

Profits disappoint as garment exports grow

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Data from the Garment Manufacturers Association in Cambodia (GMAC) reveal that exports of textile-related products amounted to \$11.3896 billion in 2021, a \$1.505 billion or 15.2 per cent jump from 2020. [Hong Menea](#)

Experts have warned that recent growth in garment industry exports may not translate to improved profit margins owing to increased production costs, as the latest industry figures reveal that exports of textile-related products in 2021 increased by over 15 per cent from the year before.

Data from the Garment Manufacturers Association in Cambodia (GMAC) reveal that exports of textile-related products amounted to \$11.3896 billion in 2021, a \$1.505 billion or 15.2 per cent jump from 2020.

Broken down by category, garments accounted for \$8.017 billion, footwear made up \$1.390 billion, travel goods were to the tune of \$1.490 billion, and other categories clocked in at over \$0.49 billion. “Travel goods” is a designation that includes suitcases, backpacks, handbags, wallets and similar items.

However, GMAC secretary-general Kaing Monika told The Post that although the growth in exports was welcome news, the sector's profit margins were not better than before.

“We know that the garment industry has spent a lot of money on measures to prevent Covid-19 [transmission]. Particularly, there has been an increase in the cost of logistics, especially shipping. So sometimes, though the profits have jumped, it has not translated to profitability,” he said.

During a working meeting with Minister of Labour and Vocational Training Ith Samheng on March 3, GMAC chairman Kong Sang reaffirmed the importance of the ministry’s involvement in the labour-intensive garment sector.

“If the labour sector is in turmoil, it will not grow or be sustainable, no matter how well other sectors are performing. In this sense, coordination [between the ministry and various sectors] creates an environment where there are better and more mature professional relations, which leads to more stable production,” he said.

Sang added that Prime Minister Hun Sen’s vaccination policy, together with the support of the labour ministry, have ensured the stability of production and the growth of exports in the sector.

Labour minister Samheng highlighted the government’s various interventions in the garment sector, including the launch of a comprehensive roadmap to safely restart the economy as the novel coronavirus becomes endemic. The document is known as “The Strategic Framework and Programmes for Economic Recovery in the Context of Living with Covid-19 in a New Normal 2021-2023”.

The government is working to introduce a 2021-2024 labour sector strategy, encompassing employment and vocational training, that will boost the development of the garment, footwear and bag industry in Cambodia over the next three years, he said.

Samheng emphasised the importance of a strategic plan in ensuring the long-term sustainability of the sector, and that it continues to grow and attract more investors to Cambodia. He also lauded GMAC for its long service as the primary voice for garment sector investors. “This association has been operating for the past 25 years and has acted as the sole representative of investors in the garment sector, protecting and enhancing the legitimate rights and interests of all investors,” he said.

He noted that GMAC has established a forum for consultation and social dialogue with stakeholders on a wide range of issues that have the potential to impact the overall investment climate. He praised the association’s aim of creating a favourable environment for export growth and sustainable development.

In the face of a steep increase in garment sector orders and an associated shortage of manpower, the labour ministry has urged the National Employment Agency (NEA) and private recruitment agencies to supply workers to factories and enterprises in order to increase their various production capacities.