



Impacts of global economic crisis on garment workers and remittance in Cambodia

Public Forum on Impact of Global Economic Downturn and Need for Policy Responses

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Outline

- World economic outlook
- Impacts on garment industry
- Likely effects on garment workers
- Likely effects on workers' remittance
- Policy responses



World outlook

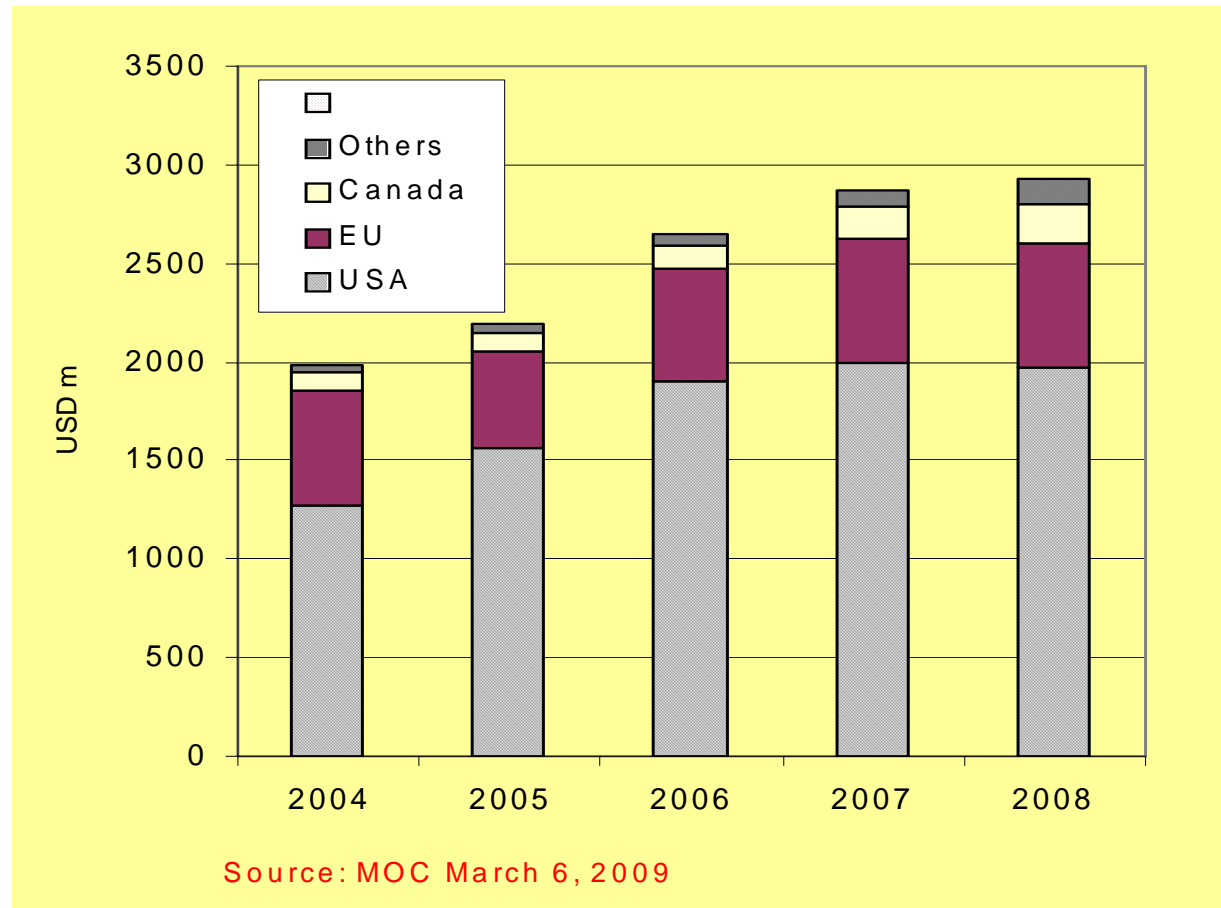
- Prospects for 2010 remain weak across continents

	Real GDP growth		
	2008	Proj.2009	Proj.2010
World output	3.2	-1.3	1.9
United States	1.1	-2.8	0.0
Canada	0.5	-2.5	1.2
Euro area	0.9	-4.2	-0.4
Japan	-0.6	-6.2	0.5
China	9.0	6.5	7.5
NIEs	1.5	-5.6	0.8
ASEAN-5	4.9	0.0	2.3

Source: IMF World Economic Outlook, April 2009

Impact on garment industry

- Major garment export destinations 2004-2008



Impact on garment industry

- The transmission channel

World Economic Downturn

US Recession

slump in US retail sales

EU Recession

Canada Recession

Decline in Cambodia's Garment Industry

total workforce

total factories

total export

Laid-off workers

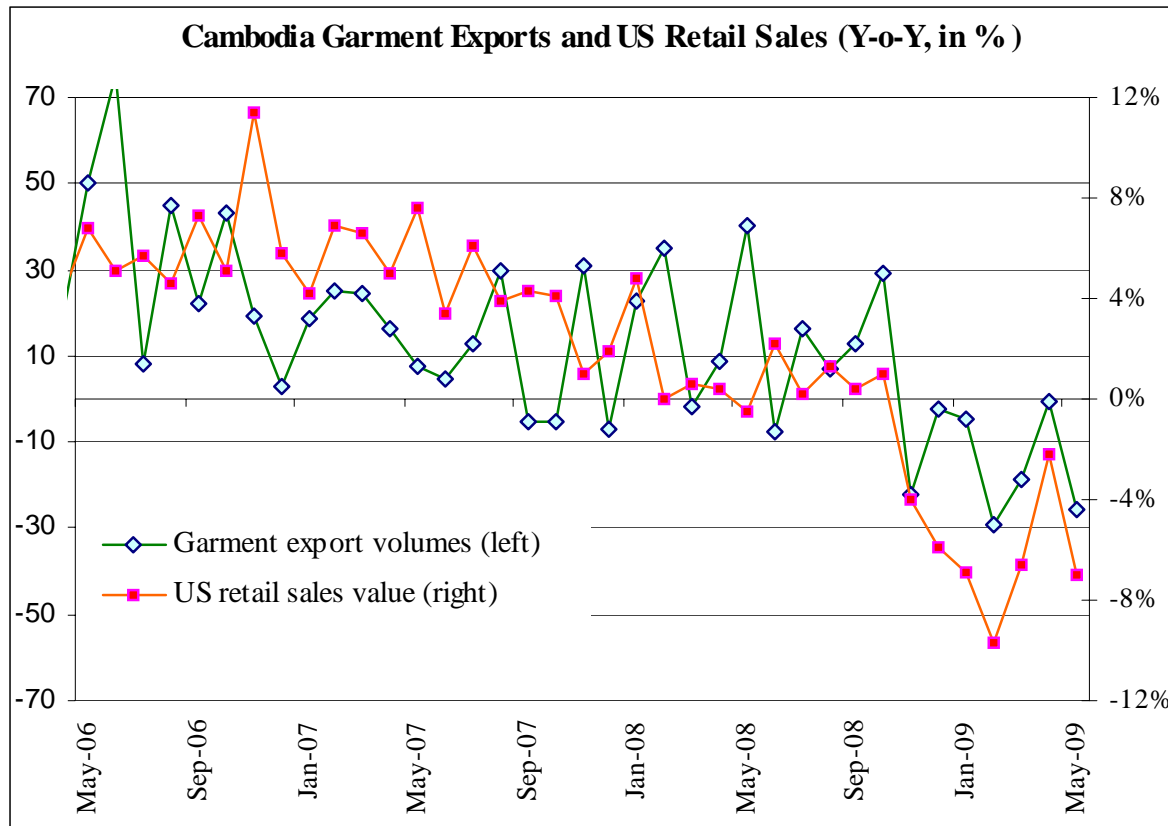
factories closed

loss of export

Rural relatives (loss of remittance)

Impact on garment industry

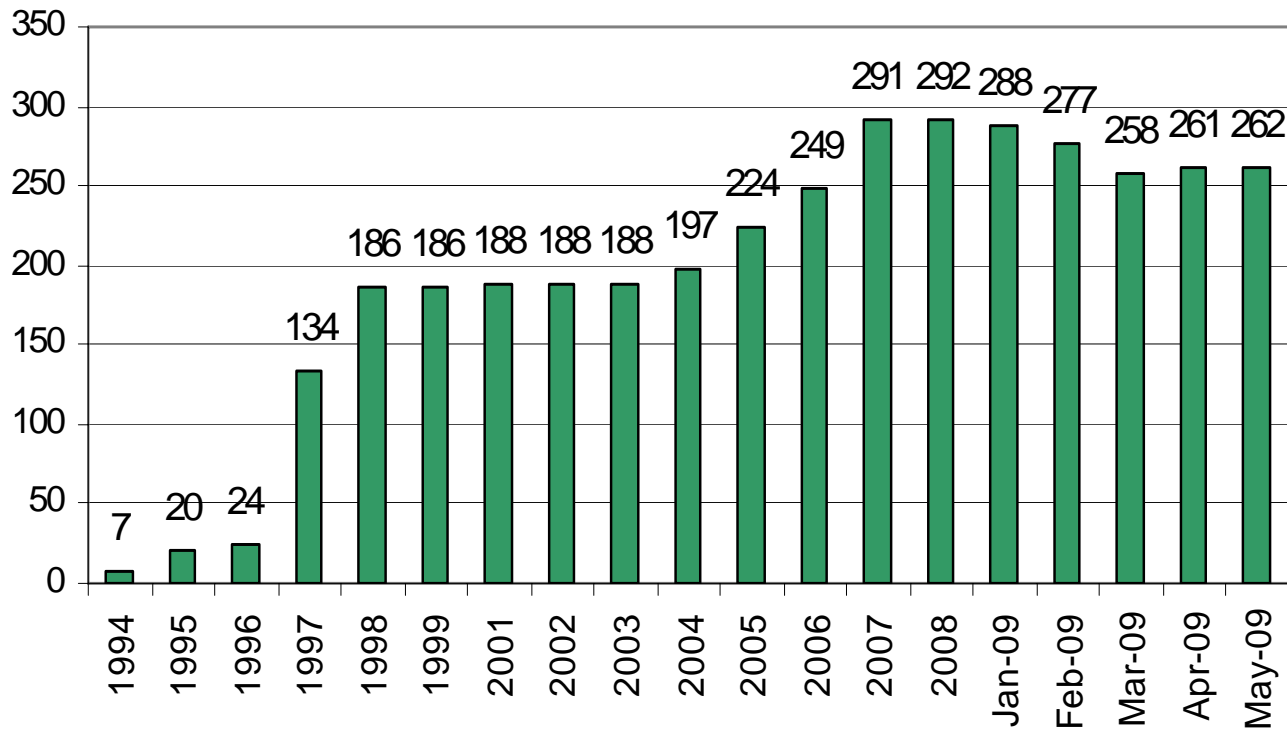
- Highly vulnerable to slumping US retail sales



Sources: CED & Emerging Textile (June 2009)

Impact on garment industry

■ Reduction in number of factories

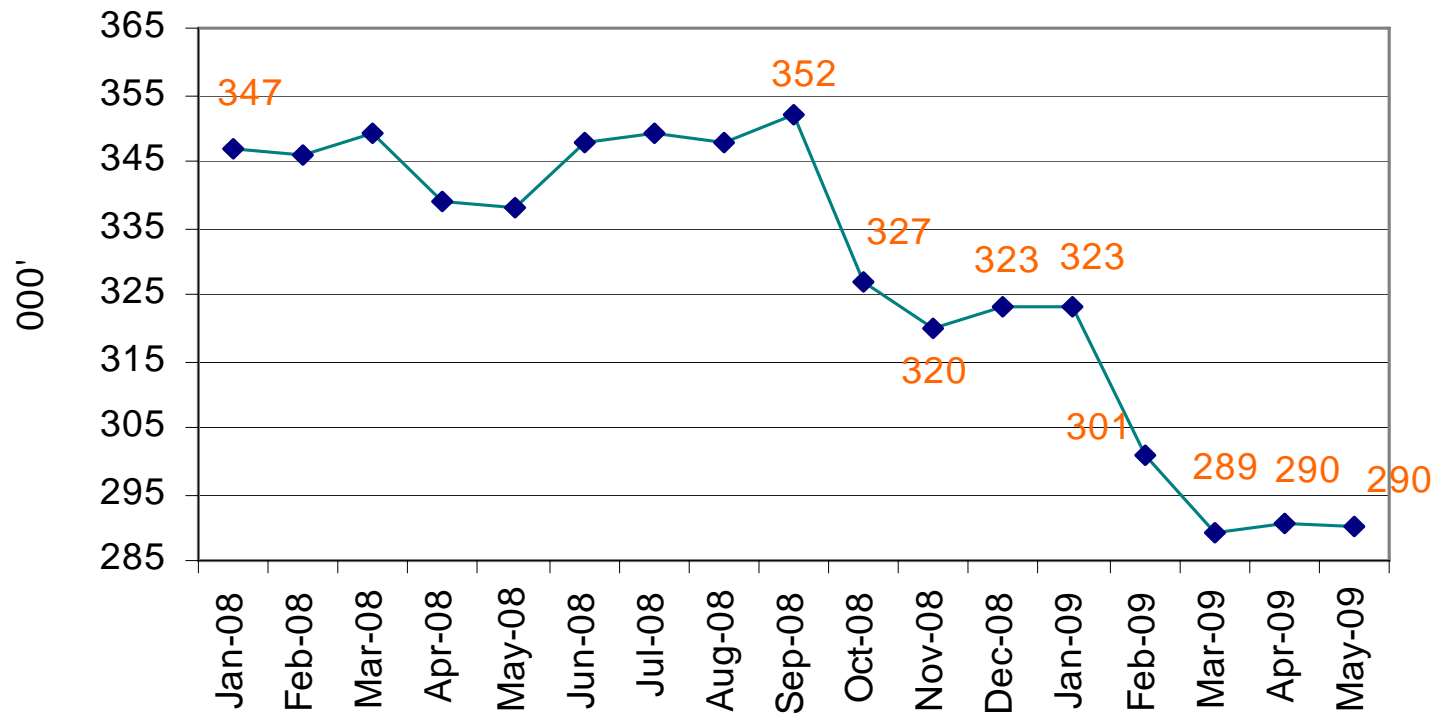


Source: MOC, June 2009

Impact on garment workers

- Substantial reduction in number of workforce

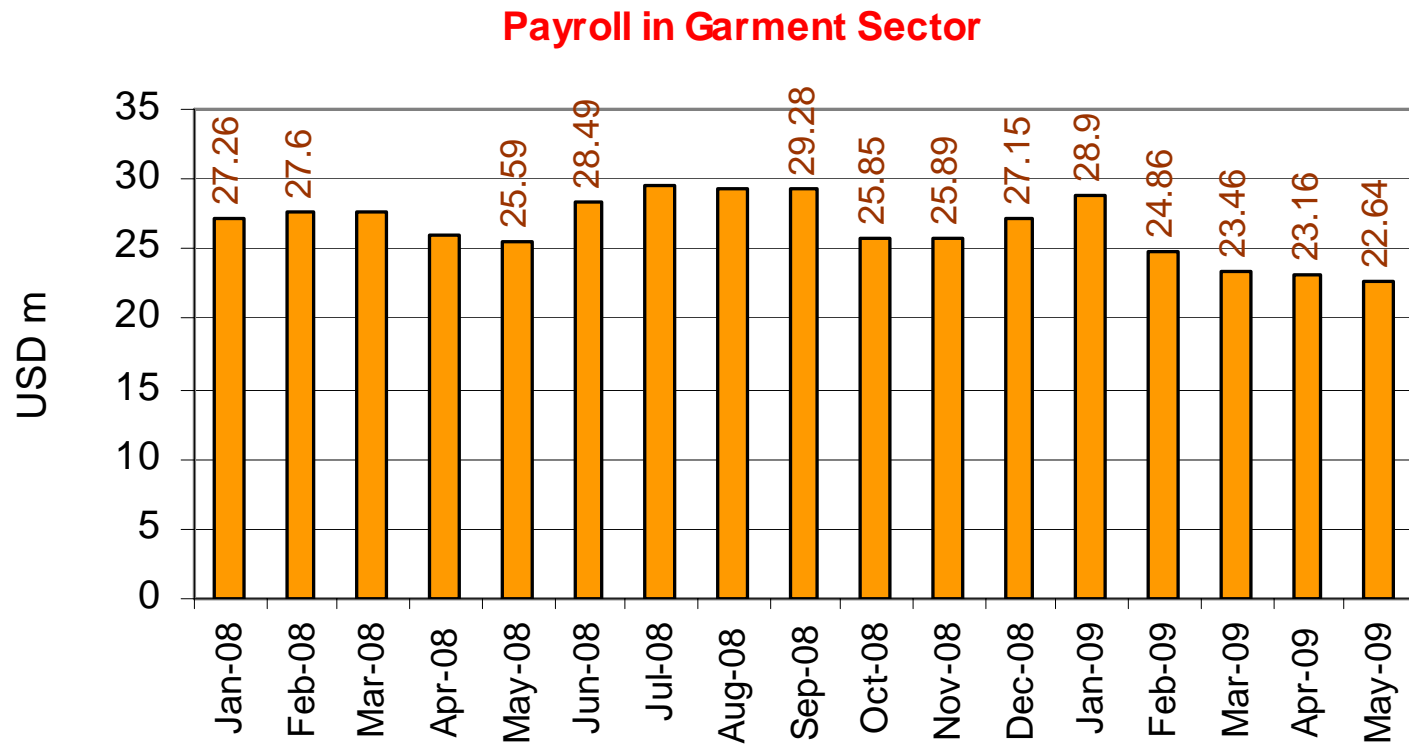
Number of Workforce in Garment Sector



Source: MOC, June 2009

Impact on garment workers

- Significant reduction in total wage in the sector



Source: MOC, June 2009



Impact on garment workers

- Decline in real daily earning (2003 constant price) and working hours

Categories	May-08	May-09	% Change
Real daily earning in riels	7473	6107	-18.3%
Working hours per week	59	49	-17.0%

Note: Data for May-2008 are average data of May-2003 – May-2007

Source: CDRI Vulnerable Worker Survey



Impacts on sector's remittance

- Reduction in workers' remittance

Categories	Sep-08	Feb-09	May-09	Change
Average remittance per worker \$US	-	24.40	18.44	-5.95
Number of job loss '000	352	-	290	-62
Remittance loss since Sept-08 mil. \$US	-	-	-1.14	-
Per capita rural household income/month \$US	-	-	20.14	-

Note: Remittance loss = 62,000 x 18.44\$

Sources: MoC, CDRI Vulnerable Worker Survey & Panel Household Data



Policy responses

- Waive the collection of the 1% advanced profit tax till 2012
- Diversify the current market destinations, i.e. Japan, Russia, Middle-Eastern countries, and ASEAN members
- Negotiate with EU nations for the relaxation of tight rule of origin
- Help factory management secure 0.3% of workers' wage per month of the 0.8% to be submitted for safety net pensions
- Create fund for vocational training for laid-off workers