



Federation of the European
Sporting Goods Industry



SAI
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INTERNATIONAL



April 4, 2019

Samdech Akka Moha Sena Padei Techo HUN SEN
Prime Minister
Royal Government of Cambodia
Kingdom of Cambodia

Dear Samdech Prime Minister:

On behalf of international garment, footwear, and travel goods buyers, we are writing to express increasing concern regarding the labor and human rights situation in Cambodia which threatens trade preferences for Cambodia. The European Union's (EU) February 11 decision to review Cambodia's Everything But Arms (EBA) benefits, and recently introduced legislation in the U.S. Congress to review Cambodia's Generalized System of Preferences (GSP) benefits, are worrying developments for companies that value sourcing from Cambodia.

Many of the signatories to this letter raised these concerns when your government graciously provided key ministers to meet with us and representatives from U.S. and European brands on October 19, 2018. Following these meetings, the delegation sent a November 1, 2018 letter detailing our concerns, which is attached.

We recognize that your government is committed to creating a strong and competitive garment, footwear, and travel goods sector to improve the livelihoods of Cambodian workers. Thanks to your government's efforts, Cambodia has established itself as a strategic partner to many of the world's largest garment, footwear, and travel goods companies. In fact, in 2018, Cambodia was the 6th largest garment supplier, the 4th largest footwear supplier, and the 4th largest travel goods supplier to the U.S. market. Further, Cambodia was the 5th largest garment supplier, the 5th largest footwear supplier, and the 4th largest travel goods supplier to the European market. Sales to Europe and the United States combined in 2018 reached USD \$8.5 billion, or more than one-third (38%) of Cambodia's total Gross Domestic Product (GDP). Further, apparel, footwear, and travel goods account for 80% of Cambodia's total exports.

International brands and retailers want to see this important sector grow even more in Cambodia. Indeed, a successful and stable Cambodian garment, footwear, and travel goods sector is both good for Cambodia and for international buyers. Our shared interest in Cambodia's manufacturing sector is the rationale for our letters from March and October 2018, our October 19, 2018 brand delegation to Cambodia, our November 1 follow-up letter, and today's letter.

Because of this shared interest, we remain deeply concerned with the lack of progress that has been made in addressing these important issues. Criminal charges and convictions remain in place against many labor leaders, the Trade Union Law of 2016 continues to restrict the establishment of unions and union activity, and the diminished role and reduced independence of the Arbitration Council continues to undercut what was a very effective dispute resolution mechanism. Each of these developments undermines progress towards improving worker rights and stabilizing the garment, footwear, and travel goods manufacturing sector. These issues are emblematic of some of the larger human rights issues in Cambodia.

The very real threat of withdrawal from EU EBA benefits and U.S. GSP benefits will severely damage the Cambodian industry, and the millions of Cambodians who work in the industry. Further, it will undermine the decades of effort your government has put into developing a successful industry, which has brought about enormous benefits both to the Cambodian economy and the Cambodian people.

Therefore, we again urge you to address the concerns we detailed in our November 1, 2018 letter as soon as possible. We would appreciate a response that outlines a roadmap of timebound commitments that would put in place the necessary steps to address our concerns. As we discussed with your ministers in October, we stand ready to work with your government to address these issues to ensure that international brands and retailers increasingly look to Cambodia as a major sourcing destination.

Sincerely,



Rick Helfenbein
President and CEO
American Apparel & Footwear
Association (AAFA)



Christian Ewert
President
amfori



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European Branded
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Robbert de Kock
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CC:

- HE Ith Sam Heng, Minister of Labour and Vocational Training
- HE Pan Sorasak, Minister of Commerce
- HE Aun Pornmoniroth, Minister of Economy and Finance
- HE Prak Sokhon, Minister of Foreign Affairs and International Cooperation
- HE Chum Sounry, Ambassador Extraordinary and Plenipotentiary, Royal Embassy of Cambodia