Cambodia Falls Short as Garment-Industry Model; Country's Apparel Experience Shows Difficulty Improving Work Conditions

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Body

PHNOM PENH, Cambodia-This small Southeast Asian country was supposed to become a model for the world apparel industry, with tough factory monitoring and strong worker protections.

But a dozen years after the United Nations' International Labour Organization launched a program to manage Cambodia's booming garment trade-the first of its kind in the world-labor activists say many factories still suffer from problems that triggered calls for more oversight in the first place, including the abuse of workers' rights.

Accidents at two Cambodian factories in May, including one that left two people dead when part of a shoemaking factory collapsed, highlight what activists say are continuing unsafe conditions. Cambodia's opposition party has made better working conditions one of its big campaign issues in the national election set for July 28, calling for the monthly minimum wage for workers to rise to $150, almost double the current level, and for working hours to be limited to eight hours a day.

The country's struggle to transform its garment industry offers lessons for Bangladesh, where more than 1,100 people were killed in the April collapse of a garment-factory building. Since then, retailers from H&M to Wal-Mart Stores Inc. have pledged to tighten factory monitoring there. The ILO, meanwhile, is considering launching a factory-monitoring program in Bangladesh, incorporating lessons from its Cambodian project, said Deputy Director General Sandra Polaski.

But Cambodia's experience speaks to the difficulty in radically transforming working conditions.

"The core problem is the way the supply chain is structured, which exploits the most vulnerable people, the workers," says Sanjiv Pandita, executive director of the Asia Monitor Resource Center, a nongovernmental organization focusing on Asia labor issues. Labor activists say the government, factories, brands and even some unions keep labor costs down for their own economic benefit. Workers-often extremely poor and uneducated-have little leverage.

"There is a lot of injustice in Cambodia" even after years of work to improve factories, said Lao Bunna, a 43-year-old who works in one of the heavily guarded garment complexes that line the chaotic roads into Phnom Penh, the capital.

Workers at Ms. Lao's factory often feel faint because there are few windows and poor air circulation, she said. Her boss told her and other employees that they would be fired if they refused to work overtime, she added. She has declined to join a union, saying she fears retaliation from factory owners.

Her complaints point to gaps between reality and Cambodian law-which prohibits laborers from being asked to put in excessive overtime or work in overheated factories, and protects their right to unionizes-and the voluntary ILO program that is meant to monitor adherence to those laws.

Officials at the factory declined to comment on these issues. Cambodia's Secretary of State of the Ministry of Labor Oum Mean said the country doesn't have problems with garment factories because it has appropriate legislation in place to police them.

″If the factories do not follow the labor law, we will punish them,″ he said. He also said that competitive labor costs in Cambodia can attract investors to the country, which in turn improves the lives of Cambodians.

Cambodia exploded onto the global garment scene in the 1990s. Development specialists saw the sector as a major growth opportunity for the country, which had only recently emerged from the genocidal Khmer Rouge regime, which according to some estimates left 1.7 million people dead during the late 1970s.

Taking advantage of cheap labor, factories sprouted up in Phnom Penh residential areas as well as on farmland and rice paddies on the outskirts. There are 462 export factories now, said Ken Loo, secretary-general of the Garment Manufacturers Association in Cambodia. That is up from 185 exporting factories in 2001, he said, citing his earliest records.

But the rapid growth was accompanied by complaints of sweatshop conditions. As activists called for a solution, U.S. officials negotiated a 1999 trade deal with Cambodia. Washington offered to expand access to the American market-which had quotas on garment imports-if Cambodian firms improved labor standards. The ILO launched a local body, known today as Better Factories Cambodia, to monitor progress.

Better Factories Cambodia was a powerful force in educating factories, their business partners and the public on labor issues, say union leaders and activists. Conditions at many factories have improved since the program got under way, they say.

The program has helped hold factories to paying at least the minimum wage and has served as a neutral intermediary in Cambodia, said Jill Tucker, Better Factories Cambodia's chief technical adviser. The program is funded by international buyers and Cambodia's government and garment association, as well as by foreign governments including the U.S.

But the U.N. program lost some teeth in 2005, with the expiration of the 1970s-era Multi-Fibre Arrangement, which set quotas for apparel imports into rich countries. The end of quotas removed important leverage the U.S. used to pressure factories to change.

As factory owners worried about losing guaranteed access to U.S. markets, they pressed the ILO on another front-asking Better Factories to stop naming manufacturers in their public reports, according to Ms. Polaski. Negative assessments, they reasoned, could kill their business in a more competitive global trade environment.

The program agreed-a move Ms. Polaski called a ″bad decision″ that eroded its progress in the country. The program now submits confidential reports to the factories, whose business partners have the option to buy them. It also publishes public summaries of its assessments that don't name the factories.

The ILO is now pushing for greater transparency in all of its monitoring programs around the world, Ms. Polaski said, including in Cambodia and in any potential venture in Bangladesh.

Mr. Loo of the manufacturers' association said the factories weren't powerful enough to have forced the program into making the change and said the ILO's present method of reporting is much better than ″naming and shaming.″

The long-term effectiveness of the Better Factories initiative has come under fire by a pair of recent reports-an August 2012 evaluation by Cambodia's Community Legal Education Centre and the Netherlands-based Clean Clothes Campaign, and a February 2013 report by Stanford Law School and the U.S.-based Worker Rights Consortium. Among the continuing problems they identified were excessively low wages, a shortage of independent unions and abuse of workers' rights to participate in unions and claim benefits.

In May, the country's minimum wage rose to $80 per month, from $66, the largest bump in over a decade. Even so, when adjusted for inflation, the wages of Cambodian garment-sector workers are equal to what they were in 2000, according to Bent Gehrt, Southeast Asia field director for the Worker Rights Consortium.

Meanwhile, employers are increasingly signing workers to short-term contracts lasting three or six months, which critics say let them easily terminate workers if they join unions or seek bonuses or maternity leave benefits. An April 2013 Better Factories Cambodia report said that 90% of the newly-registered factories it assessed say all of their workers are on short-term contracts.

The short-term contracts ″are not the evil thing that unions make them out to be,″ said the manufacturers' association's Mr. Loo, adding that many workers actually prefer them because they include several months of guaranteed salary and a bonus upon expiration. He said complaints about weak unions are also misplaced. ″Workers overexercise their rights. You see so many strikes in Cambodia,″ he says.

Better Factories Cambodia's Ms. Tucker concedes her program's influence has been waning but says it hopes new strategies, including increased transparency, will help.

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