



*Cambodia Presentation*  
in  
Sub-regional Conference  
on

**Services Trade Liberalization and Labor  
Migration Policies in ASEAN: Towards the  
ASEAN Economic Community**

**23-26 September 2008  
Bangkok, Thailand**

by

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# Outline



- **National Policies and Line-ministerial Coordination Mechanism**
- **MLVT's Policies**
- **Issues and Challenges in Labor Migration Management in Cambodia**
- **Cambodia's Services Economy and Trade in Services**



# *Cambodian National Policy On Labor Migration*



# National Policies

To regulate sending migrant workers to work abroad, the Royal Government of Cambodia has issued:

## **Sub-decree No. 57 on sending of Cambodian Workers to work abroad (July 20, 1995).**

To allow sending Cambodian Migrant Workers to work abroad, while the local labor market is not fulfill the demand.

To improve the living standard, national income and increase professional skill of Cambodian migrant workers.

Dispatch and management of Cambodian workers to abroad is capable of the Ministry of Labor and Vocational Training (MLVT).



# National Policies (Cont.)

## Sub-decree No. 57 ( July 20, 1995) Cont.

The MLVT have the rights to authorize the Recruitment Agencies to recruit the Cambodian Workers to work abroad, which carried out the Ministry's rules and regulations.

The MLVT work closely with the Ministry of Interior for process of issuing normal passport, and with the Ministry of Foreign Affairs and International Cooperation for monitoring oversea works.

Cambodian workers can be selected to work abroad are not bellow 18 years old.



# National Policies (Cont.)

## Government's Rectangular Strategy (16 July 2004)

As seen in the experience of neighboring countries, the exports of workers provides another important option for poverty reduction.

Government encourages official labor exports to increase welfare, improve capacity, reduce unemployment, and increase revenue.

Employment and training policy and programs will include opportunities for job mobility, information technology and vocational/skill training, while effectively linked to education policy.



# National Policies (Cont.)

## Sub-decree No. 70 on The Establishment of the Manpower Training and Oversea Sending Board (July 25. 2006)

To recruit, train and send the workers to oversea.

To fulfill of requirement between the Royal Government of Cambodia and the South Korean Government.

Involvement of private sector in properly recruiting migrant workers with less cost and safe environment.



# National Policies (Cont.)

## Line-ministerial Coordination Mechanism.

### 1. Ministry of Labor and Vocational Training.

Monitoring the recruitment agencies for providing oversea employment services.

### 2. Ministry of Interior.

Issuing normal passport and intervention all illegal activities.

### 3. Ministry of Foreign Affairs and International Cooperation.

International relations, investigations, and settle any resolutions.

### 4. Ministry of Women Affairs .

To protect the women trafficking and violation.

### 5. Local NGOs and INGOs, IOs.

To cooperate in term of issues/problems are raised, and develop the policy and mechanism.



*What about MLVT done on  
Policy ?*



# MLVT Policies

## The MLVT Strategy Goals.

To improve the management of oversea employment services provision through private companies.

To establish public system of oversea employment services and migrant workers protection.

To establish a management office for Daily and Seasonal Cross Border for Employment.



# LMVT Policies (Cont.)

## The MLVT Strategy Goals (Cont.)

To improve the recruitment agencies to carried out principles and policies of the government properly for accomplished the sub-decree 57, national law and other international conventions.

Set up networking services to protect migrant workers to ensure effective network for oversea employment data and information management.

Improving awareness of HIV/AIDS and the right at work for improving the protection of the right and benefit for the migrant workers.



# MLVT Policies (Cont.)

## **Prakas No. 108 MLVT on Education of HIV/AIDS, Safe Migration, and Labor Right for Cambodian Workers Abroad (May 2006)**

To promote pre-departure training for migrant workers on health issue, safe migration, and labor right in order to reduce their vulnerability to related problems.

Is promoting safety and working condition for the Cambodian migrants working outside the country.



# MLVT Policies (Cont.)



## **Prakas No. 012/07 on the Establishment of a Labor Migration Taskforce (January 2007).**

To develop and implement policy and action plan under the Labor Migration Section of the Ministry of Labor and Vocational Training.

To involve the administrative arrangement, training and sending abroad, especially to SK.



# MLVT Policies (Cont.)

## Praka No. 021/18 on Registration of Enterprise/ Establishment and Employees in the National Social Security Fund.

To enforce the registration of Enterprise/Establishment under the law of Social Security Scheme and Labor Law.

1. Employment Injury scheme
2. Health care
3. Pension schemes



*What are issues and challenges  
in Cambodia in term of Labor  
Migration ?*



# Issues

- Limited dissemination information on migration policies.
- Limited access to information on legal rights.
- Regulated/standardized employment contract.
- Absence or limited of data management system for internal and external labor migration.
- Migrant Workers lack of awareness
- Malpractices of some pre-departure trainings by licensed recruitment agencies.
- Abused by employers in receiving countries.
- Lack of policy/regulation and law enforcement.



# Challenges

- Labor attaché in receiving countries.
- Lack of bilateral agreement and enforcement between sending and receiving countries.
- Recruitment process is long and bureaucratic.
- Recruitment fee and processing are high, which cause migrant workers unable to afford.
- Enforcement and practice of labor migration in the regional
- Lack of awareness of human's right.
- Gap between new and old countries
- Political will



*What are the Possible Solutions  
to address the Issues and  
Challenges ?*



# Possible Solutions

- The issue of government sub-decree 57 on the decision for sending workers to work abroad.
- The selection of private companies to act as legal agencies to manage and send workers abroad.
- The drawing up of a legal contract between The MLVT and the legal agencies which are required to fully protect women against trafficking by their agencies.
- The deposit of the amount of 100,000 USD in the MLVT's account by the recruitment agency to adjust the issues/problems.
- The agreement to a contract of employment between employers and employees.



# Possible Solutions (cont.)

- Establish provision of pre-departure medical check-up and training.
- Establish Inter-ministerial Working Group to legally undocumented Cambodian migrant workers in Thailand.
- Exchange information on labor needs and available workers.
- Exchange information on matters relating to human trafficking, illegal employment.
- Take necessary measures to prevent and suppress illegal border crossing, trafficking and illegal employment of workers from middlemen.



# Possible Solutions (Cont.)

- Contribution to saving funds.
- Coordinated Mekong Ministerial Initiative Against Trafficking (COMMIT)
- COMMIT National Task Force (CNT), Inter agency (government and NGOs agencies)
- National Task Force on Anti-trafficking and Sexual trade.



**Cambodia has done in term of  
Services Trade  
Liberalization of AEC**



# CAMBODIA'S SERVICES ECONOMY AND TRADE IN SERVICES

When it joined the WTO and ASEAN Community Cambodia made many specific commitments to liberalize its trade in services. Further liberalization has been proposed through the ASEAN Framework Agreement on Services (AFAS).

Assessing the consequences of commitments to liberalize trade in services is much more difficult for trade policy officials than determining the costs and benefits of liberalizing trade in goods. Moreover measures that affect trade in services are often under the oversight of domestic line ministries.



# CAMBODIA'S SERVICES ECONOMY AND TRADE IN SERVICES (Cont.)

Both the relative importance of services and their degree of sophistication increase with the level of a country's development. In Cambodia services account for about 36% (one third) of economic activities, and this proportion has not increased in recent years, though it may in the future as the economy develops.

Among the five sectors that are the focus of this report, only tourism is a significant earner of foreign exchange. In the other four Cambodia's paramount international trade interest is to increase the supply and quality of services offered in the domestic market through foreign investment.



# CAMBODIA'S SERVICES ECONOMY AND TRADE IN SERVICES (Cont.)

The five specific sectors are as the following:

- Tourism
- Air transport
- Telecommunications
- Health Services
- Financial Services



# CAMBODIA'S SERVICES ECONOMY AND TRADE IN SERVICES (Cont.)



Services comprise slightly more than one third of the Cambodian economy, and the importance of the services sector should increase as Cambodia develops, though in recent years the share of services in total output has remained stagnant.

To the extent that it can be measured accurately, Cambodia's international trade in services is comparatively modest in scope and highly focused, but it is growing quite rapidly. This is due to the on-going development of Cambodia's tourism sector, which comprises its major services export industry (i.e. earner of foreign exchange).



*What we have  
committed on Trade in  
Services ?*



# CAMBODIA'S SERVICES ECONOMY AND TRADE IN SERVICES (Cont.)

## Commitments on Trade in Services.

Cambodia adopted a relatively liberal regime for trade in services as part of its accession to the WTO in 2003, scheduling specific commitments under the General Agreement on Trade in Services (GATS) in more than half of the services sectors.

ASEAN leaders have committed to the achievement of free and open trade in region, including trade in services, by 2015.



# CAMBODIA'S SERVICES ECONOMY AND TRADE IN SERVICES (Cont.)

The ASEAN Framework Agreement in Trade in Services (AFAS) was initiated in 1995. Under the auspices of the Coordinating Committee on Services (CCS) six packages of regional services trade liberalization have been completed so far, with Cambodia participating in all but the first. Separate but related ASEAN processes are in place regarding the liberalization of air transport and financial services.

AFAS has taken a similar approach to the WTO, with a “positive list” approach involving bottom-up service sector commitments scheduled in a manner that parallels the GATS.



# CAMBODIA'S SERVICES ECONOMY AND TRADE IN SERVICES (Cont.)

## General Considerations for Future Services Trade Negotiations

The ASEAN is committed to a process of services trade liberalization, and Cambodia as a member of the ASEAN must be part of the process. It remains to be seen whether the vision of achieving a single market will be achieved in practice, but nevertheless further negotiations on services trade liberalization will take place, most immediately covering the sectors of services trade. That being the case, how should Cambodia approach these negotiations in order to maximize the economic benefits and minimize the costs?



# CAMBODIA'S SERVICES ECONOMY AND TRADE IN SERVICES (Cont.)

The implications for Cambodia are different than for goods trade, however. In the case of services trade improving access to the domestic market for a foreign supplier can reinforce the impact of domestic reforms by making the marketplace more competitive, and better functioning—but only to the extent that the domestic regulatory framework provides strong oversight to all market players. On the other hand, because Cambodia has more limited and narrowly focused export interests in services, achieving access for Cambodian service producer in regional markets will often be a less important policy consideration. Tourism is the obvious exception for Cambodia.



# **CAMBODIA'S SERVICES ECONOMY AND TRADE IN SERVICES (Cont.)**

Cambodia entered into the AFAS process with among the most liberal regimes for trade in services in the ASEAN, at least on the basis of its GATS commitments. Only Singapore and Malaysia achieved comparable levels of multi-lateral scheduling of their services trade. But both of those economies have much higher incomes than Cambodia and for both of them the services sectors are much more important components of the economy. While it is true that Cambodia still has much work to do to bring its domestic framework into conformity with its WTO commitments, the general impression is that Cambodia is already quite liberal in terms of its international commitments to trade in services.



# **CAMBODIA'S SERVICES ECONOMY AND TRADE IN SERVICES (Cont.)**

Cambodia then will need carefully to balance its own interests. It must not lose sight of the need to strengthen its domestic regulatory frameworks further in order to consolidate the economic gains from commitments it has already made to liberalize trade in services. At the same time Cambodia might undertake further liberalization where doing so would help to improve the supply of services available in the country and/or to improve the functioning of domestic markets.



# Some Tables of Trade in Services Cambodia



# Table of Economic Profile

Indicator	Unit	2001	2002	2003	2004	2005
Population	millions	12.8	13.0	13.3	13.5	13.8
Real GDP per capita	US \$	275	290	310	350	380
Employment	000's	6243	6400	6948	7497	-
Total Exports	US \$ m	1571	1755	2027	2476	2695
Total Imports	US \$ m	2094	2318	2560	3193	3678
Balance of Payments	% of GDP	1.8	4.0	0.7	2.6	0.1
Consumer Price Index, Phnom Penh	% change	0.2	3.3	1.2	3.8	5.8 (est.)

**Sources:** Compiled from various public sources including Asian Development Bank, International Monetary Fund and Government of Cambodia, Ministry of Finance.



## Table of International Visitors Arrival 2006 (in thousands)

Country of Origin	Number of visitors	Percentage of Total
Korea	285	17
Japan	158	9
China	81	5
European Union	314	18
United States	124	7
Other ASEAN Countries	124	19
Other Countries	410	24
Total	1,700	100

*Source:* Data provided by Ministry of Tourism



# Table of Public Sector Health Care Professionals as of April 2008

<b>Discipline</b>	<b>Professional Designation</b>	<b>Number of Practitioners</b>
Medicine	MD	2139
	Medical Assistants	1259
Dentistry	Dr. of Dentistry	170
	Dental Assistants	66
Pharmacy	Pharmacist with Doctorate	05
	Pharmacist	421
	Pharmacist Assistants	108
Physiotherapy	Physiotherapist	282
Nursing	Primary Nurse	3404
	Secondary Nurse	4915

*Source:* Data supplied by Ministry of Health, May 2008



# Cambodian Migrant Workers to work abroad

- 18 Recruitment agencies has been selected.
- 24,637 workers have been sent to work abroad.

Country	Number of Migrant Workers			
	Year	Total	Male	Female
Thailand	2005 – 2008	7,610	5,175	2,435
Malaysia	1998 – 2008	12,427	1,968	10,459
Republic of Korea	2003 – 2008	4,600	4,000	600
<b>Sub-total</b>		<b>24,637</b>	<b>11,143</b>	<b>13,494</b>

Source: Department of Employment and Manpower, MTOSB, MLVT by September, 2008.



# ***Recommendations and Suggestions***



# Labor Migration Management

- The recruitment agencies should be protect the migrant workers rather than to do the only business
- Recruitment fee should be reduced.
- Pre-departure orientation should be done every time.
- Employers of the receiving country mush respect the employment contract.
- Should be have the office of the sending company in the receiving country to monitor their migrant.
- Both countries should take into account to revise the minimum wage according the economic change.
- Should be provide the proper housing and food to the migrant workers as they are our human being.



# Services Trade Liberalization

- ASEAN Secretariat Should be provide the TA in term of MODE.4 of the Services Trade Liberalization.
- Skilled Labor should be defined the definition and classification.
- Trade in Service liberalization should be implement step by step because it not easier like trade in goods.



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**Thank You !**