



WITH WAGE TALKS OVER, GMAC CALLS FOR FOCUS ON PRODUCTIVITY

The Garment Manufacturers Association in Cambodia (GMAC) is looking for a renewed focus on productivity following the conclusion of this month's minimum wage negotiations, while supporting calls for clothing buyers to implement more sustainable purchasing practices.

In this wake of this year's negotiations, during which the monthly minimum wage for garment and footwear factory workers was raised to \$140, industry experts say it is now vital to concentrate on raising overall productivity. According to the ILO, the Cambodia's garment industry productivity has been on the decline in the last 3 years.

"Wages account for a massive portion of a factory's operating costs. We now need to see all parties, including the buyers, focus on improving productivity to help offset rising costs and keep factories economically viable," said GMAC Secretary-General Ken Loo.

In a statement issued after the conclusion of negotiations, the International Labour Organization (ILO) also recognized the importance of boosting productivity and urged clothing buyers to look at changing their purchasing practices, always low price!

The organization has been pressing buyers to pay their suppliers more to help them absorb rising operating costs especially wages. Following wage increases in 2014, ILO economists estimated that paying around 3 percent more would cover the wage rise and go a long way towards keeping the industry sustainable.

Regarding this year's negotiations, both GMAC and the ILO statement welcomed the use of data analysis as criteria in setting the wage level and urged all parties to rely more strongly on technical information and consultation in the future.

"It is vital that we adopt a scientific approach to determine wage levels in a fair and sustainable manner. We were very pleased to see that, for the most part, all parties were able to abide by the mechanisms in place to ensure constructive dialogue," said Loo.

However, we regret that 4 trade unions failed to engage in good faith negotiations and chose to violate the internal rules and procedures of the Tripartite Technical Working Group when they abandoned the negotiations just prior to the secret ballot and reneged on an agreement made a week earlier on the first day of negotiations.

Phnom Penh, 20 October 2015

