

Statement on Minimum Wage Negotiation for 2021

On 10 June 2020, the Ministry of Labour and Vocational Training issued a notification on the schedule of minimum wage negotiations in the textile, garment and footwear sector for 2021, which is planned to commence from July to September 2020.

In the present circumstance, Cambodia as well as countries around the world, are being adversely affected by the global Covid-19 pandemic, which causes several sectors to be suffered from many unprecedented crises. In fact, in the textile, garment, and footwear industry, many enterprises have temporarily suspended their production. At the same time, some enterprises have decided to shut down their operations as buyers have canceled orders and refused to accept products already produced and also failed to make payments for goods that have been produced and delivered for the reason that stores and retailers around the world have closed, and the demands have declined to the minimum.

Paragraph 3 of Article 107 of the Labour Law and Article 5 of the Law on Minimum Wage stipulate that minimum wage negotiations must be based on 2 (two) elements such as social criteria and economic criteria, in which profitability of the sector is one of the 7 (seven) main factors of these two criteria. In addition, paragraph 2 of Article 11 of the Law on Minimum Wage states that *"In the event of act of God or any necessary case, the Minister of the Ministry in charge of Labour may issue a Prakas to suspend or change the schedule of discussions of minimum wage. In this case, the minimum wage of the previous year shall remain effective until there is a new minimum wage to replace."*

Due to this circumstance, the textile, garment and footwear sector is fragile and uncertain in its return to its normal operation, and the sector's recovery will take a long time. Moreover, many factories in this sector have suspended and some are closing their factories, so supporting mechanisms are necessary measures to help stabilize the sector. Therefore, the Garment Manufacturers Association in Cambodia (GMAC) is of the view that the new minimum wage negotiations for 2021 should be postponed. The 2020 minimum wage should remain in effect until the sector returns to its normal position.

GMAC strongly hopes that the new minimum wage negotiations for 2021 will be temporarily suspended until the situation in the sector is restored. Delaying the minimum wage negotiations will be a mechanism to support the sector to stay alive as well as maintain employment for workers.

Phnom Penh, 23 June 2020

Garment Manufacturers Association in Cambodia

