

How is Cambodia's minimum wage adjusted?

Cambodia's minimum wage, which applies only to the garment and footwear sector, is a matter of great interest to hundreds of thousands of workers in the sector, as well as their employers and others in the garment and footwear supply chain. The annual process that is used to adjust the minimum wage includes a key role for government, unions, and employers' representatives, and involves consideration of evidence relating to a number of social and economic criteria.

This issue of the ILO's Cambodian Garment and Footwear Sector Bulletin outlines the process and criteria used to adjust Cambodia's minimum wage. The analysis is based on official statistics, mainly from the Ministry of Labour and Vocational Training, the Ministry of Commerce, the Cambodia Investment Board, the National Institute of Statistics and the National Bank of Cambodia.¹ The ILO releases the Bulletin to provide a neutral and evidence-based source of information and analysis about developments in the sector, particularly those related to minimum wage setting. A regular statistical update can be found from page 6 onwards.

1. History of the minimum wage

Cambodia's labour law was promulgated in 1997, providing a legal basis for the country to set a minimum wage. While the law does not preclude the setting of a National Minimum Wage or minima in other sectors, Cambodia's minimum wage currently only applies to the garment and footwear sector, with a single minimum wage that applies to the garment and footwear sector across the country.²

The minimum wage was originally introduced in 1997 at US\$ 40 per month, and has been adjusted seven times. The latest took effect from 1 January 2016, increasing from US\$ 128 to US\$ 140.³ Cambodian garment and footwear workers are also entitled to a range of mandatory allowances in addition to the minimum wage itself, as shown in Table 1.

Table 1: History of Cambodia's minimum wage and mandatory allowances (all figures in US\$ per month)

Date	Minimum wage		Mandatory allowances and bonuses					
	Probation	Regular	Transport & accomm.	Health care	Attendance	Living support	OT meal	Seniority
1997	-	40	-	-	-	-	-	-
Aug 2000	40	45	-	-	5	-	0.25	2 to 5
Jan 2007	45	50	-	-	5	-	0.25	2 to 5
Apr 2008	45	50	-	-	5	6	0.25	2 to 5
Oct 2010	56	61	-	-	5	-	0.25	2 to 5
Mar 2011	56	61	-	-	7	-	0.50	2 to 11
Jan 2012	56	61	-	5	7	-	0.50	2 to 11
Sept 2012	56	61	7	5	10	-	0.50	2 to 11
May 2013	75	80	7	-	10	-	0.50	2 to 11
Feb 2014	95	100	7	-	10	-	0.50	2 to 11
Jan 2015	123	128	7	-	10	-	0.50	2 to 11
Jan 2016	135	140	7	-	10	-	0.50	2 to 11

* Workers are entitled to a seniority bonus of US\$ 2 per month in their second year of employment, rising to a maximum of US\$ 11 in their eleventh and subsequent years of employment.

Source: Ministry of Labour and Vocational Training (MoLVT)

2. Who sets the minimum wage?

The country's minimum wage is set by ministerial order (*Prakas*), issued by the Ministry of Labour and Vocational Training (MoLVT). This order is issued after the MoLVT has received recommendations from the Labour Advisory Committee (LAC). For 2016, the LAC recommended that the minimum wage increase by US\$ 7; the Minister and Government ultimately decided to increase the wage by US\$ 12 per month.

The LAC is a tripartite advisory body, chaired by the Minister in charge of Labour (or his or her representative). In 2015, the LAC consisted of 14 representatives from the Royal Government of Cambodia, including the Chairman, as well as 7 representatives each of employers and workers.

¹ The ILO wishes to acknowledge and thank the Ministry of Labour and Vocational Training; the Ministry of Commerce; the Cambodia Investment Board; and the National Institute of Statistics for their support and the data used in this publication. Any errors should be attributed to the ILO.

² See Article 107 of the 1997 Labour Code.

³ *Prakas* of the MoLVT (#409/15), dated 8 October 2015

3. How often is the minimum wage adjusted?

The labour code stipulates that the minimum wage should be adjusted from time to time in accordance with the evolution of economic conditions and the cost of living.⁴ In the past, there were long periods in which the minimum wage was not adjusted, as shown in Table I. For example, the minimum wage remained at US\$ 45 between August 2000 and December 2006. There was another period with no adjustment in the minimum wage between October 2010 and April 2013.

When minimum wages are left unchanged for an extended period, the living standards of workers' and their families can be eroded as inflation reduces the real value of their wage. If minimum wages then increase by a large amount, this can cause difficulty for employers in adjusting to the higher wage. A situation with relatively large, but irregular, adjustments to minimum wages therefore may not be desirable from the point of view of either workers or employers.

In response to concerns about the minimum wage adjustment process, the ILO convened a tripartite workshop in April 2014. At this workshop, participants discussed the principles of minimum wage adjustment and made recommendations for future reviews of the minimum wage. The following principles were recommended:

- (i) Minimum wages should be adjusted on a regular, annual basis.
- (ii) A preferred model is gradual, steady, adjustments.
- (iii) Recommendations should be based on a process of constructive discussions in the LAC,
- (iv) Before making a recommendation on a specific minimum wage level, the committee should aim to achieve a consensus among all members, and only failing this, hold a vote, and
- (v) To achieve a balanced result, both social and economic criteria should be considered.

Since that time, there have been annual reviews and adjustments of the minimum wage.

4. Criteria for minimum wage adjustment

The labour code specifies that certain social and economic factors should be taken into consideration when setting the minimum wage. These factors are:

- a) the needs of workers and their families in relation to the general level of salary in the country, the cost of living, social security allowances, and the

comparative standard of living of other social groups; and

- b) economic factors, including the requirements of economic development, productivity, and the advantages of achieving and maintaining a high level of employment.

These factors are similar to those set out in the ILO Minimum Wage Fixing Convention, 1970 (No. 131), the main international labour standard related to minimum wage fixing. Like ILO C131, the labour code identifies the need to balance social considerations, such as the needs of workers and their families, with economic factors.

At the April 2014 tripartite workshop, participants agreed to take a range of specific criteria into account in future minimum wage adjustment discussions. The criteria used for the recent adjustment included the following:

- 1) Needs of workers and their families;
- 2) Cost of living;
- 3) Inflation;
- 4) Productivity;
- 5) Competitiveness;
- 6) Labour market/employment; and
- 7) Profitability of the sector

Below, we will examine these criteria in brief, examining their meaning and outlining some key statistical measures related to each criterion. This is intended to provide an overview of the sort of measures that the LAC examines during its minimum wage discussions.

a) Needs of workers and their families

The needs of workers and their families are difficult to define and quantify. There is no official definition. Different researchers and stakeholder groups, using different methodologies, can come up with alternative figures about the income that would be required to meet the needs of workers and their families.

One possible approach to measuring the basic needs of workers and their families is to use the national poverty line. This approach answers the question: how much would a typical worker need to earn in wages in order for his or her family to have an income above the poverty line? To answer this question, the poverty line is adjusted for inflation to the latest year, then adjusted for household size and the typical number of workers per household.

⁴ Article 107 of Cambodia Labour Law, 1997

Cambodia's poverty line was determined by an inter-ministerial working group, set up in 2011 by the Royal Government of Cambodia, which included professionals from civil society and academia. The working group based its research on the 2009 Cambodia Socio-Economic Survey (CSES) and published its poverty line findings in April 2013.⁵

Table 2: Estimated wage required to exceed poverty line

	Phnom Penh	Other Urban	Sources/calculation
Poverty line in 2009, per capita	193,052	132,386	Ministry of Planning / NIS
CPI 2009 (Index, 2006=100)	131.1	131.1	NIS
CPI 2016 (Index, 2006=100)*	169.6	169.6	MEF CPI 2016p
Ratio CPI 2016 / CPI 2009	1.293	1.293	CPI 2016p / 2009
Poverty line, updated to 2016p	249,628	171,183	Poverty line x CPI ratio
Average household (HH) size	5.1	5.1	NIS, LFS 2012
Living needs for an average household, 2016p	1,273,105	873,036	Poverty line x HH size
Share of working-age population (15-64 years) in total population	71.7%	71.7%	NIS, LFS 2012
Employment-to-population ratio (15-64 years)	69.1%	69.1%	NIS, LFS 2012
Average number of employed persons per household	2.53	2.53	HHxWAPxEPR
Wage required per worker to meet household needs per month (riels)	503,722	345,429	Living needs for an average HH / average # of employed persons per HH
US\$ equivalent	124.75	85.54	(4,038 riels/US\$) ⁶

Source: NIS, LFS 2012, Ministry of Planning, Poverty in Cambodia—A New Approach (April 2013) and MEF (projection of inflation rate).

*This table reflects the figures that were known at the time of the 2015 meetings of the Labour Advisory Committee. The CPI for 2016 was projected in September 2015 based on the MEF's projected 2015 inflation rate of 3.5 per cent. Inflation turned out to be lower than the projection, with the actual annual inflation rate only 1.2 per cent in 2015.

The poverty line is based on the cost of purchasing food and non-food items. The minimum standard of food consumption was fixed at 2,200 kcal per person per day. The cost of achieving this level of consumption was then measured, based on the prices of a reference food basket of 28 items. The non-food component of the poverty line is based on the cost of 14 items consumed by low-income earners in Cambodia.

The working group estimated that the poverty line per person in 2009 was 193,052 riels in Phnom Penh and 132,386 riels in other urban areas. Of course, prices have increased since

2009, so the poverty line must be inflated to reflect these changes. Table 2 shows that prices (as measured by the CPI) are expected to be 1.293 times higher in 2016 than they were in 2009. Inflating the 2009 poverty line by this factor gives 2016 poverty line estimates of 249,628 riels in Phnom Penh and 171,183 in other urban areas.

The poverty line is based on the needs of an individual. A more complete assessment should take into account the needs of workers' families. The average household in Cambodia has 5.1 members. To ensure that the members of the household have sufficient income to avoid poverty, the household therefore needs 1,273,105 riels in Phnom Penh and 873,036 elsewhere.⁷ On average, there are 2.53 employed persons per household in Cambodia. If we divide the estimate of household living needs by 2.53, we obtain an estimate of the wage required per worker to ensure that a household is at or above the poverty line. This figure is 503,722 riels per month in Phnom Penh and 345,429 elsewhere, figures which are equivalent to around US\$ 124.75 and US\$ 85.54. These figures are set out in Table 2.

At US\$ 140 per month, the 2016 minimum wage is slightly higher than the estimated wage required to meet the poverty line. By this calculation, then, the minimum wage could be judged to be adequate to meet the needs of workers and their families. However, it must be stressed that this is only one possible definition of the needs of workers and their families, and only one methodology to arrive at an estimate. If wages were inadequate to allow workers and their families to avoid poverty, this could be taken as an indication that wages are insufficient. However, the fact that minimum wages exceed the poverty line is not necessarily an indication that wages are sufficient to meet the needs of workers and their families. Some take the view that the poverty line is an inadequate benchmark for the needs of workers and their families. Other estimates have been produced by stakeholders, such as union groups. This is a matter for discussion at the LAC.

b) Cost of living and inflation

Measuring the needs of workers and their families involves estimating the level of wages that would be necessary to achieve some minimum standard of living, and then comparing the current wage to that level. Inflation refers with the rate of change in the cost of living from year to year, typically measured using the Consumer Price Index (CPI). Inflation is an important criterion for minimum wage adjustment in many countries, including Cambodia.⁸

a reasonable choice. Readers may choose to calculate alternative figures using equivalence scales and the numbers in Table 2.

⁸ See ILO, General Survey of the reports on the Minimum Wage Fixing Convention, 1970 (No. 131), and the Minimum Wage Fixing Recommendation, 1970 (No. 135), (Geneva, 2014).

⁵ Ministry of Planning: *Poverty in Cambodia – a new approach. Redefining the poverty line* (Phnom Penh, 2013), published in the ministry website <http://www.mop.gov.kh/Projects/tabid/148/Default.aspx>

⁶ Projected exchange rate by ILO Staff

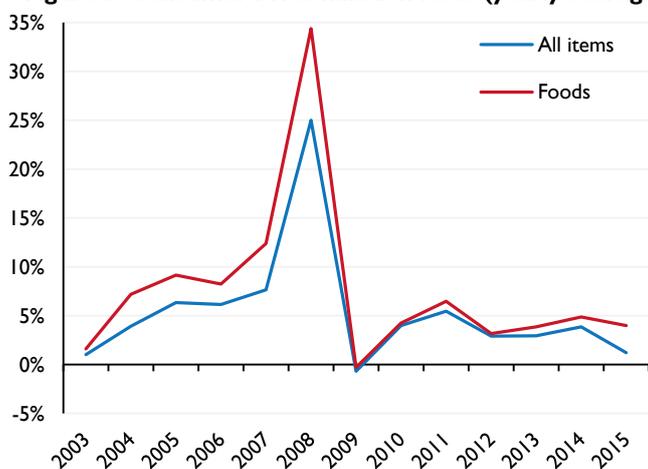
⁷ This figure does not take into account any economies of scale in consumption. Given the dominance of food items in the poverty line, this is

Cambodia's CPI inflation rate is calculated based on the change of the price of 258 goods and services across the country. These goods and services are weighted according to how much the typical Cambodian household spends on them.

As in many comparable countries, food prices typically rise faster than other prices in Cambodia. Between 2003 and 2015, the overall CPI rose by 91.6 per cent, while the food CPI rose by 147.7 per cent. Given that low-paid workers tend to spend a larger proportion of their incomes on food, this could mean that the overall CPI understates the change in the cost of living for such workers. Nevertheless, both overall and food inflation have been low in the past two years.

The annual inflation rate was only 1.2 per cent in 2015, lower than the 3.5 per cent projected in advance by the government. But the food CPI rose slightly faster than overall prices, with food inflation at 4.0 per cent in 2015. Inflation, both of all items and for food, was lower in 2015 than it was in 2014. In 2014, the annual inflation rate was 3.9 per cent and annual food inflation was 4.9 per cent.

Figure 1: Consumer Price Inflation rates (yearly average)



Source: National Institute of Statistics (NIS), the Ministry of Planning

The 2015 minimum wage increase (of US\$ 28 or 28 per cent) exceeded both the rate of overall inflation and the rate of food inflation during the year. The 2016 minimum wage increase (of US\$ 12 or 9.4 per cent) is above the inflation rate projected by the Ministry of Economy and Finance, which is 3.5 per cent.⁹

c) Productivity

Labour productivity growth is another important consideration for minimum wage adjustment. Labour productivity refers to the amount of goods and services

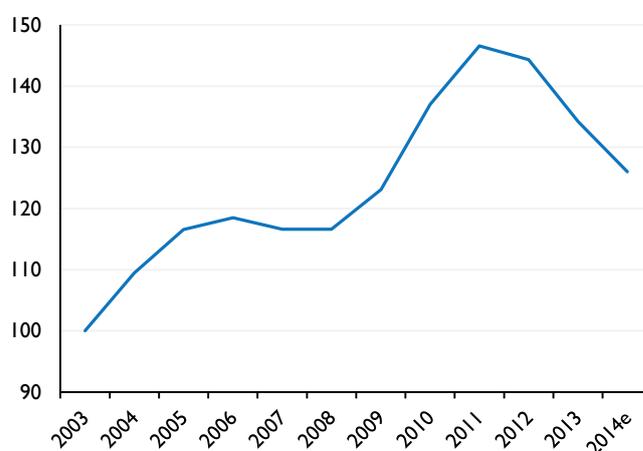
⁹ Budget-in-Brief, fiscal year 2016, Department of Budget, Ministry of Economy and Finance

¹⁰ GMAC Statement dated 20 October 2015

produced per worker, on average. Production is measured as 'value added', which means that the cost of intermediate goods – like cloth, electricity, dyes and the like – is subtracted from gross output. The growth in labour productivity is the difference between value added per worker in one year and the previous year. Growth figures are calculated in real terms, which means that the effects of inflation are removed.

When labour productivity rises, this can imply an increased capacity to afford real wage rises. Between 2003 and 2011, labour productivity in Cambodia's garment and footwear sector rose by 47 per cent. While value added has continued to rise since that time, employment has grown even faster. As a result, labour productivity appears to have fallen a little, as the growth in employment has outstripped value added. Despite this, labour productivity in the sector was about 26 per cent higher in 2014 than in 2003.

Figure 2: Estimated labour productivity of the garment and footwear sector (Index: 2003 = 100)



Source: ILO staff calculation based on NIS and MOC data. The 2014 figure is an estimate based on preliminary National Accounts.

After the latest decision to increase Cambodia's minimum wage, the Garment Manufacturers Association in Cambodia (GMAC) issued a statement calling for renewed focus on improving productivity of the industry.¹⁰ There are many potential strategies to increase productivity. Stable and harmonious labour relations can be one important factor in productivity growth. Capital investment and technology transfers are also crucial. Skills – both for management and workers - are also important.¹¹

d) Competitiveness

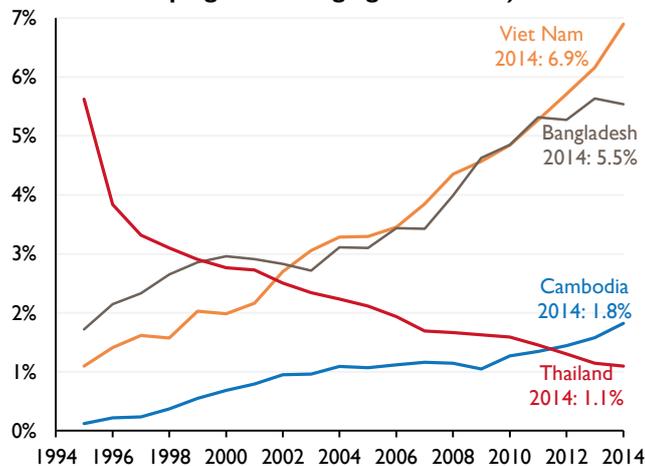
The garment and footwear industry is highly competitive, with many countries aiming to gain global market share. 'Competitiveness' is another factor taken into account in

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

minimum wage adjustment in Cambodia. Measuring the ‘competitiveness’ of a country or industry is difficult and there is no clear metric for doing so. Nevertheless, the change in market share is one reasonable measure of competitiveness – when a country’s share of global garment and footwear exports is increasing, this can be said to reflect increasing competitiveness.

Cambodia has successfully expanded its share of the global market for garment and footwear exports over the past two decades. Its share increased from 0.1 per cent in 1995 to 1.1 per cent in 2005 and to 1.8 per cent in 2014.¹² Cambodia’s market share has increased each year since 2009, when it fell a little in the wake of the global financial crisis. China continues to dominate the global market for garment and footwear, accounting for 54.5 per cent of all developing country exports in 2014. Figure 3 compares Cambodia’s market share with that of three key comparator countries – Viet Nam, Bangladesh, and Thailand.

Figure 3: Market share in garment and footwear exports of Cambodia, Viet Nam, Bangladesh, and Thailand (per cent of total developing and emerging economies)



Note: Garments refers to exports of articles of apparel and clothing accessories. Export market share is expressed as a percentage of all garment and footwear exports from developing economies, as classified by UNCTAD. Source: UNCTAD, UNCTADstat Database

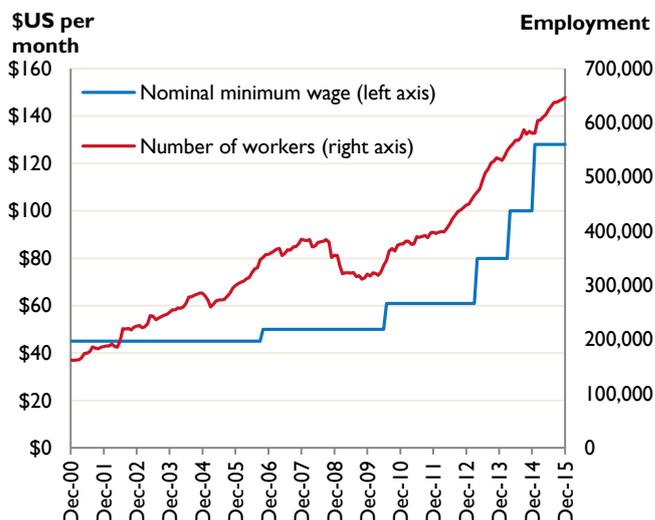
e) Labour market and employment

The state of the labour market is another key consideration for minimum wage adjustment. The garment and footwear sector is Cambodia’s largest formal private sector employer. The sector currently employs more than 620,000 Cambodian workers, 86 per cent of whom are female and many of whom are relatively young. Most Cambodian workers in the sector are production line workers.¹³

¹² Measured as a proportion of all exports by ‘developing countries’, as classified in the UNCTAD trade statistics database.

Employment growth has been robust in the sector, even in years in which the minimum wage has increased relatively rapidly. Employment grew by 18.6 per cent in 2013 (year-on-year), 13.5 per cent in 2014, and 10.4 per cent in 2015. 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 real average monthly wage of workers increased by an average of 13.7 per cent per year.

Figure 4: Statutory minimum wage and employment in the garment and footwear sector



Source: Ministry of Labour and Vocational Training (statutory minimum wages) and Ministry of Commerce (number of workers). Note that the number of workers refers to the exporting (factories) sector only.

There have been no immediately apparent negative impacts on employment arising from past minimum wage adjustments. However, this will remain an important issue to monitor. While there do not appear to have been negative effects from past increases, Cambodia’s minimum wage was low by international standards. It is possible that there could be a turning point beyond which future increases could negatively affect employment.

f) Profitability of the sector

Another criterion that members of the LAC take into account when reviewing the minimum wage is the profitability of the sector. This relates to enterprises’ ability to pay increased wages. Although it is important, profitability can be difficult to measure without access to companies’ financial statement. However, it is possible to derive estimates of the industry’s gross operating surplus, which is related to total profits, from the National Accounts. A future issue of the Bulletin will contain more information on this topic.

¹³ The sector also employs a small number of foreign staff, typically technical and managerial staff, who account for only 1.5 per cent of total employees in the sector.

Statistical update

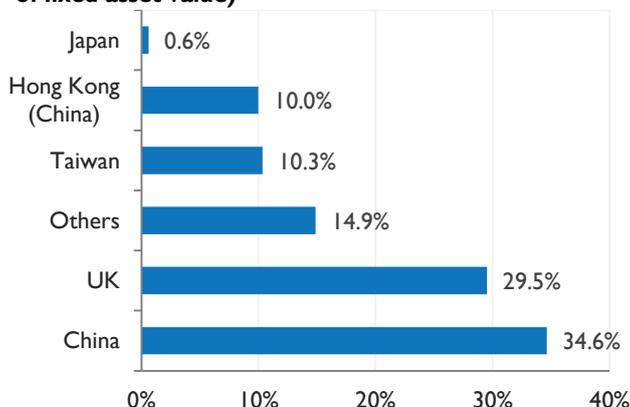
The information above provides a brief overview of the criteria used for minimum wage adjustment in Cambodia. The remainder of this Bulletin provides an update regarding recent developments in the sector.

New investments, factory openings and closures

a – New investment: according to the Cambodian Investment Board (CIB), there were 124 new investment projects across all sectors approved in 2015, equivalent to US\$ 3.9 billion in fixed assets. This represents a 144 per cent increase compared to the same period of 2014. Of the total approved investments, 72 were in the garment and footwear sector, worth US\$ 377 million. This figure represented a decline of 17 per cent in value terms compared to the same period of 2014, although these figures can be somewhat volatile. Foreign direct investment flowing into Cambodia is diversifying beyond garments and footwear.

New garment and footwear investments during 2015 were largely driven by investors from mainland China, who accounted for 34.6 per cent of total new approved investment in this sector. The United Kingdom accounted for 29.5 per cent, Taiwan (China) represented 10.3 per cent, and Hong Kong (China) 10.0 per cent. The remaining investment came from Japan, Korea, Malaysia, Republic of Seychelles and Cambodia itself. Most of the garment and footwear projects approved during 2015 are in the form of sole ownership (87.5 per cent), with joint ventures accounting for the remaining 12.5 per cent.

Figure 5: Share of newly approved investment in garment and footwear sector in 2015, by country of origin (in terms of fixed asset value)



Source: Cambodia Investment Board (CIB) and the Council for the Development of Cambodia (CDC)

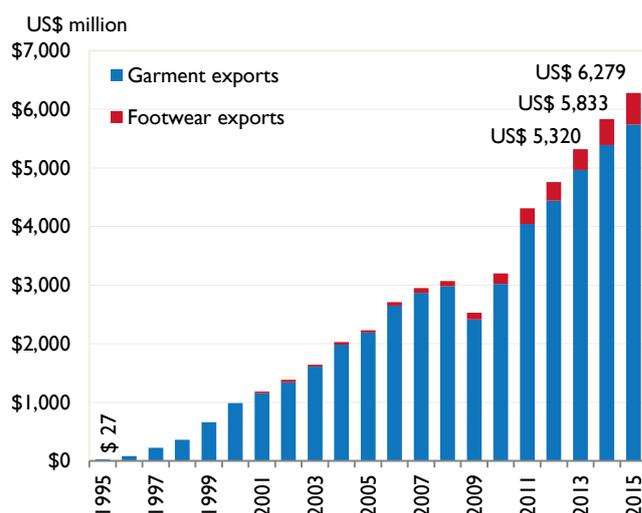
b – Opening, closure and operating factories: There were 75 newly opened garment and footwear factories in 2015, while 2 factories closed. There was therefore a net increase of 73 new factories during 2015, of which 68 were garment and 5 were footwear. This net increase was a little

lower than that of 2014, which recorded 98 net new garment and footwear factories. Both the number of factory openings and closures was lower in 2015 than in 2014.

Garment and footwear exports

a – Export values and market share: The footwear sector continued to record rapid growth in 2015, with exports increasing by 21.8 per cent to US\$ 538 million, while exports of garments rose by 6.5 per cent to US\$ 5.7 billion. The total exports of the garment and footwear sector reached US\$ 6.3 billion in 2015, representing 7.6 per cent growth over 2014.

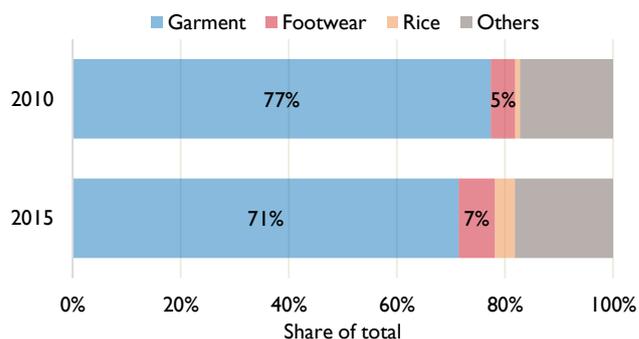
Figure 6: Cambodia's garment and footwear exports, 1995-2015 (US\$ million)



Source: Ministry of Commerce

The European Union (EU) continued to represent the largest market for Cambodia's garment and footwear exports. During 2015, 46 per cent of Cambodia's garment and footwear exports went to the EU, while 30 per cent were shipped to the US market. The remaining 24 per cent were destined for other markets, mainly Canada and Japan. An increasing share of Cambodia's exports from the sector have gone to the EU in recent years, with the US share falling.

Figure 7: Composition of Cambodia's merchandise exports in 2010 and in 2015



Source: National Bank of Cambodia, Ministry of Commerce, IMF and ILO staff calculation

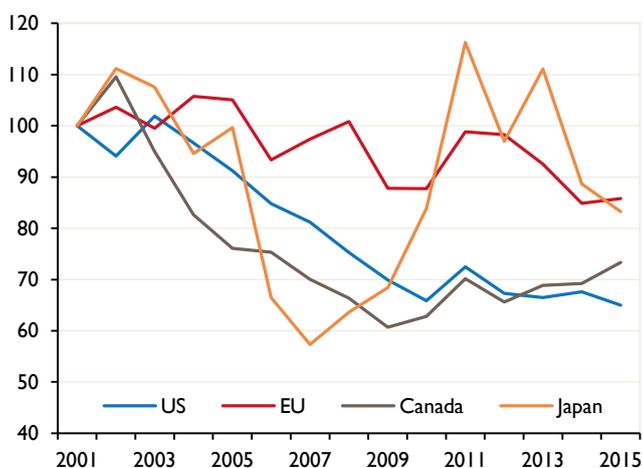
As seen in Figure 7, garment and footwear remains the backbone of Cambodia's exports. In 2015, combined garment and footwear exports accounted for 78 per cent of the country's total merchandise exports. This represented a slight decline from the 82 per cent the sector had in 2010.

The diversification of the Cambodian economy is a goal of the Royal Government of Cambodia. Cambodia's Industrial Development Policy 2015–2025, officially launched in August 2015, sets out its long term vision of increasing the exports of processed and new products and reducing the exports of garment and footwear to 50 per cent of the country's merchandise exports by 2025.¹⁴

b – Prices paid for Cambodian garment exports:

Despite the remaining strong export performance during 2015, Cambodian garment producers faced the challenge of a continuing decline in the prices paid by their buyers, especially in the US and Japanese markets.

Figure 8: Cambodia's garment export price index (per dozen) to its major markets (index, 2001=100)



Source: Ministry of Commerce

The average price of garments (per dozen) sold to the U.S. market in 2015 was 29 per cent lower than in 2005. Similarly, prices for garments sold to the EU markets were 18 per cent lower in 2015 than in 2005.

While the long-term trend in prices has been challenging for Cambodia, there was a slight price recovery of garments sold to the EU and Canadian markets in 2015 compared to 2014. Prices for exports to the EU market grew by 1.1 per cent and to Canada rose by 6.0 per cent in 2015. The slight increase in the EU price was the first recorded in four years.

¹⁴ Cambodia's Industrial Development Policy 2015-2025, p. 13-14.

¹⁵ Press Release of the Electricité du Cambodge (EDC) #9787, dated 28 November 2015 (<http://www.edc.com.kh/newsdetail.php?id=223&typeid=1>)

¹⁶ Government's sub-decree #01, dated 6 January 2016.

¹⁷ Type of service and illness that has not been included in the coverage, will be specified in the separate Prakas of the MoLVT.

¹⁸ Prakas #109, on Benefits of Work-Related Risks, dated 16 June 2008, MoLVT

Other developments relevant to low paid workers:

There have been a number of other policy changes that have affected workers in the sector in recent times, including:

- The Government raised the monthly salary tax threshold from US\$ 125 to US\$ 200, effective 1 January 2015.
- Since January 2015, the state energy provider (Electricité du Cambodge), has ensured that workers' rented rooms are directly connected to state electricity at a price of 610 riels/kilowatt (approximately US\$ 0.15) for consumption of less than 50 kilowatts a month. This was in response to allegations that some landlords were charging workers an inflated price. Over the period of January-November 2015, more than 187,000 workers' rooms were connected.¹⁵ A similar connection has been arranged for workers to access state-supplied water.
- On 6 July 2015, the National Assembly passed a rent-control law for low-income earners and students, prohibiting landlords from increasing rental fees for two years after a contract is signed. In part, the law was intended to protect garment and footwear workers from rent increases which are believed to occur in response to minimum wage increases.
- The National Social Security Fund (NSSF), a government-run social security scheme that covers workers' work injuries, work-related illness and travel-related accidents has been in place since mid-2008. From 6 January 2016¹⁶, NSSF's coverage was broadened to include health insurance of workers.¹⁷ Employers must contribute 0.8 per cent of the gross wage to the NSSF.¹⁸

Conclusion

Cambodia's garment and footwear sector continued to show strong momentum during 2015, recording 7.6 per cent exports growth. Employment also increased solidly, reaching more than 620,000 workers¹⁹ and there were 73 net new factory openings recorded.²⁰ The average take-home pay of workers rose to US\$ 175 per month in 2015, up from an average of US\$ 145 earned per month in 2014. In sum, the sector continued to record a strong performance across a number of metrics.

¹⁹ This number refers only to exporting factories only that are officially registered with the Ministry of Commerce. Some small sub-contractor factories (which are not directly exporting, nor officially registered) are not included. Figure excludes foreign employees, who accounted for 1.5 per cent of total employment in the sector.

²⁰ Ministry of Commerce data, full year 2015. Net openings is equal to total openings (75) less total closures (2).

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

	2013				2014					2015					
	Q1	Q2	Q3	Q4	2013	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4	2015
I. Economic output															
GDP (% real growth)	-	-	-	-	7.4	-	-	-	-	7.1	-	-	-	-	6.9
GDP (% nominal growth)	-	-	-	-	8.2	-	-	-	-	10.0	-	-	-	-	8.9
GDP (current prices, US\$ million)	-	-	-	-	15 228	-	-	-	-	16 709	-	-	-	-	17 967
Value added (garment and footwear, current prices, US\$ million)	-	-	-	-	1 560	-	-	-	-	1 703	-	-	-	-	1 927
Value added (garment and footwear, % of GDP)	-	-	-	-	10.2	-	-	-	-	10.2	-	-	-	-	10.4
2. Garment and footwear exports															
2a. Growth of total garment and footwear exports															
Garment and footwear exports (US\$ million) ^{1/}	1 159	1 231	1 597	1 334	5 320	1,341	1,322	1,690	1,479	5,833	1,350	1,486	1,819	1,625	6,279
% growth (year-on-year)	8.7	18.9	11.2	9.3	11.8	15.7	7.4	5.8	10.9	9.6	0.6	12.3	7.6	9.8	7.6
Garment exports (US\$ million) ^{1/}	1 077	1 142	1 502	1 246	4 967	1,249	1,222	1,570	1,351	5,391	1,228	1,341	1,685	1,487	5,741
% growth (year-on-year)	7.3	19.2	11.0	10.2	11.7	16.0	7.0	4.5	8.4	8.6	-1.6	9.7	7.3	10.1	6.5
Footwear exports (US\$ million)	82	89	95	87	354	92	100	121	128	441	121	145	134	137	538
% growth (year-on-year)	32.0	15.6	15.6	-2.6	13.6	12.0	13.2	26.6	46.8	24.8	31.7	44.2	11.3	7.0	21.8
Retained imports of garment materials (US\$ million)	-546	-637	-692	-616	-2 490	-586	-681	-651	-678	-2,597	-623	-829	-	-	-
2b. Garment and footwear exports by main destination															
Total exports (garment and footwear, US\$ million)	1 159	1 231	1 597	1 334	5 320	1,341	1,322	1,690	1,479	5,833	1,350	1,486	1,819	1,625	6,279
To United States (garment and footwear) ^{1/}	530	481	590	467	2 068	516	454	530	448	1,948	475	439	530	460	1,904
To European Union (garment and footwear) ^{1/}	360	435	593	540	1 929	440	513	787	722	2,463	489	635	888	857	2,869
To rest of world (garment and footwear) ^{1/}	269	315	413	326	1 324	385	355	373	309	1,422	386	411	401	307	1,505
Total exports (garment, US\$ million) ^{1/}	1 077	1 142	1 502	1 246	4 967	1,249	1,222	1,570	1,351	5,391	1,228	1,341	1,685	1,487	5,741
To United States (garment) ^{1/}	519	471	578	458	2 026	497	436	515	428	1,876	447	413	505	441	1,805
To European Union (garment) ^{1/}	324	390	550	493	1 757	403	462	722	653	2,241	438	556	807	766	2,567
To rest of world (garment) ^{1/}	234	281	374	294	1 184	349	323	332	270	1,275	343	372	373	281	1,369
Total exports (footwear, US\$ million)	82	89	95	87	354	92	100	121	128	441	121	145	134	137	538
To United States (footwear)	11	10	13	8	42	19	17	15	20	72	28	26	25	20	99
To European Union (footwear)	36	45	43	47	172	37	51	65	69	222	51	80	81	91	303
To rest of world (footwear)	35	34	39	32	140	36	32	40	39	148	43	39	28	26	136
3. New Investment, factory openings and closures															
3a. New Investment Project															
Total CIB approved investment projects	41	32	34	53	160	44	48	42	15	149	37	26	30	31	124
Thereof: Garment and footwear projects ^{1/}	29	17	19	24	89	25	32	15	6	78	19	19	20	14	72
Garment projects	25	15	14	21	75	24	29	13	6	72	17	12	15	13	57
Footwear projects	4	2	5	3	14	1	3	2	0	6	2	7	5	1	15
Total CIB approved projects (US\$ million)	212	2 128	260	1 882	4 483	446	382	626	150	1 604	2,873	255	279	513	3,920

	2013				2014					2015					
	Q1	Q2	Q3	Q4	2013	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4	2015
Thereof: Garment and footwear projects (US\$ million) ^{1/}	138	118	90	118	463	135	200	86	30	452	72	80	84	141	377
Garment projects (US\$ million)	103	103	67	100	374	127	174	77	30	408	64	42	64	55	225
Footwear projects (US\$ million)	35	15	22	18	90	7	27	9	0	44	8	38	20	86	151
3b. Factory openings and closures (registered factories) ^{1/}															
Total garment and footwear factories (end of period)	456	487	513	528	528	548	576	597	626	626	640	655	680	699	699
Garment factories (e. o. p.)	405	434	458	469	469	488	515	532	558	558	572	585	607	626	626
Footwear factories (e. o. p.)	51	53	55	59	59	60	61	65	68	68	68	70	73	73	73
Total net openings (garment and footwear) ^{1/}	17	31	26	15	89	20	28	21	29	98	14	15	25	19	73
Garment factories	14	29	24	11	78	19	27	17	26	89	14	13	22	19	68
Footwear factories	3	2	2	4	11	1	1	4	3	9	0	2	3	0	5
Openings (garment and footwear) ^{1/}	22	33	28	18	101	23	32	25	29	109	14	16	26	19	75
Garment factories	18	31	26	14	89	21	30	21	26	98	14	14	23	19	70
Footwear factories	4	2	2	4	12	2	2	4	3	11	0	2	3	0	5
Closures (garment and footwear) ^{1/}	5	2	2	3	12	3	4	4	0	11	0	1	1	0	2
Garment factories	4	2	2	3	11	2	3	4	0	9	0	1	1	0	2
Footwear factories	1	0	0	0	1	1	1	0	0	2	0	0	0	0	0
4. Employment in the garment and footwear sector															
Total garment and footwear workers (period av., '000)	458	482	516	533	497	539	561	576	581	564	597	616	635	643	623
% change (year-on-year)	15.2	18.8	20.1	20.1	18.6	17.6	16.5	11.7	9.1	13.5	10.7	9.8	10.3	10.7	10.4
Workers in garment sector (period average, '000)	386	404	434	447	418	454	475	484	488	475	500	516	533	538	522
Workers in footwear sector (period average, '000)	72	78	82	86	80	85	87	92	93	89	97	101	102	106	101
5. Wages and prices															
Minimum wage (garment and footwear sector, US\$)	61	80^{2/}	80	80	80	100^{3/}	100	100	100	100	128	128	128	128	128
Average monthly wage (garment and footwear, US\$)^{4/}	119	121	127	128	124	137	145	152	146	145	164	174	184	178	175
Average monthly wage (garment workers, US\$) ^{4/}	121	123	129	129	126	139	147	153	146	146	165	176	188	181	178
Average monthly wage (footwear workers, US\$) ^{4/}	109	110	117	120	114	127	137	149	146	140	157	165	166	165	163
Real average monthly wage (garment and footwear, constant Dec. 2010 US\$)^{4/ 5/}	110	111	114	114	113	121	127	131	127	127	143	151	158	152	151
Real average monthly wage (garment, Dec. 2010 US\$) ^{4/ 5/}	112	113	116	115	114	123	128	132	127	128	144	152	161	154	153
Real average monthly wage (footwear, Dec. 2010 US\$) ^{4/ 5/}	101	101	105	107	104	113	119	129	127	122	137	143	142	141	141
Consumer Price Index (period average) rebased, Dec. 2010=100	108.1	109.3	111.4	112.3	110.2	113.0	114.5	115.8	114.7	114.5	114.2	115.6	116.8	117.0	115.9
Inflation rate (CPI period average, y-o-y growth)	1.5%	2.3%	3.7%	4.3%	2.9%	4.6%	4.8%	4.0%	2.1%	3.9%	1.0%	1.0%	0.8%	2.0%	1.2%

1/ Includes textiles.

2/ Effective 1 May 2013.

3/ Effective 1 February 2014.

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

5/ At December 2010 prices.

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

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This publication has been published within the framework of the Labour Standards in Global Supply Chains programme financed by the Government of the Federal Republic of Germany and by the GIZ, on behalf of the German Government. The programme was initiated as part of a renewed partnership between the German Ministry for Development Cooperation (BMZ) and the International Labour Organization (ILO). The responsibility for opinions expressed in this publication rests solely with its author(s), and its publication does not constitute an endorsement by the ILO or the Government of the Federal Republic of Germany of the opinions expressed in it.