

## Statement

The Garment Manufacturers Association in Cambodia (GMAC) would like to express deep regret for the decision on the new US\$123 proposed minimum wage which later the Royal Government unilaterally decided to add US\$ 5 more, making the new minimum wage for 2015 increase to US\$128. The new figure of US\$123 submitted for a vote and the US\$ 5 added later is a complete rejection of the result of the special tripartite working group made up of nine members from each side that had held in-depth discussions from 20 to 30 October and decided to take two figures: US\$110 and US\$121 for final discussion.

This new determination is a 28 percent increase to the 20 percent increase that was just raised in early 2014. The decision on this skyrocketing increase will certainly have a serious effect on the survival of many factories that are members of GMAC, especially the factories having weak financial capacity and not having strong orders. During the negotiations over the last several months, GMAC has already tried its best to explain to relevant parties about the negative effect of this skyrocketing increase.

In addition to the minimum wage of US\$128, there are other benefits required by the law such as transport and accommodation allowance of \$7 and attendance bonus of \$10. In total, the minimum wage that workers receive for their normal work of 8 hours per day will increase to \$145 which is equal to the minimum wage of the highest region of Vietnam (region 1) and almost twice the minimum wage of Bangladesh and Myanmar. This does not include incentives such as seniority bonus, overtime, meal allowance, skill bonus, occupational insurance and health insurance.

With the overwhelming public holidays of 27 days per year together with high cost such as electricity, transport, unofficial payment, and an almost complete lack of raw materials and low productivity of the workers, the garment and footwear industries will certainly lose the competitiveness and new investment attraction.

To relieve the serious pressure resulting from this minimum wage increase, GMAC would like to insistently appeal to the Royal Government to introduce policies helping support the two industries. GMAC would also like to request unions not to provoke unrest on top of this in the industries through non-procedural strikes and demonstrations.

Phnom Penh, 12 November 2014

