CICP Working Paper

No. 12

Sustaining Garment Export: A Cambodian Case Study

Seng Sovirak and Kum Kim

Cambodian Institute for Cooperation and Peace

December 2006

With Compliments

This Working Paper series presents papers in a preliminary form and serves to stimulate comment and discussion. The views expressed are entirely the author's own and not that of the Cambodian Institute for Cooperation and Peace

Published with the funding support from
The International Foundation for Arts and Culture, IFAC

About Cambodian Institute for Cooperation and Peace (CICP)

The CICP is an independent, neutral, and non-partisan research institute based in Phnom Penh, Cambodia. The Institute promotes both domestic and regional dialogue between government officials, national and international organizations, scholars, and the private sector on issues of peace, democracy, civil society, security, foreign policy, conflict resolution, economics and national development.

In this regard, the institute endeavors to:

- organize forums, lectures, local, regional and international workshops and conference on various development and international issues;
- design and conduct trainings to civil servants and general public to build capacity in various topics especially in economic development and international cooperation;
- participate and share ideas in domestic, regional and international forums, workshops and conferences;
- promote peace and cooperation among Cambodians, as well as between Cambodians and others through regional and international dialogues; and
- conduct surveys and researches on various topics including socio-economic development, security, strategic studies, international relation, defense management as well as disseminate the resulting research findings.

Networking

The Institute convenes workshops, seminars and colloquia on aspects of socio-economic development, international relations and security. So far CICP has published nearly a hundred books, papers and articles in various development issues and we have affiliated with many regional and global academic network including a regional association of similarly oriented think tanks known as the ASEAN Institutes of Strategic and International Studies (ASEAN-ISIS), Council for Security Cooperation in the Asia Pacific (CSCAP), East Asian Development Network (EADN) and Global Development Network (GDN).

Cambodian Institute for Cooperation and Peace, CICP
Pum Paung Peay, Sangkat Phnom Penh Thmey, Khan Russey Keo,
Phnom Penh, Kingdom of Cambodia
P.O.Box 1007, Phnom Penh, Cambodia
Phone: 85512 819953
Tel/Fax: 855 23 982559
Email: cicp@everyday.com.kh
Website: http://www.cicp.org.kh

Abstract:

Garment industry has contributed enormously to national development through job creation, income generation as well as foreign exchange earning via exports. There are concerns over the end of quota system provided by the United States, EU and other main textiles markets under the Multi-Fiber Agreement by the end of 2004. Cambodia garment industry is facing uncertainty over the future prospects. The author tried their best to analyze the garment industry in the country, especially present status, challenges and future direction.

About the Authors:

Seng Sovirak and **Kum Kim** are researchers, Cambodian Institute for Cooperation and Peace, CICP, Phnom Penh, Cambodia. Both authors have contributed in research activities including survey, data collection, writing reports and conducted researches in many fields.
The authors would like to express their great thanks to Dr. Chap Sotharith, Executive Director, CICP, for useful comments and editing their paper.

Table of Contents

Sustaining Garment Export: A Cambodian Case Study

1. Introduction

1.1. Overview

Cambodia-export oriented garment industry has emerged and grown remarkably in the mid-1990s when Asian textile and garment producers—from Hong Kong, Taiwan, Malaysia and Singapore—started to produce for export in Cambodia, taking advantages of the country's quota access to the US and EU market and relatively low wage rates. Investors were encouraged by a policy environment in which there was a domestic peace and security following the Paris Peace Accord in 1991, a commitment to macroeconomic stability and business-friendly investment climate enshrined in the law on investment in 1994 that have brought more investors' confidence to invest in the country[1].

Garment industry has contributed enormously to national development through job creation, income generation as well as foreign exchange earning via exports. Given special privileges enjoyed by the least developed countries (LDCs) with per capita income less than US$1000, garment manufacturing has been expanded further in the year 2005. A combination of preferential access to major market especially in the US and EU and caps on the growth of import from major exporter such as china has significantly ensured the continuation of the industry in least developed countries such as Cambodia, Lesotho, and Kenya (Rajah Rasiah, 2006). More importantly, EU has offered quota and duty free access to non-weapon products from LDCs since 2001.[2] This has contributed to

[1] Keat and Aun, The Development of Cambodia in the Asean Contex, (Phnom Penh: Cambodian Institute for Cooperation and Peace, 1998)
[2] For more information, see: http://europa.eu.int/comm/taxation_customs/customs/customs_duties/rules_origin/preferential/article_777_en.html.

further expand of the garment industry in the country. Cambodia's garment export increased from US$25 million in 1995 to US$ 2.2 billion in 2004 and accounted for 85% to total export in 2004 (Hing Thoraxy, 2003; Rajah Rasiah, 2006).

Over the last thirty years, international trade and investment in the global textile and garment (T&G) sectors has been influenced by multi-fiber agreement quantitative restrictions applied by the major developed country exporters (The US, EU, Canada, and Norway) on textile and garment exports from developing countries. Textile and Clothing products will be removed over a ten-year transitional period and ending on 1 January 2005[3]. The end of multi-fiber agreement (MFA) has brought concerns about the sustainability of Cambodia's garment industry in the future due to the facts that the global market becomes more competitive. In light of this, the objectives of the paper are to examine various aspects, as shown below in organization of the paper, of the garment firms in Cambodia.

The paper will focus on the sustainability of garment industry after the removal of Multi-fiber agreement. Given the tough competition in the international market after the removal of the multi-fiber agreement, the question that needs to be asked is that: Can Cambodia sustains its garment industry in such a circumstance?

1.2. Objectives of the study

Due to the fact that garment industry has contributed enormously to the national development and also it has the biggest share for its contribution to the economic growth compare to other sectors of the economy such as tourism, agriculture, and other manufacturings, the objective of this study is to examine the sustainability of the garment industry in the post Multi-fiber Agreement era. Cambodia's garment industry survive due mainly to the quota free access provided by United States, European Union, and other developed countries. In the framework of the Multi-fiber Agreement, competitive

[3] WTO Agreement on Textile and Clothing (ATC)

exporting countries with comparative advantages in textile and garment (T and G) have been restrained from expanding under the MFA system, while relatively uncompetitive producers such as Cambodia has enjoyed guaranteed market access (up to the quota limit) to developed country market.[4] As such MFA is the main factor ensured the survival and development of Cambodia's garment industry. The end of the MFA has brought a tough global competition in garment sector since the competitive exporting countries faced no restriction of their export to the international markets. It is therefore still in the question whether Cambodia's garment industry can sustain in such a competitive environment meaning in the Post Multi-fiber Agreement. So examine the sustainability of the industry is obviously crucial. In order to see the sustainability, the following main points need to be carefully taken into account:

- ***Drivers of the garment manufacturing to national economy:*** Scrutinizing the drivers or catalysts of the garment manufacturing to the Cambodian economy is very significant to understand international business environment that will affect Cambodia especially in term of garment industry. When we understand international business environment we can adjust ourselves to be compatible with the environment and it is therefore important for the industry's sustainability.
- ***Challenges faced by garment industry:*** Cambodia's garment industry faced various challenges as this industry is new to Cambodia compare to other countries' such as Taiwan, Hong Kong, Srei Linka, Bangladesh, etc. Understanding all of these challenges will provide ways for Cambodia to improve its industry by taking various relevant actions suitable to upgrade industry to be competitive in the global market.
- ***Present industry's performance:*** Understanding industry performance mainly in term of firm's technology capability, supporting institutions for business advancement, training and skill of the workers, productivity, and access to the international market is very important to assess the sustainability of the industry. Once understand all of these facts, we can recommend appropriate

[4] Spinanger,D. (1999) ' Textile Beyond the MFA Phase-Out', World Economy, Volume 22(4), pp. 455-76.

policies to the government to improve and promote the performance of the industry.

2. Significance of the garment industry to the national economy

Given the booming of the garment industry since the mid 1990s, this section will focus on the contribution of the garment sector to the development of national economy in various aspects i.e. foreign exchange earning via export, job creation and income earning.

Cambodia garment industry has begun to grow when Cambodia was granted most favored nation (MFN) status by the United States and signed a framework of cooperation agreement with the EU that allowed access to the EU markets under the generalized system of preferences (GSP). Cambodia's garment industry has been the main source of economic growth and employment generation. Over the past decade, garment industry employment in Cambodia has risen from 18,000 in 1995 to 230,000 in 2003 (table 1). This represents 3% of total employment in Cambodia and accounts for 36% of the manufacturing employment.[5] Most of the workers are young women who migrated from poor rural areas to Capital City of Phnom Penh where most of garment manufacturings are located.

Table 1: Number of employment in the garment industry (1995-2003)

Year	Employment ('000)	No. of garment factories
1995	18	20
1996	24	24
1997	82	67
1998	79	129
1999	96	152
2000	161	190
2001	187	185
2002	208	187
2003	234	197
2004	245	206

Source: Source: Ministry of Commerce, Trade department extracted from (Osmar Bagawi, 2005)

[5] Based on data from latest Cambodian National Institute of Statistic Labour Force Survey.

While garment already accounted for 12.1% of manufacturing value added in 1993, the share rose remarkably to 32.1 percent in 1997, 57.5 percent in 2000 and a massive 71.6 percent in 2004 (Table 2). Rapid expansion also raised garment contribution to GDP from 1 percent in 1993 to 3.7 percent in 1997, 9.2 percent in 2000 and 14.5 percent in 2004. The Ministry of Commerce reported that 279,545 workers were employed directly by the garment industry in 2005. This dramatic growth was facilitated by GSP privileges, including the market opening in the EU and the United States.

Table 2: Share of Garment in Total (%)

	1993	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*	*2004*
GDP	1.04	1.12	1.46	2.15	3.74	4.98	5.89	9.21	11.31	12.32	13.25	14.51
MVA	12.08	12.65	15.97	21.29	32.12	39.36	44.77	57.35	64.22	66.68	68.25	71.56
GSP X	1.1	0.5	2.6	11.6	24.7	38.6	47.7	55.5	56.7	59	63.8	64.3
GSP M	0.3	0.2	0.8	3.2	8.8	13	17.2	21.4	23.7	24.7	26.4	26.3

Note: MVA—Manufacturing value added; X – Export; M - Import

Source: Ministry of Commerce, Cambodia

In general, all garment production is for export. Export-oriented garment manufacturing emerged in Cambodia after the restoration of peace and resumption of normalized political and economic relation with the global community in the mid-1990s.[6] Investors from Hong Kong, China, Korea and other countries were attracted to invest in Cambodia by its low production cost as well as its access to garment quotas. China had risen from being fairly insignificant in 2000 to become the largest investor in garment manufacturing in Cambodia by 2005 (see table 3). Where as Hong Kong had almost seven times more investment than China in 2000, China accounted for 54.4% of all new approved investment in the garment manufacturing in the first ten months in 2005. China accounted for 53.6 percent (exceeded 59 percent if Hong Kong is added) of overall

[6] In the period of 1980, after the Khmer Rouge's regime, to 1991, Cambodia has gone through civil war. Most of the foreign investors took a wait- and –see attitude due to the political and security uncertainty. After 1991, Cambodia has had various relations with the international community and led the general election sponsored by UN in 1993 coupled with the intention of the government to integrated in the region especially ASEAN have provided investors with greater confidence, in term of political and security certainty, to invest in the country.

garment investment in the period 2000-2005 (until October 31). Taiwan and Korea had 14.8 and 10.4 percent respectively, and Malaysia has 6.1 percent.

Table 3: Approved investment by ownership in garment manufacturing, Cambodia, 2000-2005, (US$mn)

	2000	*2001*	*2002*	*2003*	*2004*	*2005**	*2000-2005**
Cambodia	1.20	2.70	3.28	1.86	3.10	5.80	17.94
China	0.60	1.50	3.20	5.80	19.70	22.80	53.60
Taiwan	8.90	3.00	3.32	1.00	4.40	2.20	22.82
HK	4.00	0.75	1.00	0.00	0.00	0.00	5.75
UK	3.90	1.50	0.90	0.00	1.50	0.00	7.80
USA	0.50	4.75	0.00	0.00	2.08	1.20	8.53
Malaysia	0.00	0.00	1.00	2.65	4.70	1.00	9.35
Singapore	1.80	0.00	0.00	1.50	1.50	2.00	6.80
Japan	0.20	0.00	0.00	0.00	0.00	0.00	0.20
Korea	2.20	1.00	0.90	1.95	3.00	6.90	15.95
France	1.00	0.00	0.00	0.00	0.00	0.00	1.00
Philippines	0.30	1.00	0.00	0.00	0.00	0.00	1.30
Canada	0.00	0.00	0.00	0.00	0.75	0.00	0.75
Total	24.60	16.20	15.60	14.76	40.73	41.90	153.79

* Notes: Until October 31 figures

Source: Ministry of Industry, Cambodia

In 2003, Cambodia exported textile and garment with a total value of US$1,602 million; the US markets cover 70% and EU markets took 25% of the export (EIC, 2004). Even though the quota imposed by the US authority on some categories of products in 1999, **table 4** below shows that Cambodia's garment share of total export rose from 66.2 percent in 1999 to 77 percent in 2000 and reached 83.8 percent in 2003. Despite the fear of tough global competition due to the removal of multi-fiber agreement (MFA) after January 1, 2005, the export remain satisfactorily strong, the export reached the amount of USD1.6 billion in 2003 and US$2.2 billion in 2004 (Rajah, 2006). Cambodia's garment export represented 0.74% of the world total by value (ADB, 2004). In 2003, export to US broke through the billion-dollar barrier for the first time at USD 1.1 billion of which 63% were items under quota. However, the US market share of total garment export from Cambodia has fallen steadily from a peak of 81% in 1998 to below 70% in 2003 (ADB, 2004). This was due largely to the provision of preferential access to the EU qualifying for GSP privileges. Exports to EU toppled US$ 407.4 million in 2003 (table 4 below), and following the extension of Canada's GSP scheme to cover textile and apparel in January 2003, exports to other markets in 2003 jumped to over US$ 75 million.

Table 4: Cambodia's garment export (1995-2003)

	1995	1996	1997	1998	1999	2000	2001	2002	2003
US market (US$ mn)	0.5	1.6	109.9	291.8	516.1	751.3	828.6	953.5	1,121.4
EU market (US$ mn)	25.7	74.8	112.4	63.1	136.7	220.8	309.1	355.7	407.4
Garment share of total exports (%)	3.3	12.1	28.9	51.7	62.2	77.0	81.4	81.3	83.8
Other markets	0.6	3.9	4.8	4.5	7.3	14.3	17.9	28.1	78.7
Total	26.8	80.3	227.1	359.4	660.1	986.4	1,155.6	1,337.2	1,607.1

Source: Ministry of Commerce, extracted from ADB, 2004

In short, garment sector is the prime contribution to the development of the national economy since this sector has created so many jobs for rural poor families as well as earning foreign currency. Sustainability of this sector is obviously important for the life of the economy.

3. Concentration of Garment firms in the country

Garment manufacturing in Cambodia has evolved largely in export-processing zone (EPZ). With its General System of Preferences (GSP) privileges and membership of the world trade organization, EPZs are seen as another way of boosting export especially now that most other countries have graduated from GSP status.

The twin concepts of EPZs and Industrial Zone are very similar in Cambodia. The Ministry of Commerce and Japan International Cooperation Agency have proposed that Special Economic Zones (SEZs) should cover both Export Processing Zone and Special Promotion Zone (SPZs) (EIC, 2004a). An EPZ covers the whole city of Phnom Penh and is defined as a fenced area outside Cambodia's customs territory. Investment in this zone receives various incentives such as preferential fiscal and non-fiscal privileges. As a result of these incentives, EPZ has attracted most of garment firms. An EPZ includes Free

Zone (FZ) and a Promotion Zone (PZ). A Free Zone has the same functions and incentives as an EPZ. Promotion Zone receives less generous incentives than EPZs or FZs, but more generous fiscal incentive than the rest of Cambodia. Past experience has shown that generous incentives since 1994, plus Most Favored Nation (MFN) and GSP privileges, have boosted foreign investment in the country in two main industries, garment sector and tourism sector.

However, some of the export processing zones are not competitive and have stagnated without significant impact on the creation of new jobs and wages. The issue of uncompetitiveness of the zone due largely to the lacks of infrastructure i.e., high utilities price and failures of electricity supply, lack of skilled labors and unreliable management (unofficial payment, high bureaucracy cost and administrative red tape).

As such, the government has to play very active roles in making the Export Processing Zone more competitive by providing reliable infrastructures and good governance to attract more foreign direct investment especially in field garment sector in order to ensure its sustainability in the post Multi-fiber Agreement period. Moreover, investment in human resource is highly needed in order to overcome the above issues.

4. Problems faced by garment firms in the country

Public and private sectors have recognized various constraints in operating their business in Cambodia. According to the representative from Council for the Development of Cambodia (Hing Thoraxy, 2003), significant issues facing business operation in Cambodia are:

- Poor infrastructures for supporting investment such as legal and physical infrastructures,
- Excessive bureaucracies,
- Inadequate market information on consumer trends,
- High cost of utilities such as water supply, electricity, and telecommunication service,
- The shortage of skilled labors,

- High cost of official and unofficial payments,
- The land issues for agricultural investment projects.

The constraints faced by garment industry range from corruption and bureaucracies to low level of human resource. These constraints are presented as follow:

4.1. Corruption

According to the reports of the Foreign Investment Advisory Service (FIAS), ADB, and Economic Institute of Cambodia (EIC), corruption is the challenge facing Cambodia's garment industry at the end of the quota system that resulted in large additional payment, accounting up to 7% of the total value of sale (ADB, 2004; EIC, 2004; FIAS, 2004). Investors doing business in Cambodia faced the serious problem of unofficial payment that this problem constitutes to the reduction of competitiveness. Two particular examples stand out in the garment sector: first, unofficial payment necessary to obtain required export documents; and second, unofficial additional cost incurred in transporting a container from a factory by road to Sihanoukville Port, through the port and during loading on to the ship. The reports also emphasized that during transportation of a container from a factory to the ship, the unofficial cost amounted to 37.3% of the total cost. Table 3 below shows the four examples of extra costs and delays.

With this huge amount of unofficial payment, 7% of total sales and 37% of total cost, it affects largely to competitiveness and reputation of the Cambodia's garment industry. To ensure sustainability of the garment industry in the long run, Cambodia's government has to take a very effective action to tackle this issue. With 7% of total sales and 37% of total cost of this unofficial payment, investor will looks for other countries that provide more business-friendly environment and less corrupt. As such the sustainability of the garment firms after the MFA era is likely to disappear if this issue is not tackled.

Table 5: Extra costs and delay: Four examples

Example	**Official cost and times**	**Actual cost and time—official plus unofficial**
1. Export visa-US	Cost-US$30 **Total US$30** Time: 1-2 days	Cost-official US$30 -Unofficial US$70-80 **Total US$100-110** Time: up to 1-2 weeks
2. Export documents-EU	Cost-US$50 **Total US$50** Time: 2 days maximum	Cost-official US$50 -Unofficial US$100 **Total US$150** Time: 7 days on average
3. Export visa-US Rush	Cost-US$30 **Total: US$30** Time: 1 day	Cost – official US$30 -Unofficial US$ 300 **Total: US$330** Time: 1 day
4. Transport of one container from factory to ship, including shipping cost	**Cost US$** Transport 323.90 Port charge 130.00 Loading vessel 23.00 Custom 331.62 Shipping 3,106.18 **Total 3,914.70**	**Cost US$** Transport 323.90 Port charge 130.00 Loading vessel 23.00 Custom 331.62 Shipping 3,106.18 Unaccounted 2,327.80 **Total 6,242.50** Unofficial cost: 37.3% of total

Source: ADB, 2004

4.2. Bureaucracy/complexity of import-export procedure

In addition to the unofficial payment relating to import-export procedures, ADB reports confirmed that the bureaucracy associated with importing raw materials and exporting finished products often resulted in huge time wasting and unacceptable delays[7]. The amount of time that senior management needs to spend on government related matters presented a serous misallocation of resources.

4.3. Trade Union

There are some issues regarding trade union in Cambodia due to their status—some are not independent and some are independent from the ruling party. Because some of them have different political affiliation this often lead to the conflicts of their working objectives (World Bank, 2005).

Box 1. Trade Union in the Cambodia Garment Sector

The growth of garment sector and democratic transition in Cambodia has prompted the emergence of an active trade union movements in the country. A September 2004 survey of trade unions in Cambodia estimated total union membership in the country at 337,000 of whom 83% are women. The largest number of the union members and unions are found in the garment industry, where 10 union federations compete for members.

The various federations are grouped into two union factions. Locally known as ***Group A***, The Cambodian Confederation of Trade Unions (CCTU) consists of 9 federations that are loosely allied to the governing political party. ***Group B***, federation of Confederation of Free Democratic Trade Union of Cambodia (CFDTUC) consists of 4 federations that are broadly independent or loosely allied to the opposition party.

Despite this seemingly a major split, the unions have developed a workable system of coming to agreement on workplace issues. In the garment industry, they have developed a common proposal for a framework collective bargaining agreement which promise no strikes in exchange for the employers accepting binding arbitration from the Arbitration Council for labor disputes. The unions have submitted proposal to GMAC.

The ILO Survey found that the key membership issues are low wages, safety and health, and job security. Union leader worry most about employer attitudes, government capacity, finance and competition with other unions.

Source: World Bank, 2005

[7] In Cambodia there are the problems of getting document approved for import and export. Although we have Council for the Development of Cambodia (CDC) that is considered as one-stop service but investors

Moreover, there are also other problems presented in EIC's report with trade unions that are active in garment industry (EIC, 2004). In many cases, differences in the interpretation of the labor law resulted in serous conflicts arising within the companies. In large part the business sector ascribes these problems largely to vagueness in phrasing of articles in the labor law[8]. Issues of particular concern include (1) overtime and night shift payments. (2) Provision of health service, and (3) existence of numerous trade unions within the same factory, resulting in unnecessary confusion and conflicting objectives.

Making trade unions to work together is crucial to mitigate various conflicts happened in the garment sector. This problem will also affect business operations since it is the waste of time and resources to solve with this conflict. In order to keep and maintain investment in the garment industry, it is very important for all colors of trade unions to compromise and to sit together to solve any problem occurred peacefully. This is very important to maintain sustainability of the garment industry in Cambodia.

4.4. Structural Problems

The major structural problem ranked as very high by the companies concerned the issue of lead times. This concern was especially serious for knitwear and circular knit cut and sews companies. In a comparative sense, garment lead times from Cambodia remain lengthy, with other major competitor countries able to offer reduced delivery times as shown in table 6. The lead-time issue relates largely to the almost complete absence of backward linkages. Cambodia and the garment industry must not ignore the changes to supply chains that are taking place around the world, partly as a result of the changing trade environment. As other countries have done, investments in Cambodia in up-stream parts of the textile supply chains should be encouraged in order to provide shorter lead times, improve competitiveness, increase the number of direct and indirect jobs in the textile/garment industry, and raise the domestic value added content of exports.

---

have to go through many Ministries and departments in order to get the import-export approval.

[8] According to the ADB's report in 2004, the industry raised the issue concerns the phrasing of " Freedom of work for non-strikers shall be protected against all forms of coercion or threat," and the need for the government to both provide substance to these guarantee and indicate how it can be implemented.

Table 6: Lead Times of Cambodia compare with other countries (days)

Countries	***Woven garments***	***Circular knit garments***
Cambodia	90-120	90-120
Bangladesh	90-120	60-80
China	40-60	50-60
India	50-70	60-70
Indonesia	60-90	60-70
Malaysia	60-90	50-60
Thailand	60-90	50-60
Vietnam	60-90	60-70

Source: ADB (2004)

Usually, countries exporting woven garments have an upstream primary textile sector and are able to source their raw materials domestically. As a result, these countries, e.g. China and India, are able to reduce their garment lead times in line with buyer requirements and may be able to reduce lead times further. Bangladesh, however, has only a limited number of backward linkages into woven fabric production and processing and consequently has longer lead times than other countries. To improve lead times, the Bangladesh Government is now offering special incentives to encourage links with domestic garment industry investments. Almost all the competing countries have invested in circular knitting/knit fabric processing units during recent years and are able to offer the reduced lead times required by buyers. For example, until 6 years ago Bangladesh imported 80% of the finished knitted fabrics required for making garments. After substantial investment, Bangladesh is now 80% self-sufficient in finished fabric supply and imports only 20% of its knit fabric needs. Cambodia, however, has not made the same investments and is, therefore, disadvantaged. It is likely that this disadvantage will worsen in future when competition between suppliers intensifies and buyers demand shorter lead times.

4.5. High cost of utilities

The input costs are high in garment manufacturing and other manufacturing industries. This due in part to the high price of petroleum in the country that contributes to the high production cost. The main issue here, especially for the more machine driven manufacturing processes, is the cost of power. The cost of electricity in Cambodia is US$ 0.15 per kWhr is about 2.5 times that of the international average of US$0.06 (ADB, 2004). The cost of electricity is very high compare to other countries in the region.

4.6. Human resource

Years of war and isolation have left Cambodia with poor human resources and infrastructures. Garment firms operating in Cambodia find themselves difficult to acquire skilled and managerial labors in the country. Most of skilled labors and managerial staff are completely hired from abroad mainly China, Hong Kong, and Taiwan (USAID, 2005). Moreover, most of garment workers have only primary school education. Low level of education is also a constraint for skill upgrading. According to the ILO report[9], only 8% of garment workers have high school education, 31 percent have secondary school education while the rest of 6 percent have primary school education

In short, all of the above mentioned constraints are the main issues affecting the competitiveness and sustainability of the Cambodia's garment industry. When global competition become tougher and tougher, investors will look for countries that have low utility cost, abundant skilled labor, and investment-friendly environment in order to make their business stay competitive in the international market. As such reducing or complete abolition of all problems is very obviously significant for the future sustainability of this sector.

5. Drivers of the garment manufacturing in the economy

To understand the sustainability of the garment sector, it is very important to carefully examine the catalysts or drivers for growth and development of this sector. These drivers are presented as follow.

[9] ILO, better factories Cambodia at:
http://www.betterfactories.org/content/documents/Facts%20and%20Figures.pdf

5.1. Global mechanism/ Multi-Fiber agreement

Over the last 30 years, international trade and investment in the global textile and garment (T&G) sector has been influenced by MFA quantitative restrictions applied by the major developed countries on textile export from developing countries. MFA quota were negotiated bilaterally and applied on the discriminatory basis to some exporting countries but not to others, thus different from countries to country in both product coverage and degree of restrictiveness.

The quota system under the MFA have prevented an allocation of resource to the most efficient textile and garment producers and prevented price from in quota protected developed countries market from falling. Competitive exporting countries with comparative advantages in garment production have been restrained from expanding under the multifiber quota system while relative uncompetitive producers have enjoyed guaranteed market access up to the quota limit to developed countries market (Spinanger, 1999). The multifiber Agreement (MFA) quota system has also aided the spread of T&G investment and production to an ever-increasing number of mostly developing countries. As quota become relatively more restricted in one country, foreign investment flowed to quota unrestricted countries, some of which, in tern, has quota imposed on their exports leading to further production shift.

In 1999, Cambodia and the US signed a Bilateral Textile Agreement. The Bilateral Textile agreement was very successful. As a result, a booming garment industry developed after the Bilateral Agreement was signed in 1999, when the Bilateral Textile Agreement was signed, there were about 150 garment factories in the countries and in 2005 there were nearly 300 factories and export was more than US$ 2 billion(Ibid). In short, MFA is one of the factors contributed to the increase of garment firms in the country.

5.2. Most Favored Nation (MFN) and Generalized System of Preference (GSP)

The robust growth of the garment industry is also a result of the Normalized-Trade Relationship agreement with the United States in 1996 and with the EU in 1997 (EIC, 2004 b). The industry has benefited greatly from the Most-Favor Nation (MFN) and the Generalized system of Preference (GSP) trading status that was granted by the United States, European Union, and other developed nations. The MFN and GSP provided Cambodia with no quota restriction to the EU market, with the added advantages that quota premiums that had to be paid in most competing countries were not paid in Cambodia. Consequently, Cambodia has cost competitive advantages over many other countries. As the result, EU was the main market in the early years. Subsequently, even when some quota were applied, preferential access to the US market was offered and exports to US increased significantly. Due to this provision of MFN and GSP, Cambodia could attract huge number of garment investors from China, Taiwan, Hong Kong, Korea and other countries.

The two major markets enjoyed by garment manufacturing from Cambodia are United States and European Union which offered significant privileges. Despite the imposition of tariffs, the United States' Bilateral Textile Agreement of 1999 provided volume increase in quota over the period of 1999-2005 (Jannifer Spande, 2005). Meanwhile, the European Union's "Everything But Arm Generalized System of Preferences" of 2001 for LDEs offered duty and quota free access to garment export from Cambodia (Rajah, 2006: Forthcoming). The EU quota and duty-free concession to LDEs in 2001 was the major cause of relocation of garment firms to Cambodia. Interviews also show that firms realized that the US was committed to seeing through the 1999-2005 bilateral agreement with Cambodia.[10] Furthermore, owing to the access growth caps in the United States on the imports from China and the preferential access to European Union markets enjoyed by exporters from Cambodia, firms from China, Taiwan and Hong Kong have continued to use Cambodia as an important off-shore garment manufacturing site.

5.3. National Policy for the promotion of the industry

Following the signing of the Paris Peace Accord, the royal government of Cambodia introduced a set of policies aimed at ensuring macro economic stability, as well as

[10] Interview conducted by Prof. Rajah Rasiah with 12 garment firms on 21-26 July 20005 with the participation and coordination from the author for the data collection.

liberalizing exchange rate, the trade regime and the price system (RCG, 1996). Attracting foreign direct investment and fostering Cambodia's integration with regional (ASEAN) and global trading system (WTO) were started objectives of the Royal Government of Cambodia, which also embark on the process of privatizing or leasing out state-owned enterprises (RGC, 2006). The economic results over the following period were encouraging.

The passage of the Law on Investment (LoI) in 1994 was an important further signal that the RGC was seriously about creating a business-friendly investment regime. The law on investment included a wide range of taxation concessions and incentive for approved investment activities, and established the Council for the Development of Cambodia (CDC) as the sole institution responsible for investment activities in Cambodia. LoI provisions included tax holiday of up to eight years, special corporate taxation rate of 9%, tax-free reinvestment of profit and tax-free repatriation of earnings (Law on Investment, 2004). With regards to the export-oriented projects, mainly garment industry, the government provides a full import duty exemption to foreign garment manufacturers, given the lacks of domestic sourcing options for materials. It also facilitated the importation of capital equipment by foreign firms.

The Royal Government intends to promote private sector development through selected and carefully designed industrial policies. The RGC's industrial development had two goals which remain current: supporting the development of export-oriented industries, and the development of the import-substituting production of selected consumer goods (RGC, 2002). These goals are to be achieved by promoting 1) labor-intensive industry. 2) natural-based industry. 3) small and medium enterprises. 4) agro-industry. 5) technology transfer and upgrading the quality of the industrial products. 6) establishment of industrial zone.

The promotion of labor-intensive manufacturing was focused on textile and garment sub-sector, where the already supply of mostly female workers underpins cost competitiveness. The government recognized that retaining and increasing market share in an increasingly competitive international environment requires the upgrading of product quality, as well as productivity through improvements in the technology and management.

The promotion of technology transfer was another aim of the government industrial policy. The promotion of quality products and the protection of technology investment and newly-discovered products are needed. The government aim was to provide incentives to protect intellectual property rights and to eliminate barriers to technology transfer (EIC, 2004c). In order to create job opportunities and encourage FDI, the government also promoted the establishment of industrial zones. There are currently two export processing zones (EPZs) under construction (Koh Kong EPZ and Poipet EPZ). Neither is in operation yet. The government also promoted import substitution in order to protect local industry from tough competition with high quality import products from neighboring countries.

6. Labor market

6.1. Employment of local and foreign workers

Foreign companies have virtually unrestricted access to Cambodia's labour forces. However, for employment of foreigners, certain restrictions exist. For example, expatriate employment regulations require that the proportion of foreign experts to local workers shall be maintained at least at 1:10, i.e., employment of one foreign expert shall be accompanied by employment of at least 10 local workers (Law on Investment, 1994). Investors are permitted to bring into Cambodia foreign nationals who are qualified managerial personnel, technical personnel and skilled workers.

6.2. Wages

Wages are set by market forces, except for civil servants, for whom wages are set by the government. Ministry of Social Affairs, Labors, Vocational Training and Youth (MOSALVY) has the right to set minimum wages for each sector of the economy based on recommendations by the Labour Advisory Committee. MOSALVY formally exercised this authority for the first time in July 2000, when it approved a US$45/month minimum wage for post-probation period workers in the garment and footwear sector. Workers who are in the probation period of one to three months receive a minimum monthly wage of US$40. Also, the garment and footwear sector is obligated to provide the following benefits to workers:

• An incentive of at least US$5 per month for full attendance

• Food allowance of 1,000 riels or one free meal for each worker who volunteers for overtime as requested by the employer

• A benefit of US$2-5 per month to acknowledge the seniority payment of workers

• Workers are allowed an annual leave of 18 days per year in line with the Labor Law. At present there is no minimum wage for any other industry.

In addition, Cambodia Labor Law assures that:[11]

- Overtime rate of 150% has to be paid for regular overtime, and 200% for working on Sunday, public holiday, and night works.
- 90 days-unpaid maternity leaves. Workers with more than 12 month's service receive half-pay and any bonuses due to regular staff. Those return to work can have one hour a day paid breastfeeding breaks while their child is under one year old.
- Unpaid sick leaves. The Ministry of Commerce has recommend a paid leave system which some companies follow
- Compensation and payment for work-related accidents and injuries.

6.3. Labor Standards

The labor standard of the garment industry in Cambodia has been very compliant with the international standard as well as Cambodia labor law (FIAS, 2005). The bilateral trade agreement with the US, that linked working conditions with the labor law, has provided Cambodia with the increase of quota allocation from the US to Cambodia.

[11] ILO, better factories Cambodia, at: http://www.betterfactories.org/content/documents/Facts%20and%20Figures.pdf

In 1999, Cambodia and US singed a bilateral textile agreement, a unique agreement that linked labor standards to trade. What make the US-Cambodia textile agreement unique is that it allows Cambodia to earn extra quota each year if it could demonstrate that it was making progress towards improving working condition and supporting workers' rights in the garment industry. With regards to that Cambodia received an additional 18% quota bonus in 2004 because the US government found that working conditions and labor rights in the garment industry were in substantial compliance with internationally recognized standards and Cambodia own labor law (Jennifer Spande, 2005). Cambodia labor standards are in the high level compare to those of other countries and become the model for similar agreement elsewhere. Box 3 below reflects the labor standard aspects in the Cambodia's garment industry through the ILO Report Card.

Box 3: ILO Report Card

The latest ILO monitoring report, covering third or fourth consecutive visits to check on progress in 26 factories, reported the following conditions:[12]

• Force labor	None
• Incident of discrimination	None
• Child Labor	None
• Incorrect payment of wages	Improved but still a problem at some factories
• Overtime beyond legal limits	Improved, but still some problems at some factories
• Freedom of association	Better than before
• Lawful strike actions	Worker made progress at one factory
• Occupational health and safety	Continuing problem with use of protective equipment, safety guard on machines, training, ventilation

[12] ILO 10th Synthesis Report on the Working conditions in Cambodia's Garment Sector, March, 2005, P.5

7. Garment industry performance and policy emphasis on technological capacity building

7.1. Personnel and training

Although garment industry is the engine for national economic growth, investment in the skill development is not commensurate with its significance to the economy. Technical training in the garment firms is lacking at all personal level ranging from senior managers, middle managers, technicians, supervisors, sewing operators, cutting room personnel, and packing operators (USAID, 2004). There only have a little training for the sewing machine mechanics with the use of trainers from China. This training needs to further strengthen in order to ensure productivity and competitiveness. Surprisingly, firms do not use training center to train their workers[13]. Workers need to finance themselves to train in the private centers before being employed in the factories.

Also, the government has imposed virtually no upgrading for skill development on the garment firms (Rajah, 2006). Given that it is Cambodia's status as an LDE has brought preferential access to the markets in Europe and the United States the government should look to the ILO-monitored conditions as an example to impose a small tax to increase return to the host economy: e.g. 1% levy on profit which the firms can claim through approved expenses on training, and another 1% levy on profit to be used by the local government to support training institutions in the country which this issue is common in Vietnam and Malaysia.

7.2. Firm's technological levels

Technology employed in the garment firms is at the lowest level in sewing and inspection. Few attachments are applied to the machine that could aid workers operate more effectively, both in volume and quality terms. Based on the ADB's report, due to the characteristic of the country where labors cost are very competitive as management considers it cheaper to employ people than to invest in machines or specific machine attachments (ADB, 2004). A few garment firms in Cambodia work with CAD systems and laying/cutting machine to minimize waste, but this type of technology is not widespread.

Moreover, The low level of the technology in the firms due to brand holders in garment manufacturing have increasingly specialized on simply building and sustaining their brands, they have deliberately outsourced other activities (Rajah, 2006). Firms in Cambodia show extremely low in adapting technology compare to Indonesia, Thailand, Philippines, and China. In addition, the study of USAID (2005) reported that management information systems in the garment factories are deficient, inappropriate, inaccurate, or late data raise overhead cost. Moreover, machines are typically operated inefficiently, and equipment maintenance is often inadequate. Lack of investment, plus ineffective spare part control, often leads to considerable lost production.[14]

7.3. Productivity

Due to the low level of the workers' skills, lack of training of all level of the staff, and little investment of the firms on technological upgrading, it is obvious that the productivity of the garment firms are low. The garment industry generally accept that manual laying and cutting with basic sewing machine the factories prefer to employ more people rather than improve technological use. The worker productivities in garment sector in the country rang extremely low compare to other competitors (EIC, 2004). In addition to low productivity, USAID (2005) report shows the following reasons:[15]

- Many companies do not have a clear organization chart. This encourages overstaffing of many positions. Ratios of direct and indirect personnel are not within internationally accepted ranges.
- Proper standard time does not exist for various production operation. There is a complete absence of attendance to the issue of time lost by workers.
- Problem of inadequate place and poor layout exist. The layout in most companies can be improved, thus reducing considerably the time spent on handling materials.

---

[13] Personal interview with the 15 garment firms during the period of 15th to 22nd 2003. The research interview was funded by JETRO to identify the human development issues in the private sector.
[14] USAID report on " Measuring Competitiveness and Labor Productivity in Cambodia's Garment Industry, June 2005.

- Line balancing is poor, resulting in excessive waiting times on the line.
- Many companies lack product specification and therefore do not carry out proper production planning. Most of factories' core product lines are concentrated in garment basics, of simple design and construction methods, and lower added value.
- Although some control of work in progress is exercised, it is not to the minimum accepted level. Fabric consumption and waste are not controlled.

However, the highest productivity levels were found in the smaller Cambodian-owned companies[16] where management teams train new recruits in accuracy and speed, as well as the quality standards expected of them, and encourage them to be successful. The level of innovation of employees was found to be much higher in these smaller units than in the large companies.

The low productivity of the workers is considered to be one of the more easily solved problems. Labor productivity could be increased by 10% to 29% through improved skills, better human resource practices and better work ethic and organization (ADB, 2004).

7.4. Market expansion through regional and global integration

The Royal government of Cambodia considered the integration of Cambodia's economy into the regional and world economies as one of the core government strategies for socio-economic development and for poverty alleviation in the country. As a result, Cambodia has signed many bilateral trade and investment protection agreements with the countries in the region and in the world. Furthermore, Cambodia, being classified by the United Nations as a Least Developed Country, has also received trade preference so-called MFN and GSP from 28 developed countries (Chap Sotharith, 2005).

Integration in the global market offers the volume necessary to appropriate scale and scope economies for Cambodia. Government policy recognizes the importance of this

[15] Ibid.
[16] Although the workers in these small Cambodian-owned firms have higher productivity compare to the big firms owned by foreigners the number of these small firms are very small. According to the report by

integration for the national development. Due to the local market is too small, integration in the global market is the strategic development for market expansion. Market expansion is very important for garment investor decision to come to Cambodia because 95% of the firm's output is completely exported.

Garment firms in Cambodia currently show very little investment in the technological advancement. Firms specialize in the most labor-intensive aspect of making garment using largely depreciated machinery and equipment imported from previous sites. Firms operating in the country exist no strategies—neither at the level of the firms nor through government policy instruments—to absorb other segment in the value chain or to raise value added by a shift to higher value-added garments (Rajah, 2006). Therefore it is most likely that firms focus on cost-based competition rather than product-based or service-based competition.

Given the tough competition in the international market, integration into the regional and global market for the market expansion is not enough for Cambodia's garment industry to stay competitive and sustainable in the international market in the future. Long-term sustainability of the garment manufacturing requires firms to shift from simply cost-based competition to product-based competition.

7.5. Supporting Institutions for skill upgrading and technological development

There are very small numbers of training center for garment workers in Cambodia. These training centers are under-capitalized to support cutting edge training, they are also too small to support training to many workers. Also, there is no research and development (R&D) institutions exist in the government level as well as in the private sector level to support technological development in the industry. The lacks of training and R&D institutions put a huge constraint for skill upgrading and technological advancement in the garment industry.

USAID in 2004, Cambodian-owned firms represent only 5% in the whole garment industry the rest owned by foreigners.

Polytechnics and other technical schools focus their program only to train for the skills of electrician and welders. There are no programs focused on training garment workers as well as technological upgrading. Moreover, universities in Cambodia (private and state universities) are in the serious shortage of professionalism. The private universities have grown remarkably since 1996 but there is no regulation to ensure standard.

With regards to garment workers training, NGOs have been playing very important role. However, as stated earlier, these NGOs are very small in numbers. The only formal training institute is the Cambodia Garment Training Center (CGTC), located in the center of Phnom Penh, which opened in April 2002. CGTC is managed by GMAC (Garment Manufacturer's Association of Cambodia) and supported by eight organizations. These are (a) the Cambodian Ministry of Commerce, (b) the Cambodian Chamber of Commerce, (c) Garment Manufacturers Association of Cambodia (GMAC), and (d) five Japanese organizations (JETRO, Marubeni, JUKI, JODC, and AOTS).

As a private, GMAC is by far the most effective business association in Cambodia and has played a very active role in negotiating the US-Cambodia Bilateral Trade Agreement, raising policy issues with the government, co-Chairing the Export Processing and Trade Facilitation working group, developing policy approaches, sharing potential solution to problems of logistics, and share information on the market conditions among the 192 members.

Due to the lacks of supporting institutions, government must create training center as well as R&D institutions to support upgrading in this industry so that firms can stay sustainable in the long run.

8. Implications for long-term growth

The implications for long-term growth of the garment sector to the national economy are immense. The share of the garment export to GDP was 14.51 percent in 2004 (table 2 above). Although there is not yet the study of impact of the garment sector on poverty alleviation in Cambodia but the ADB (2004) reported that garment workers remit at least haft of their salaries to their rural families. The amount of remittance has contributed largely to improvement of living standard of their rural families as well as supporting to their families' education. Supporting to the families' education is a main factor contributes to better families' life as well as long-term development of the country.

It is clear that the absolute decline in jobs and also in remittance will translate directly into lower incomes for women and for poor households. It is likely that the social impacts of the increasing joblessness would be great as large number of young women is thrown into employment market that has few opportunities for them. As these young women do not possess skills for alternative employment and can not easily go back to their villages, some NGOs working directly with garment employees fear that large number of women would be pushed into unsuitable or exploitative employment (Oxfam, 2002).

Garment sector is very important for long-term growth of Cambodia. The demise of this sector will affect largely the economic growth—reduce foreign currency earning and increase joblessness—and will also create social problems since most of the workers are women with low level of education; therefore they are easily pushed into unsuitable works. As such, implications of the garment sector for long-term growth of the country are very critical.

9. Conclusion

Garment industry has grown remarkably in a short period of time. It has become the main force for national economic development by having created 245,000 jobs and generating the majority of Cambodia's foreign currency earning. In addition, garment industry has been an important tool for poverty alleviation in Cambodia.

The end of the multi-fiber agreement has put Cambodia' garment industry in a difficult situation due the tough competition in the international market while the quota premium cost competitive disappeared. Overall, Cambodia's garment industry has not yet in a position to sustain after the Multi-fiber Agreement. Although quota bonus has been provided by the United States due to the strong compliance of the industry with labor standard is not a tool for future sustainability of the industry because exports from Cambodia will latter face tariff in the US once the trade agreement terminated. This is just contemporary sustainability or survival. However, Cambodia can make use of this quota bonus that has been provided in a specific period to adjust itself to be competitive and sustainable in the international market. The adjustment would be focused on the investment in technology and machinery, establishment of backward linkage to reduce garment lead time, reduction in cost of utilities, provision clearness of Cambodia's labor law, and mitigate the conflicts among trade unions.

To answer the question started in the introduction on can Cambodia sustain its garment industry in the future after the end of Multi-fiber agreement, the answer is that it depends largely on the policy. The government's policy has to play very active role to coordinate and provide support institutions with regard to skill upgrading and technology advancement and eliminate all kinds of obstacles affected business operation such as unofficial payment, excessive red tape. In addition, the government has to ensure political stability, basic infrastructure (transport, telecommunication, health, schooling, power, water, security and custom) to make business operation easier and more effective. The government must also provide high tech public goods such as training, higher and technical education, R&D labs, and intellectual property rights (IPR) framework and to help strengthen and stimulate upgrading in firms.

Cambodia has no major unique cost position, and although labor compliance is the positive feature, the industry largely need to continue to depend on preferential market access for the foreseeable future. In such a case, institutional and systemic developments are seen as an important tool to impact on firms-level technology to ensure sustainability of the garment firms. Also, the garment firms have to change from cost-based competition to product-based competition to ensure competitiveness in the international market.

References

1. Chap Sotharith (2005). Cambodia and WTO: Opportunities and Challenges. (Phnom Penh: Cambodian Institute for Cooperation and Peace)
2. Economic Institute of Cambodia (2004). “The Cambodian garment industry 2005 and beyond: A quantitative analysis of the critical challenges ”. (Phnom Penh: Economic Institute of Cambodia)
3. Economic Institute of Cambodia (2004a). “Export processing zone in Cambodia: Potentials, costs, benifits and lessons learned from the success of Vietnam”. (Phnom Penh: Economic Institute of Cambodia)
4. Economic Institute of Cambodia (2004b). “Cambodia Economic Report”. (Phnom Penh: Economic Institute of Cambodia).
5. Economic Institute of Cambodia (2004c). “Industrial development in Cambodia: Main issues and opportunities”. (Phnom Penh: Economic Institute of Cambodia)
6. Foreign Investment Advisory Service(2005), “ Labor standard monitoring, garment sector: Current status, desired end state, and recommendations,”
7. Foreign Investment Advisory Service (2004), “ Cambodian garment sector: Buyers survey results,” (Washington, DC: FIAS)
8. Hing Thoraxy (2003), Cambodia’s Investment Potential, (Phnom Penh: Japan International Cooperation Agency).
9. ILO, better factories Cambodia, at: http://www.betterfactories.org/content/documents/Facts%20and%20Figures.pdf
10. Jennifer Spande (2005). “Garment sector in the end of the Multi-Fiber Agreement”. (Phnom Penh: US embassy).
11. Law on the Investment of the Kingdom of Cambodia. Passed on August 4, 2004 by the National Assembly of Cambodia.
12. Ministry of Commerce and ADB (2004). Cambodia’s Garment Industry: Meeting the Challenges of the Post Quota Environment. (Phnom Penh: Ministry of Commerce)
13. Omar Bargawi (2005), Cambodia Garment industry—Origins and Prospects,

(London: Overseas Development Institute)

14. Oxfam, Womyn's Agenda for Change, 2002. A Social Study of Women Workers in the Cambodian Garment Industry.
15. Rajah Rasiah (2006) "Sustaining Development through Garment Export In Cambodia", United Nation Conference on Trade and Development. (forthcoming)
16. Royal Government of Cambodia (2006), National Strategic Development Plan 2006-2010: For growth, employment, equity, and effeciency to reach Cambodian Development goals,(Phnom Penh: Council of Minister).
17. Royal government of Cambodia (2002), National poverty reduction strategy 2003-2005, (Phnom Penh: Council for social development).
18. Spinanger, D and Verma, S. (2003) "The coming death of the ATC and China WTO's accession: will push come to shove for indian T&C export?" in bridging the differences—analysis of five issues of the WTO agenda, (Jaipur: Consumer Unity and Trust Society (CUTS), 1999)
19. The First Social-Economic Development Plan 1996-2000 Of The Second Term off the Royal Government of Cambodia
20. ***Lynn Salinger et all (2005)*** , Measuring Competitiveness and Labor Productivity in Cambodia's Garment industry, (Cambodia: USAID).
21. World Bank (2004), Cambodia Seizing the Global Opportunity: Investment Climate Assessment and reform Strategy for Cambodia, (Cambodia: Poverty Reduction and Economic Management Sector Unit and Financial and Private Sector Development Unit of the World Bank)
22. World Bank (2005), Cambodia Corporate Social Responsibility in the Apparel Sector and Potential Implication for other Industrial Sectors, (Cambodia: Foreign Investment Advisory Service)

List of CICP Working Paper Series

Issue	Titles and Author	Year
1	Strategy for Cambodia's Participation in the ASEAN Free Trade Area (AFTA) and Its Implementation of the Agreement on Common Effective Preferential Tariff (CEPT), by Keat Chhon and Aun Porn Moniroth, 20 pp. [Khmer and English].	1997
2.	Acceleration of AFTA and Its Implications for Cambodia, by Keat Chhon and Aun Porn Moniroth, 22 pp. [Khmer and English].	1998
3	AFTA and the Cambodia Labor Market, by Rajah Rasiah, 45 pp. [English].	2000
4	“The Role of Think Tanks in Cambodia: Achievements, challenges, and Prospects ” The CICP Working Paper Series, by Kao Kim Hourn, 40 pp [English].	2001
5	Civil-Military Relations in Cambodia: Measures for Improving Civil-Military Relations in Cambodia, by Dr. Kao Kim Hourn, 15 pp. [Khmer and English].	2002
6	The Cambodian Elections: Measures for Improving the Electoral Process, by Dr. Kao Kim Hourn, 2002, 24 pp. [Khmer and English].	2002
7	Military Reform, Demobilization and Reintegration: Measures for Improving Military Reform and Demobilization in Cambodia, by Dr. Kao Kim Hourn, 2002, 24 pp. [Khmer and English].	2002
8	Role of Media and Civil Society in a Democracy: A Cambodian Case Study by Chap Sotharith. 2005, 21 pp. [English].	2005

9	A Cambodian View on the Status and Functions of GMS in China-ASEAN FTA by Chap Sotharith. 2006, 24 p. [English]	2006
10	Urban Poverty and Safety Net in Cambodia, by Chap Sotharith, 43 p [English]	2006
11	Post Conflict Peace Building: A Cambodian Case Study, by Ung Hout, 13p, [English]	2006
12	Sustaining Garment Export: A Cambodian Case Study by Seng Sovirak and Kum Kim, 33 p, [English]	2006