



PRESS REVIEW
9/2017

Politics Trump Economics in Promised Wage Hike

A week ago last Sunday, Prime Minister Hun Sen rolled out an unprecedented package of new benefits for the country's army of garment workers, topped off by the promise of a handsome raise next year, just in time for July's critical national election.

The government's sudden moves to expel a U.S.-based pro-democracy group and shut down a clutch of independent radio stations at about the same time grabbed most of the top headlines. But economists, analysts and labor rights groups see an equal measure of shrewd politics behind the premier's new embrace of garment workers, only with the potential to hurt the very industry it's meant to serve.

In benevolent benefactor mode, Mr. Hun Sen unveiled his garment sector campaign to an auditorium full of mid-level factory workers in Phnom Penh: pensions by 2019, employer-covered health insurance by next year, free rides on the city's shiny new fleet of public buses starting this month. To top it off, he promised a monthly minimum wage next year of no less than \$168, guaranteeing a salary bump of at least 10 percent for

Cambodia's 700,000-plus garment workers.

However, a \$168 monthly wage would put Cambodia just over China's lowest minimum wage, which varies by region from \$162.70 to \$315.30, according to the latest figures from the International Labor Organization. It would also crest Vietnam's top minimum wage of \$164.70.

Last month, the ministry also said the government's National Institute of Statistics would be wrapping up a study of garment workers' "living conditions" by the end of this month, just in time to inform the final stages of this year's negotiations. But as of last week, the study had not even begun.

Moeun Tola, director of the Cambodian non-government labor rights group Central, said next year's wage should be even higher. In 2013, a state-sponsored study concluded that to earn a living wage garment workers should be making as much as \$177. By next year, Mr. Tola said, after five years of inflation, it should be higher still.

"It's totally politics over economics," agreed Sophal Ear, author of "Aid Dependence in Cambodia: How Foreign Assistance Undermines Democracy."

"A guaranteed 10 percent wage increase?... It has politics written all over it," said Mr. Sophal, an associate professor of diplomacy and world affairs at Occidental College in Los Angeles. "But that wasn't the tune being sung years back. People died because they wanted to go up from \$80 in 2013."

Amid the taut political climate that followed that year's national election, which the opposition CNRP accused Mr. Hun Sen's long-ruling CPP of stealing, nationwide strikes brought the garment sector to a near standstill. The strikes came to an abrupt end the following

January when military police opened fire at a protest that had turned violent outside a factory in Phnom Penh, killing at least five workers. The minimum wage has been on a steady rise ever since.

Ou Virak, director of the Future Forum, a Cambodian public policy think tank, is skeptical that economics has ever had much sway over the minimum wage, describing Mr. Hun Sen's promised raise and raft of new benefits as "very political."

Mr. Virak said garment workers only had a minimum wage to begin with—they're the only private sector employees in the country to have one—because of the pressure unions were able to put on international brands sensitive to their reputations, not because the government cared.

A \$15 bump in wages was risky, he said. While garment exports have continued to grow with each raise, the rate of growth fell by half last year. In the absence of detailed political polling, no one knows for sure how garment workers vote. But they did feature prominently in the mass demonstrations the CNRP mounted in 2013 to protest that year's disputed election results. An opinion poll commissioned by the CPP last year also found that "workers" in general were the least likely to vote for the ruling party compared with farmers and business owners. Just this week, as if to prove the point, Mr. Hun Sen promised garment workers that he would lean on landlords around their factories not to raise their rents next year. He even promised them free medical checkups and treatment at any state hospital, also starting next year.

The Future Forum's Mr. Virak said concerns about corruption and safety were also likely to figure large in their calculations.

They all agreed, though, that there was no coincidence in the broadside Mr. Hun Sen has launched against Cambodia's independent media at the same time, the counterpoint to the charm offensive he has aimed at workers.

Since the start of last week, the government has shuttered at least 19 radio stations that have regularly carried critical programming. It is also threatening to shut down The Cambodia Daily, one of the country's few independent newspapers, unless it pays a disputed tax bill topping \$6 million by Monday.

It has already expelled the foreign staff of the National Democratic Institute over allegations that it was plotting the prime minister's downfall. On Saturday, a woman from Banteay Meanchey province was the latest Cambodian to be arrested for criticizing Mr. Hun Sen online.

Cambodia Daily (Zsombor Peter) 30/8/17

Hun Sen Promises Cheaper Water Bills for Garment Workers

In yet another bid to shore up the garment worker vote ahead of next year's general election, Prime Minister Hun Sen on Wednesday promised to lower their water prices and offered more details about a pending pension plan.

In a speech to thousands of factory employees at the Vattanac II industrial park on the outskirts of Phnom Penh, the premier said that as of Friday, the Phnom Penh Water Supply Authority would cut the rate it charges landlords renting rooms to garment workers in the city from 1,030 riel per cubic meter (about \$0.25) to 700 riel.

The new benefits include free rides on Phnom Penh's public buses as of this month, health insurance contributions fully covered by their employers come next year, and pensions by 2019. On Wednesday, however, he said garment workers will have to work for 25 years to qualify.

Cambodia Daily (Ben Sokhean) 31/8/17

Mass Fainting in H&M Garment Factory, No Problems Found

The Berry factory has about 2,750 workers and supplies international brands, including H&M. Better Factories Cambodia, a factory monitoring body set up by the U.N. and World Bank, assessed the factory in February last year and found no problems.

But it was the site of a mass fainting on Wednesday in Phnom Penh, though no problems with the factory were found during an ensuing inspection.

The 73 workers who fainted at the Berry Apparel (Cambodia) factory at about 8:30 a.m. were found to have low blood sugar, said Sao Sarith, deputy chief of Choam Chao commune in Pur Senchey district.

"One worker got dizzy and was sent to hospital," said Chhun Sokhy, the factory's representative to the Free Trade Union of Workers of the Kingdom of Cambodia. "When others saw this happening, they felt scared and started to continually faint, one by one."

The stricken workers were sent to nearby clinics for treatment, and 64 of them, all women, were still receiving treatment as of 4 p.m., Ms. Sokhy said.

Cambodia has more than 700,000 garment workers. Mass faintings are unusually common in Cambodia, and are variously attributed to a lack of nutrition, anemia, shock, spirits, or other causes.

Cambodia Daily, Ouch Sony, 31/8/17

Dozens More Faintings Occur at Factory With No Clear Cause

For the second day in a row on Thursday, more than 60 workers fainted at a Phnom Penh garment factory that supplies Swedish fashion giant H&M.

Officials continued to say that an inspection had revealed no cause for the faintings at the Berry Apparel (Cambodia) factory, which has received a perfect rating for the past three years from Better Factories Cambodia, a U.N. project that monitors garment factories. A study released earlier this year found that faintings occurred most commonly in Cambodian factories when workers experienced situations of heightened fear, which often combined with pre-existing psychological trauma to result in mass faintings.

Cambodia Daily (Ouch Sony) 1/9/17

Cautious Praise For Pension Scheme

While some in the business community have welcomed a government plan to launch a pension scheme for the private sector next year, a leading manufacturer's group said it could be a burden to factory owners especially in the garment industry.

Prime Minister Hun Sen laid out the scheme at a meeting with thousands of workers from the garment and footwear industry on Sunday, saying all workers would get retirement benefits from 2019. Kaing Monika, deputy secretary-general of Garment Manufacturers Association in Cambodia (GMAC) which represents more than 500 factories employing more than 700,000 workers, also welcomed the scheme but said it would be another burden to the industry's owners since the government just gave other benefits to workers.

Prime Minister Hun Sen said that under the scheme workers who retire can still get 80 percent of their salary.

Khmer Times 30/8/17

Minimum wage talks begin

Labour Ministry Chief of Cabinet Heng Sour (centre) chairs a meeting to discuss increases to the Kingdom's garment sector minimum wage yesterday in Phnom Penh. Members of the tripartite Labour Advisory Committee – composed of representatives of the government, employers and unions – yesterday put forth their proposals for next year's minimum wage for the garment and footwear sector, kicking off the annual negotiations that will culminate on October 5.

Every year the Labour Advisory Committee convenes to determine an increase to the sector's base wage,

with a 48-member subcommittee presenting each bloc's preferred figures yesterday.

The government proposed a \$162.67 monthly salary, slightly higher than the employers' proposal of \$161. The unions, meanwhile, proposed \$176.25, a more than 15 percent increase from the current \$153 wage, which includes a now routine \$5 bump decreed by Prime Minister Hun Sen.

The figures will ultimately be presented for a final vote by a 28-member committee – 14 members from the government's side, and seven each from employers and unions.

This year's wage negotiations come after Prime Minister Hun Sen – currently on a weeklong charm offensive to woo garment workers – announced that next year's wage will be more than \$160.

Ministry of Labour Chief of Cabinet Heng Sour, who chaired the meeting, said the government's proposed figure was only for reference, adding that it was up to the employers and unions to find a middle ground on next year's wage.

"We provide it just as basic reference for both parties to agree on a closer number," he said "Because it is the employer party who has to pay the wage and workers who will receive it."

While all sides have used a 3.5 percent inflation figure provided by the National Institute of Statistics, Ken Loo, secretary-general for the Garment Manufacturers Association in Cambodia, said employers had also factored in a small increase for productivity.

The bump, he said, was "based on the way the Ministry of Labour has presented" improvements to productivity. He added that he was hopeful the final figure would be close to their proposal and declined comment on the union's \$176 demand.

Ath Thorn, president of the Cambodian Labour Confederation, which had last month called for a \$223 base wage, said the \$176 figure was a unanimous proposal put forth by all unions involved.

"With the current situation, we cannot do more. And within the unions' discussions there were many more pro-government unions, so we have to agree," he said. Chhuon Momthol, president of the pro-government Cambodia Confederation of Trade Union, did not comment on yesterday's proceedings, though Tep Kimvannary, president of the government-aligned Cambodian Federation Independent Trade Union, said the employers' proposal of a 5 percent increase was too low.

"We want at least 10 percent. The unions still feel 5 percent is low," she said.

**Phnom Penh Post
(Yon Sineat & Ananth Baliga) 26/9/17**