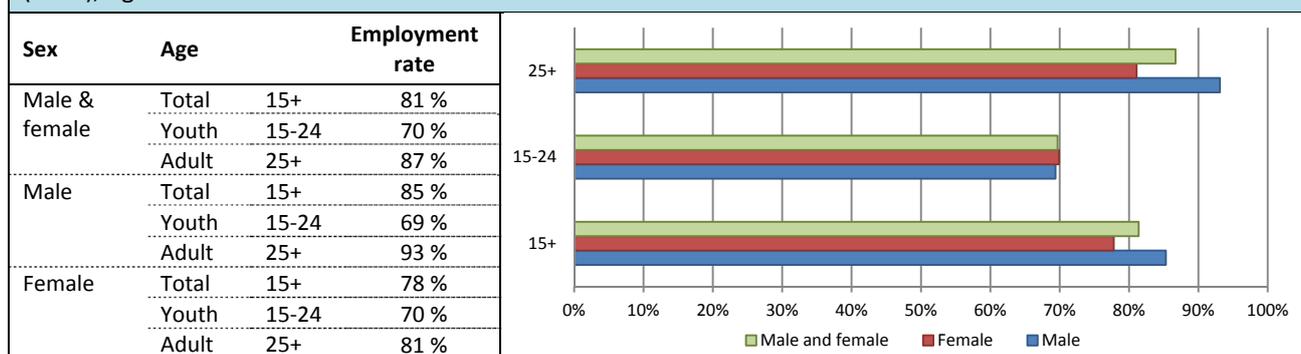
The industry employs around 500,000 million workers, mostly women, bringing jobs and increased economic

empowerment. Social and political rights are also increasingly being pushed by citizens.²⁰ At the same time working conditions are tough, with recurring mass fainting at factories. Around 900 fainted from January to August in 2012.²¹ Assumed to be caused by noxious working environment and/or overworked employees, either pressured by themselves or their employers. As minimum wages are about half of what human rights groups estimate is the required minimum living wage.²²

Workforce

Employment rates¹

(2012), Age and Sex distribution



Men's employment rates increases more after the age of 25, as men are often prioritised in education and women work instead. Cambodia has a slightly more working poor than the average for South-East Asia and the Pacific.

Asia has seen a strong growth in the middle class during the last decade. Cambodia's has smaller middle class with especially the upper middle class growing slower than the average for East Asia and the Pacific: In East Asia and the Pacific 26% lived for \$2-4 a day and 12% for \$4-20 in 1999. In 2008 33% lived for \$2-4 a day and 33% for \$4-20. In Cambodia 25% lived for \$2-4 a day and 8.9% for \$4-20 in 2004. In 2008 34% lived for \$2-4 a day and 12% for \$4-20. The dollars are in purchasing power parity.²³

Working Poor¹

Age 15+

	Share of workers in total employment	
	1.25 USD a day	2 USD a day
Cambodia (2007)	25 %	53 %
South-East Asia and the Pacific (2007)	18 %	42 %
South-East Asia and the Pacific (2012)	12 %	33 %

Working poor measures employed people living for less than US\$1.25 and US\$2 a day, as proportion of total employment in that group



Unemployment and underemployment

The official rate in 2009 was less than 0.1%, which is extremely low. Census data from 2008 is higher though still very low at 1.6%. The number is largely because people cannot afford to spend time looking for the right job. There have been thousands of layoffs due to the Great Recession, which has not transferred into higher unemployment rates, but rather pushed people into work such as agriculture and the informal sector.

Underemployment affects a third of the employed. The concept of underemployment does sometimes also include those who are employed below their skill-level, whereas the measure for Cambodia is confined to time-related underemployment, indicating those who involuntarily worked less than 40 hours per week.

Though a third of the employed are underemployment, 49% work more than 48 hours per week.

Underemployment was more common in rural areas, likely because of seasonal changes in activity, whereas unemployment is largely an urban phenomenon.

The youth unemployment rate is considerably higher, especially among urban youth.

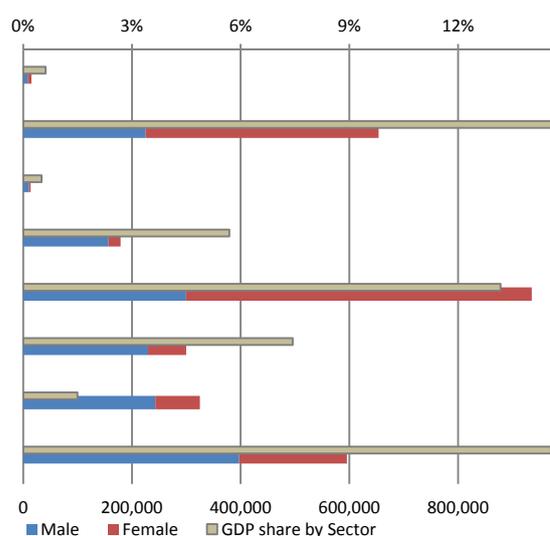
Interpretation of the open unemployment and employment rates as indicators of a well-functioning labour market is problematic in developing countries. When unemployment is not an option where a person can survive, work of some sort has to be found, often casual and informal work. Unemployment should therefore be understood in relation to the strength of social safety nets, the prevalence of informal employment and how much of informal employment is underemployment due to few formal employment possibilities.²⁴

Unemployment, youth unemployment and underemployment ² 2008/2009			
	Un-employment	Youth Unemployment	Under-employment
Total	1.6 %	3.3 %	36 %
Urban	4.5 %	7.8 %	23 %
Rural	1.0 %	2.2 %	39 %
Male	1.5 %	3.4 %	32 %
Female	1.6 %	3.3 %	41 %

Sectoral employment

Employment (2004)¹ & GDP share (2011)²⁵ Sector & Sex distribution – (Graph without Agriculture)

Sector	Male employment	Female employment	GDP share per sector
Mining and quarrying	8,400	6,800	0.6 %
Manufacturing	225,421	428,554	15.2 %
Electricity, gas and water	10,547	2,983	0.5 %
Construction	156,841	22,226	5.8 %
Trade, restaurants and hotels	299,678	636,058	13.5 %
Transport and communication	229,659	70,105	7.6 %
Finance, real estate and business services	242,975	81,957	1.5 %
Public administration, education, health etc.	397,242	198,487	14.9 %
Agriculture	1,674,749	1,825,481	34.6 %



Agriculture is the largest sector employing 54% of working Cambodians, and contributing with 35% to GDP. Newer data from 2011 suggests that a comparable 56% are employed in the agricultural sector. For an agricultural sector in a developing country it is a relative high contribution to GDP relative to employment.

The Great Recession has significantly reduced the industry sector's contribution to GDP, instead raising the agricultural sector, because layoffs in the manufacturing sector have meant people have moved back to agriculture. These workers could also be more productive, raising the agricultural contribution to GDP. Agricultural labour productivity has also risen in those years.¹

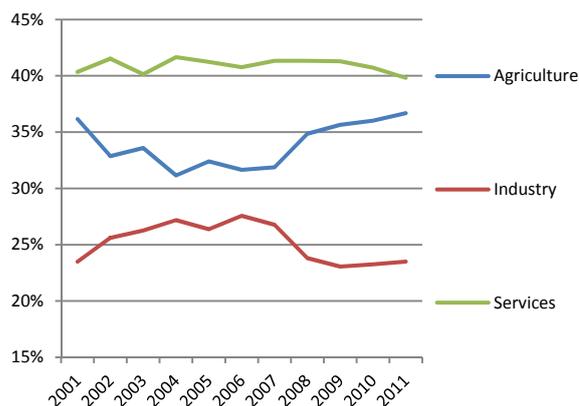
Migration

Cambodia has had a very large migration rate in later years, with a net migrations rate of 1 out of every 271 inhabitants, considerably higher than the average for developing countries in East Asia and the Pacific. At around 1.25% remittances however, only plays a modest part of GDP.

The top three destinations for migrants are the United States, France and Thailand²⁶

According to a Human Rights Report from 2011, 40,000 to 50,000 Cambodian women and girls have been recruited by agents to work as domestic labour in Malaysia since 2008. They are confined in training centres in Cambodia, where they have low access to health care and nutrition. In October 2011, the government announced a ban to sending domestic workers to Malaysia.²⁷

Sectors Share of GDP³⁹



Migration ³⁹		
Net migration (2006-2010)	Cambodia	-254,942
Net migration to average population per year (2006-2010)	Cambodia	- 1 : 271 inhabitants
	East Asia & Pacific (developing only)	- 1 : 1,852 inhabitants
Personal transfers i.e. remittances received, % of GDP (2011)	Cambodia	1.25 %
	East Asia & Pacific (developing only)	0.93 %

Informal Economy

Estimates of employment in the informal sector are around 90%, with a contribution to GDP over 50%.²⁸ Most of these are in the agricultural sector, which as of 2011 employed 56% of the population. Depending on the status in employment own-account workers and contributing family workers also make up most of the informal economy, respectively constituting 53% and 15% of the employment. These two types of so-called vulnerable employment have been declining in recent years, especially due to fewer contributing family workers. The number of own-account workers have however increased. More women than men are also in vulnerable employment.¹

The informal economy had been slowly declining in recent years. Unlike most other developing countries where the informal economy has steadily grown, often due to rural-urban migration higher than urban job

creation. Still its contribution to the economy is considerable.²⁹ The trend has been spurred by job creation in service and manufacturing industries, with workers moving from rural areas into cities.²⁸ During the Great Recession, the trend has been somewhat reversed, with workers laid-off in the manufacturing sector, being pushed into agricultural or informal employment.²

Apart from the many exporting factories, which are well monitored, there are many informal non-exporting factories. Non-compliance with minimum wages and working standards are common in these. Indeed, informal employment is more precarious, has less legal cover and worse occupation safety and health standards.²

IDEA is an informal sector association affiliated to CLC and having around 3,619 members

Child Labour

Child labour is very common in Cambodia, and at 27% the proportion of child labourers are more than double the average for Asian and Pacific countries.

Child labour is higher in rural areas (31%) than urban (11%). Boys (28%) were slightly more likely than girls (26%) to be engaged in child labour. Children aged 12-14 were most likely to be engaged in child labour (38%).

The high share of hazardous work is particular worrisome, as it is much higher than the average for Asia and the Pacific, and it is a growing problem, having doubled from 9.6% in 2001 to 18% 2009.

The rise happens among all age groups, with the share of children in hazardous work at aged 5-11 at 4.5%, age 12-14 at 21% and age 15-17 at 45%. Hazardous work has increased fastest for boys, and more boys (20%) than girls (17%) are in hazardous work.

According to the U.S. Annual Human Rights Report,³ child labour is widespread in widespread in agriculture, brick making, salt production, shrimp processing, fishing, domestic service, and rubber

production. Child labour was also reported in the garment, footwear, and hospitality sectors but to a much lesser extent.

Child labour is likely a cause of poverty and low school accessibility, however neither falling poverty nor rising enrolment rates in recent years appear to have reduced child labour, quite on the contrary.³⁰

Working children			
Proportion of all children in age group			
Region	Year	Type	Proportion
Bangladesh (age 5-17) ³⁰	2009	Child labourers	27.3 %
		Hazardous work	18.3 %
Asia and the Pacific ³¹ (age 5-17)	2008	Children in employment	20.4 %
		Child labourers	13.3 %
		Hazardous work	5.6 %

Children in employment includes all children who conduct some kind of work, whereas child labourers is a narrower term without mild forms of work. Hazardous work is the worst form of child labour as defined in ILO C182.

Gender

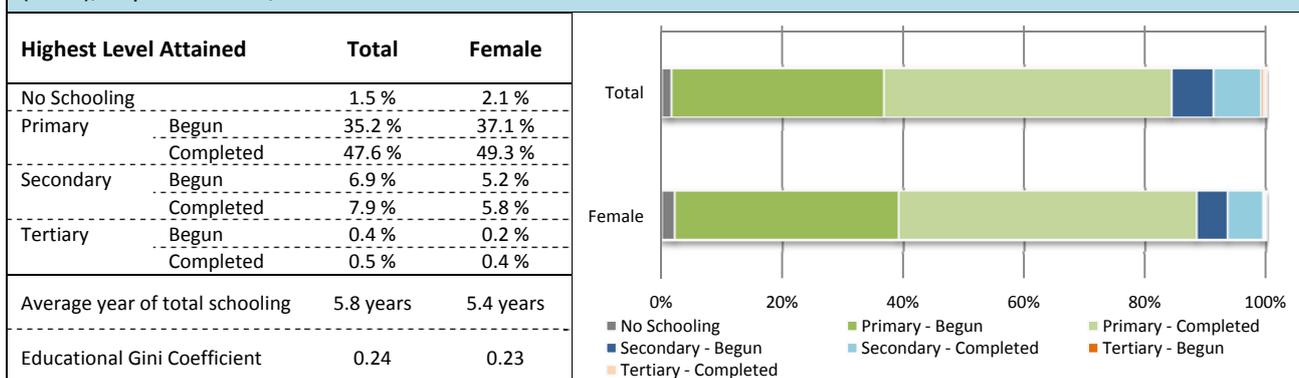
As noted elsewhere in this report: Only about 15% of trade union members are women. Women are very active participants on the labour market, especially in the sectors of manufacturing and trade restaurants and hotels. Unemployment is about the same for men and women, though underemployment is more common among women. Women have a slightly lower education level and enrolment into schools.

Women's employment rates have increased dramatically over the past decade led especially by formal wage employment in the garment sector. Women also enter the labour market at a younger age whereas men are typically encouraged to stay in education for longer. Lay-off due to the Great Recession hit the garment industry and thereby especially with young women workers.³²

Characteristics of the Working Age Population

Highest level attained and years of schooling in the population³³

(2010), Population 25+, Total and Female



Primary, secondary and tertiary is the internationally defined distinction of education. In Denmark these corresponds to grundskole, gymnasium & university.

The educational Gini Coefficient is similar to the Gini Coefficient, but instead of measuring the distribution of income in a population, it measures the distribution of education measured as years of schooling among the population.³⁴

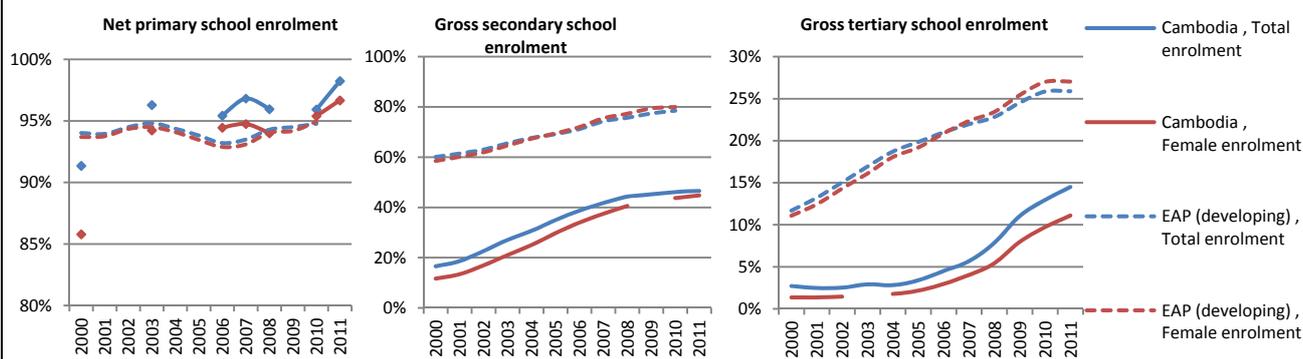
Almost every Cambodian has been to school, which is rather impressive considering the level of Cambodia's development, and the turmoil the country have been through. As impressive as this might be, few have progressed into secondary or tertiary education.

The difference between the genders is also very small.

The graph above shows the educational attainment of all Cambodians above 25 years, therefore gives a glance of the human capital of the labour force.



Enrolment in Primary, Secondary and Tertiary schools (2000-2011)³⁹
Total and Female, Cambodia and East Asia & Pacific (developing countries only)



Net enrolment is the ratio of children of official school age, who are enrolled in school to the population of the corresponding official school age. Gross enrolment is the ratio of total enrolment, regardless of age, to the population of the corresponding official school age. Gross primary enrolment is therefore sometimes higher than 100%.

Enrolment into primary schools has steadily increased to currently be higher than the average for developing countries in East Asia and the Pacific.

Enrolment into secondary and tertiary schools are increasing but are however considerably lower.

The latest data on vocation students in Cambodia is from 2006-07. They indicate a low number of students with a ratio of vocational students to 15-24 year olds at 0.5%, compared to the average for other developing countries in the East Asia and Pacific at 6%.

As few have completed secondary education or vocational training, lack of skills are reported within basic literacy and numeracy, technical training, English literacy and softer skills such as communication, teamwork etc.²⁸

Vocational Training ³⁹		
Pupils in vocational training (2007)	Cambodia	18,920
Ratio of pupils in vocational student to all pupils in secondary education (Average 2006-2007)	Cambodia	1.9 %
	East Asia & Pacific (developing only)	13.5 %
Ratio of pupils in vocational training out of 15-24 year olds (Average 2006-2007)	Cambodia	0.5 %
	East Asia & Pacific (developing only)	6 %

Social Protection

Cambodia has planned reforms of its social protection system. Fully implemented there are to be established contributory social insurance for formal workers and civil servant, contributory community based health insurance and non-contributory social protection.³⁵

The National Social Security Fund (NSSF) for formal workers currently only contains employment injury, but is planned to include old-age pension and health insurance, to be introduced in 2013 and 2015 respectively. The National Social Security Fund for civil servants (NSSF-C) includes old-age pensions, employment injury, funeral grants, maternity and sick leave. The National Social Security Fund for war veterans, armed forced and policy also exists (NSSF-V). NSSF-C is planned to include worker contribution. NSSF covers 700,000 employees and NSSF-C covers 180,000 both were introduced in 2008.

Informal and self-employed workers are not covered by the NSSF, but the Law on Social Security Schemes opens up for the Minister in charge of Social Security to issue Prakas (decrees), on social security coverage for self-employed, seasonal or occasional workers.³⁶

Non-contributory social protection programmes are planned to be implemented through the "National Social Protection Strategy for the Poor and Vulnerable (NSPS). The Social Protection Coordination Unit (SPCU) will be in charge of the programmes. The programs include community-based health insurance, health equity funds, food or cash for public works, vocational training, conditional and unconditional cash transfers

and social subsidies. Cambodia already has several similar programmes running, but most are patchy and ad hoc. Pilot testing are running until 2015, when new schemes ought to be developed.³⁵

The ILO convention 183 on maternity leave protection has not been ratified. Following the labour law maternity leave is set at 90 days at half their wages, which the employer pays.¹⁵

Public spending on social protection schemes (2005)		
	2005 Riel	215 billion
	2011 USD	80 million
Public social protection expenditure, excl. health	% of GDP ³⁷	0.8 %
	per capita	\$ 5.8
	per worker	\$ 10.8
	of government revenue	13.8 %
Public health expenditure	% of GDP ³⁷	1.55 %

Coverage of NSSF and NSSF-C ³⁸ (2012)	
Coverage of NSSF	700,000
Coverage of NSSF-C	180,000
Coverage of labour force	11 %
Coverage to waged workers	34 %
Coverage to formal workers	71 %



General Economic Performance

Key Facts (2011)				
GDP ³⁹	GDP per capita ³⁹ (PPP)	GNI ³⁹	Human Development Index ⁴⁰	Gini Coefficient (2008) ³⁹
12.9 billion USD	2358 USD 134 of 173 countries	12.3 billion USD	0.52 139 of 187 countries	0.44 104 of 156 countries

Doing business ⁴¹	Control of corruption ⁴²	Government effectiveness ⁴²	Rule of Law ⁴²
138 of 183 countries	-1.10 185 of 212 countries	-0.75 158 of 212 countries	-1.03 181 of 212 countries

Cambodia has made remarkable economic progress, with growth close to 10% from 1998 to 2008 and thereafter at 6-7%.⁴³ With a GDP per capita measured in Purchasing Power Parity at \$2358, Cambodia is lacking behind the average of developing countries in Asia, which does include regional powerhouses like China and India.

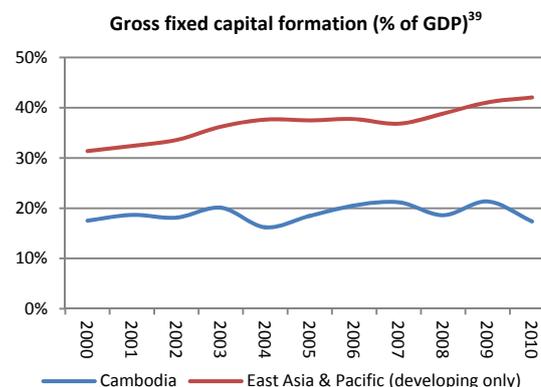
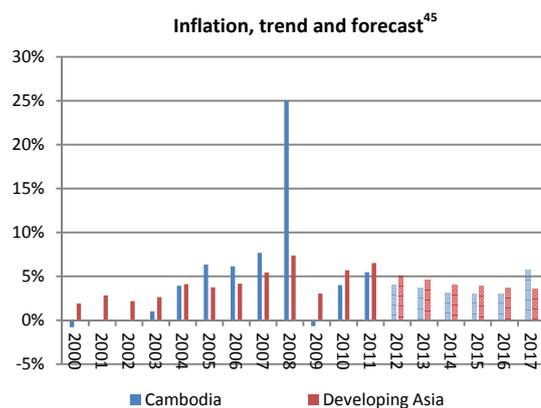
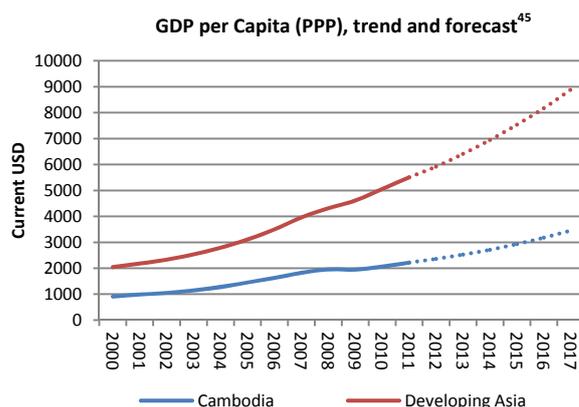
Tourism is an important industry, with around 2 million visitors per year. Still Cambodia remains poor, the countryside is impoverished and lacks infrastructure, half the population is younger than 25 years, and half the government budget comes from donor assistance.⁵⁴ Land mines from the civil war make agriculture difficult in several areas and still cripple many.

Recent expropriation of land to mainly Chinese investors in sugar production could help the impoverished countryside, however they have become a hotbed of corruption, uncompensated and violent evictions. This is possible in a country run by the autocratic Hun Sen and with very low rule of law.⁴⁴

Inflation was as high as 25% in 2008, but was brought under control the next year and is projected to remain below the average of developing countries in Asia.

The doing business indicator ranks Cambodia medium to low at 138 out of 183 countries. A high ranking means the regulatory environment is more conducive to the start-up and operation of a local firm. Cambodia scores very low at starting a business, and high on

paying taxes. Cambodia scores very low on Control of Corruption and Rule of Law, though relatively better at Government effectiveness. Corruption, impunity and a inefficient government are reported to be major problems in Cambodia.



Trade

With exports at 43% and import of 62% of GDP, trade plays a major role in Cambodia's economy. Cambodia also has a large inflow of foreign direct investment.

The labour intensive production of readymade garment is the dominant export sector in Cambodia. These are largely exported to the US and EU. A large part of Cambodia's imports are fabrics from China and other neighbouring countries.

Trade agreements

Cambodia had special trade arrangement with the US from 1999 to 2005 where individual garment factories gained increased access to the US market, when complying with better working conditions. The programme was within the Multi Fibre Agreement, a quota system that has now been phased out.⁴⁶ The ILO Better Factories Cambodia, has continued the monitoring of compliance.

The result was that Cambodia created a nice of ethically produced textiles, much of which is exported to the US.⁴⁷ It is an important reason why Cambodia has large shares of exports to the US.

Cambodia benefits from the United States' Generalised System of Preferences. These are unilateral trade benefits from the U.S. government, allowing duty and quota free access for some product. A country can be removed if it is violating or do not take steps to uphold the ILO Core Labour Standards. Each country is reviewed annually, by the US government.⁴⁸

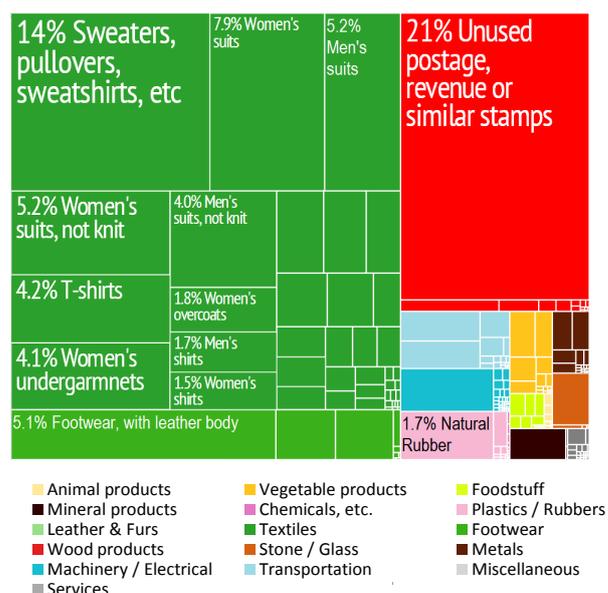
Cambodia also benefits from the EU's unilateral Generalised System of Preferences, Everything But Arms (EBA), which allows duty and quota free access for all products except arms. A country can be removed from EBA, if it seriously and systematically violates principles of human rights and of the ILO Core Conventions. So far only Myanmar and Belarus have ever been removed.⁴⁹ Following the land grabs, EBA has been mentioned in the EU as leverage against Cambodia.⁵⁰

Export Processing Zones

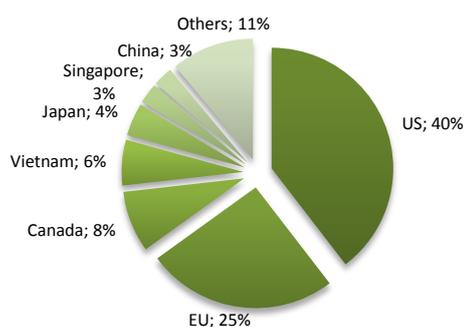
Cambodia started operating Special Economic Zones in 2005, and today there are 21 zones.⁵¹ According to an ILO survey from 2007 when Cambodia had three zones these had 20.000 employees.⁵² There are no special laws or exemptions from labour laws to export processing zones.⁵³

Trade and Foreign Direct Investment			
Exports ⁵⁴ (2012)	Imports ⁵⁴ (2012)	FDI flow ³⁹ (average 2007-11)	FDI Stock ⁵⁴ (2012)
6.1 billion USD	8.8 billion USD	0.59 billion USD	N/A
43 % of GDP	62 % of GDP	4.13 % of GDP	

Products share of exports (2010)⁵⁵



Cambodia's main export markets (2011)⁵⁶



References

- ¹ [ILO, Key Indicators of the Labour Market Database](#)
- ² [ILO, Decent Work Country Profile - Cambodia, 2012](#)
- ³ [U.S. Department of State, Annual Country Reports on Human Rights Practices, 2011](#)
- ⁴ [FES, Nuon & Serrano, Building Unions in Cambodia, 2010](#)
- ⁵ [IndustryALL, IndustryALL affiliates in Cambodia sign unity agreement, 29.11.2012](#)
- ⁶ LO/FTF Council
- ⁷ <http://www.camfeba.com>
- ⁸ <http://www.arbitrationcouncil.org>
- ⁹ [ITUC, Annual Survey of violations of Trade Union Rights, 2012](#)
- ¹⁰ [ILO, NATLEX, Constitution of the Kingdom of Cambodia](#)
- ¹¹ [ILO, NATLEX, Labour Law](#)
- ¹² [ILO, NATLEX, Country Profile Cambodia, Basic Laws](#)
- ¹³ [ILO, NORMLEX, Country Profiles](#)
- ¹⁴ [ILO, Global Wage Report 2012/13](#)
- ¹⁵ [ILO, TRAVAIL, legal database, 2011](#)
- ¹⁶ [IFC, World Bank, Doing Business 2013, 10th ed.](#)
- ¹⁷ [ILO, Press Release, ILO calls for strengthening labour inspection worldwide, 16 November 2006](#)
- ¹⁸ <http://betterwork.org/>
- ¹⁹ [ILO, Better Factories: Cambodia, External Mid Term Evaluation, 2009](#)
- ²⁰ [The Economist, Cambodia's economy: Not a complete stitch-up, Sep 29th 2012](#)
- ²¹ [ILO, Better Factories: Cambodia](#)
- ²² [The Guardian, Cambodian workers hold 'people's tribunal' to look at factory conditions, 2 February 2012](#)
- ²³ [World Bank, PovcalNet database](#)
- ²⁴ Kucera D. & Roncolato L. (2008), Informal Employment: Two contested policy issues, International Labour Review, Vol. 147 (2008). No. 4
- ²⁵ [ADB, Key Indicators for Asia and the Pacific 2012](#)
- ²⁶ [World Bank, Migration and Remittances Factbook 2011](#)
- ²⁷ [Human Rights Watch, "They Deceived Us at Every Step": Abuse of Cambodian Domestic Workers Migrating to Malaysia, 2011](#)
- ²⁸ [Results for Development Institute, Skills for Employability: The Informal Economy, 2012](#)
- ²⁹ [ILO, Economic Institute of Cambodia, Handbook on decent work in the informal economy in Cambodia, 2006](#)
- ³⁰ [ILO/UNICEF/WORLD BANK, Understanding Children's Work, Country Reports, Cambodia 2011](#)
- ³¹ [ILO, Accelerating action against child labour, International Labour Conference, 99th Session 2010](#)
- ³² [ILO, Decent Work Country Programme, Cambodia \(2011-2015\)](#)
- ³³ [Barro, Robert and Jong-Wha Lee, April 2010, "A New Data Set of Educational Attainment in the World, 1950-2010." NBER Working Paper No. 15902](#)
- ³⁴ Calculation from based on [Thomas, Wang & Fan \(2001\)](#), with data sets from [Barro-Lee \(2010\)](#) and [Psacharopoulos and Arriagada \(1986\)](#).
- ³⁵ [GESS, Regions and Countries, Cambodia, Legal and institutional framework](#)
- ³⁶ [ILO, NATLEX, Law on social security schemes for persons defined by the provisions of the Labour Law](#)
- ³⁷ [ILO, GESS, World Social Security Report, 2010/2011](#)
- ³⁸ Estimated data for 2012 from [ILO, Key Indicators of the Labour Market Database](#)
- ³⁹ [World Bank, World dataBank](#)
- ⁴⁰ [Human Development Report, Global Report, Statistical Annex, 2011](#)
- ⁴¹ [World Bank, Ease of Doing Business Index](#)
- ⁴² [World Bank, Worldwide Governance Indicators](#)
- ⁴³ [World Bank, Cambodia Overview](#)
- ⁴⁴ [The Economist, Banyan: Tenth out of ten, Nov 17th 2012](#)
- ⁴⁵ [IMF, World Economic Outlook Databases](#)
- ⁴⁶ [Office of the United States Trade Representative, U.S.-Cambodian Textile Agreement Links Increasing Trade](#)



[with Improving Workers' Rights, January 7, 2002](#)

⁴⁷ [ILLS, Polaski, Harnessing Global Forces to Create Decent Work in Cambodia, Research Series 119, 2009](#)

⁴⁸ [Office of the United States Trade Representative, Generalized System of Preferences \(GSP\)](#)

⁴⁹ [EC, DG TRADE, Development, Generalized System of Preferences \(GSP\)](#)

⁵⁰ [European Parliament, European Parliament resolution on the situation in Cambodia \(2012/2844\(RSP\)\), 23.10.2012](#)

⁵¹ <http://www.investincambodia.com>

⁵² [ILO database on export processing zones \(revised\), 2007](#)

⁵³ [ITUC, Report for the WTO General Council review of Trade policies of Cambodia, 2012](#)

⁵⁴ [CIA, World Fact Book, 2011](#)

⁵⁵ [MIT, Alexander Simoes, The Observatory of Economic complexity, What does Cambodia Export?](#)

⁵⁶ [European Commission, DG TRADE, Bilateral Relations, Statistics](#)

