

Sereypheap (n.) freedom



Photo by Daniele Calisese

Concept paper for a collectively run garment
factory

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"Of course I want to leave the factory, I want to be more than a body; I want to use my mind".

"It will be hard work, but in the end we can be proud of ourselves".



Photo Ming Tse Chong

The vision of Sereypheap is one of 'freedom'. The business will be owned and operated by garment workers, decisions will be made collectively and all profits will go to the workers.

Background:

The garment industry in Cambodia currently employs over 220,000 people, the majority of them young women aged between 18 and 25 years of age. Over 25 percent of all Cambodian women in this age group are employed by this industry. Cambodia has a disproportionately young population, with 45 percent of the total population under the age of 15. In 2002 the garment industry contributed to 82 percent of the Cambodian economy's total merchandise exports with a value of US\$1.3 billion.

The main markets for garments produced by Cambodia are the United States and the European Union with 2002 export values of US\$961 million and US\$361 million respectively. Access to the US market is currently regulated through a 'quota' system, called the *Multi Fibre Agreement* (MFA). This agreement is set to end on the 31st of December, 2004 as part of the United States government's undertakings to the World Trade Organisation (WTO).

The MFA provides countries like Cambodia with a guaranteed market share of the enormous US apparel and clothing market before being subject to import tariffs. Of the US\$961 million of exports to the US in 2002, US\$627 million was under the quota system (65 percent). Countries that perform well in areas identified by the US Trade Department, such as *human rights*, can obtain an increase in the amount that they are allowed

to import into the US under the MFA. In December 2003, the US Government announced a 17 percent increase for the Cambodian garment quota for 2004.

The Cambodian Government has implemented a *Labour Code* that guarantees minimum conditions of employment for all workers. The current minimum monthly salary payable under this law is US\$45. The highest law of the land, the *Constitution of the Kingdom of Cambodia* guarantees workers right to free association and as such, the rights to be members of unions.

Most factories in Cambodia are foreign owned, with their head offices being located in Hong Kong, Taiwan, China and South Korea amongst other countries. The workers in Cambodian factories are the labour force that is at the end of a long chain of companies, sub-contractors, brokers, buyers and sellers. When the MFA ends, it is expected that a significant amount of foreign capital invested to set up garment factories will flow to other countries where the costs of production, read labour, is cheaper. This will lead to massive lay-offs in the industry, and will force tens of thousands of young women to return home or seek out other extremely limited job options like hospitality or sex work.

Workers Experiences:

“Work is hard and long. We often faint from the smell of the materials, the long hours or because we don’t eat enough – we have to send money home”.



Photo Ming Tse Chong

“My family are landless. We lost our land when my father fell ill and we had to pay for his treatment. The money I send home helps feed them, send my brothers to school and pays for my fathers medicine”.

The vast majority of garment workers are women, young women. Women are expected to stay close to home and marry at a young age, and become wives and mothers. Traditionally women do not leave their village unmarried to work or live elsewhere. Young girls are given less opportunities for education and the learning of skills that would improve

their employment opportunities. The choices for paid employment for young women are limited to the garment industry, hospitality or sex work. These employment options require low skills, are repetitive, usually involve long hours and are highly exploitative. Women are less likely to speak out about discrimination, sexual harassment or abuses of labour conditions as they are afraid that they will lose their jobs. Jobs they so desperately need.



"My family depends on the money I send home every month. I have to try to save as much as possible so that they do not go hungry. We lost our land when we borrowed from an NGO and could not pay it back after our crops failed".

Cambodia has undertaken a path of rapid neo-liberal reforms. This 'package' has been implemented as a condition of loans from international finance institutions like the International Monetary Fund (IMF), the World Bank (WB) and the Asian Development Bank (ADB). In order to qualify for development loans from these institutions and other bilateral donors, the Cambodian government has been required to;

- remove all barriers to trade like tariffs and quotas,
- remove all subsidies and production support to farmers who constitute 82 percent of the population,
- implement a 'user pays' system for social services like health care and education, and
- privatise or sell off state owned resources like electricity, water, forests, fishing concessions and telecommunications.

The net effect of these changes has been to make subsistence rice farming un-economical. Access to natural resources essential to cushion the vagaries of rice production has been cut off, and a large proportion of the rural population have to now have to undertake forms of waged labour just to survive. Many are forced to migrate as the chances for paid employment within their villages are nil. Families often resort to borrowing for consumption or to meet their health care expenses.

The sources of credit for the rural population are limited to Non Governmental Organisations (NGOs) or local Moneylenders. Rates from most NGO's in Cambodia range between three and six percent a month (36 to 74 percent a year), and moneylenders between 20 and 100 percent a month. NGOs usually require collateral in the form of land title (the *family book*) or a lien over a



draft animal prior to lending. Very few people are able to pay back any loans that they undertake, and most lose their collateral when they default.

It is amidst this environment that many young single girls decide to take responsibility for their family's survival and destiny and migrate to the city to seek work in the garment factories.

When they arrive in Phnom Penh, they are generally alone and will join the queues at the factory gates waiting for their chance. Using borrowed money, they undertake training in sewing and many can wait for three or more months before their chance at a position arises. Often they have to pay a broker or 'agent' to get the interview at a factory. Once a job is secured, they are placed on *probation*, which entitles the management to pay a salary lower than the legal US\$45 per month and allows them to dismiss a worker without notice. The maximum probation period under law is three months, but many factories, extend this in to keep their production (labour) costs down.

"My family borrowed US\$35 for me to travel to the city to try and get a job in the factories. My transport costs were \$5, I had to spend \$10 on sewing lessons, and to get an interview I had to pay a broker another US\$10. I waited for a two months for this job and spent \$25 on rent and food. I am now working to pay all these debts off".



Life in the factories begins at 7am and lasts until 4pm, with a one hour lunch break. Overtime commences at 4pm and lasts until 6pm or 8pm. If an order is urgent, it is not uncommon for a garment worker to work 24 hours straight. Sundays are the only regular day where they are entitled to a break. Visits to the toilets are often monitored, workers are not allowed to talk to each other, and some supervisors verbally or physically harass the women if they appear to be 'lazy'.

Workers wages can be docked if the sewing needles break, they take too many toilet breaks, if they take sick leave without asking for prior permission and for numerous other reasons. Sick leave is often not granted, and most workers fear taking more than three consecutive days off as they may not have a job to return to. The factories can be dusty, hot, poorly ventilated and contain chemicals that are harmful to health. Very little protective equipment is supplied; neither is extensive training in the safe handling of toxic substances.

Garment workers live in shanty towns near the factory areas. Living four or more to a 2 x 1.5 metre room, the conditions are squalid. Bathrooms are shared, with often 20 workers sharing one toilet. The rooms are generally insecure and poorly ventilated. The water provided is often not treated and can contain numerous diseases. From their salaries, they have to pay;

- rent \$5,
- electricity and water \$5
- transport \$5
- food and other needs \$10
- the balance, if any, is remitted back home.



Most workers choose to eat little or food with low nutritional value in order to save money to send back home. This leads to medical problems like anaemia, compound this with poor sanitation, diseases like typhoid and dengue are a major problem. Workers are often unable to pay for a full medical treatment, or take time off work to recover, and this leads to further serious health issues.

The MFA, a protectionist policy created by the United States, has provided an environment where the Cambodian garment industry has been able to evolve and employ one in four Khmer women aged between 18 and 25. These women are not studying or building a future career for themselves, their job income is needed for sheer survival. This money supports the desperate needs of their families; need brought about by the impacts of globalisation.

So in reality the industry does not just support 220,000 people, but over a million when you include these women's families. This is almost 10 percent of all Cambodians. The MFA is about to end and in its place will be 'free' trade and the regulations of the WTO, which are created to favour developed nations. Cambodia can only lose economically; a loss that will be felt and endured by all Khmers. This loss and hardship will only intensify with the pressures placed on families and the economy by the burgeoning young population

Srereypheap seeks to address the sustainable development of garment workers agency, skills and dignity.

Workers have expressed a desire to being involved in the setting up and management of their own factory. This is one of the options that has been discussed and is the one that has attracted the broadest support from small meetings with garment workers. It is with these wishes and desires in mind that WAC has developed the following proposals.

Proposal:

Discussions with garment workers about the end of the MFA, Cambodia's entry into the WTO and the potential for massive job losses frightens many workers.

"When the WTO starts we will all be jobless and our families will starve".

"Previously no one informed us about the negotiations and the discussions of the WTO; the Unions did not discuss this with us; the other NGO's did not raise awareness among the workers. We should know! We have a right to know because, for us it means eating or starving".

"What can we do after December 2004"?

Sereypheap is based on ethical and sustainable ideals. The vision for the factory is one that supports other like minded and orientated groups within the apparel design, production and marketing chain. But this process also positions the workers higher and in direct competition in the larger garment industry design-production-marketing networks. Intermediate layers of management, sub-contractors and brokers are essentially removed and those who purchase Sereypheap products are assured that the majority of profits will flow back to the workers.



A large percentage, if not all of the raw materials used in the creation of the garments shall be sourced from the immediate region. Where possible, they shall be of an organic, sustainable and community traded origin. Preference shall be given to those suppliers that actively involve women as *equals* in these processes. Initial research into the sources of raw materials in the region indicates the potential for achieving these aims.

Contacts have already been established between ethical garment and fashion designers from other countries. These people will be willing to provide their time free of charge to the project. These people have also given an undertaking to attract the involvement of other like minded designers. Additional links will be made to students at technical colleges and schools who are looking for practical experience and are willing to assist in achieving the aims of the project. This exposure will help the

workers in the factory understand design concepts. It will also provide a supportive environment where they can learn from the experts and be exposed to new ideas. This external support and involvement is essential to encourage the development of a uniquely Khmer fashion industry label.

Links have been made with ethical trading and marketing networks. We hope that Sereypheap will be targeted at the 'High Street' market, competing with labels like Gap, Ralph Lauren, Unionbay, Ceilo, etc.; brands that they once were just labourers for. Contacts with leading ethical fashion designers and marketing networks have already expressed a desire to be involved in this part of the project. Not only will these people and organisations help with the initial market placement, they will provide assistance and advice on business and marketing strategies to the workers. Over time this will develop the workers skills, innovation and independence. The marketing and branding strategy of Sereypheap will be firmly aimed at attracting the ethical consumer.



Photo by Daniele Caliese

International celebrities have stated their willingness to promote the brand and its ethos. Further brand promotion and exposure will be achieved through the many media and other organisations that visit the WAC project. Brand exposure and coverage will be an indirect result of these visits, and WAC will attempt to provide as many brand placement opportunities as possible. This process will give Sereypheap marketing for free, with a potential for instant international coverage.

To achieve the aims as set out within this document, there are three options to finance and empower the participants in the collective garment factory.

Option one

The workers who are committed to setting up the factory can apply for a loan for all the capital necessary to set up the factory. This option may involve a short term cut in incomes for workers involved as they use the income from the business to primarily pay off the loan capital.

Access to capital markets in Cambodia is extremely limited, and usually accessible only if security in the form of *real property* is given to the capital provider. Without any collective resources like this, the workers would need to access capital from a different external source.

Ideally the loan should be over a 10+ year period, with a low interest rate and flexibility for repayments; either in advance or arrears, without incurring any penalties. These conditions will allow the workers to generate income necessary to live, help the company grow and pay off its debts.

Option two

A private investor can provide all of the capital necessary for start up. After a predetermined time limit, such as five years or above a specific



profit level, the investor would begin to offer shares to the workers in the company. The arrangements to offer shares would have to be negotiated between the investor and the workers at the outset of the project.

The purchase of shares in the company would result in the return of at least a 51% or greater of the investment capital to the investor and give the workers a majority share in their factory. If so negotiated, the share issue could lead to a 100% ownership of the factory by the workers. The most important aim is that collectively the workers will eventually realise a majority shareholding in *their* company.

Option three

As stated before, contact has been made with ethical traders and investors. If these groups are interested in the concept they may wish to provide all the capital and business training necessary to start the factory. These ethical traders will provide the workers with salaries and conditions (much) better than the minimum stipulated by law. Workers may also be involved in profit sharing. Workers will have representation on any management or board, input into company decisions, but will not own the company.

These are only options, but we can envisage a mix between all three as being the best for the workers. The final option must provide training and experience in technical and business skills, capital and a chance for the workers to eventually own the business, without causing them extreme hardship in the process.

This is just a concept proposal. Although people and representatives of organisations have expressed a willingness to be involved in the idea of Sereypheap, we currently have no concrete offers. At this stage we are seeking *real* commitment to a plan that challenges the usual models of development interventions.

If enough firm pledges to Sereypheap are made, the process will then continue. A business plan will be created with the input of workers and professionals. This will include all aspects of taxation, laws, labour standards, budget projections along with the vision outlined in this paper.

We would appreciate your inputs, suggestions and firm offers of support for this project. Sereypheap will only be realised if there is real commitment behind all the various offers and interest in it. The young women of Cambodia need options to ease the forthcoming apocalypse; and we believe that Sereypheap is one of the ways that the effects the end of the MFA may be mitigated. It may also provide a model for other groups in Cambodia and women in other countries. We can only move forward in solidarity!

Please forward this document on to anybody you think may be able to commit additional time or resources to this project. You can always contact us with your support and pledges!

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Additional copies of this can be downloaded from

<http://www.womynsagenda.org/docs/sereypheap.pdf>

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