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**An economic boom is pushing Cambodians to demand a more just redistribution of the country's wealth**

**Activists, particularly those from the textile industry, are demanding higher salaries. A first in a country traditionally not inclined towards protests. Cambodia has seen 7% growth over the last 10 years.**

At the beginning of the year, violent clashes in Phnom Penh made headlines. Conflicts between textile workers and the police have killed five people and dozens of protesters have been arrested. These events are surprising in a country where patience and serenity seem to be written in the collective memory despite a troubled past that saw a quarter of the population disappear during the Khmer Rouge regime. What has pushed Cambodians to openly declare their dissatisfaction?

Back in December 2013, the Ministry of Labour evaluated the minimum subsistence wage at 160 dollars per month, yet textile workers (who are mostly women) are paid a mere 80 dollars per month. This is a strong message because these women from the countryside are willing to accept very modest, even precarious, living conditions; 80 dollars is just enough to rent a 10 m<sup>2</sup> room in the capital and buy enough food for one person to subsist. The revolt is growing, and its great size reflects that of the textile industry, which is substantial: the textile industry employs 400,000 of the 8 million economically active workers in the country and is responsible for 70% of Cambodian exports (about 4.6 billion dollars in 2012). More than 90% of the jobs are held by women.

Certainly the skill level among Cambodia's workforce is very low. But the fear is that foreign contractors will leave and in the future privilege neighbouring Bangladesh once wages are raised to the levels demanded. The government is not at ease.

Meanwhile the discontent is growing and reaching other sectors of Cambodian society: professors are joining the protests; their salary is 75 dollars per month, about the same level as waste collectors who are also protesting in order to obtain a salary increase.

Cambodia is seeing an economic boom and activists are demanding a more equitable distribution of the wealth. Supported by the extremely low cost of local labour, the economy's growth rate is very high (7% on average over the last 10 years). The main sectors are the textile industry, tourism and agriculture. However, the boom must be relativized as the country has had to do much to recover from its economic collapse during the Khmer Rouge regime and the numerous years of instability that followed. As proof, the country is only ranked 183rd in terms GDP per capita.

The globalisation of the world economy has facilitated Cambodia's economic development because the country can now access markets in the US (33% of exports) and Europe (16%), as well as Chinese investments. In 2012, foreign capital flowed into Cambodia at a higher rate than into all other countries

in South-East Asia. Drilling projects are being launched to tap the significant oil reserves found in its territorial waters in 2005. The downside is that the country is increasingly vulnerable to external shocks, notably China's growth.

Therefore it is essential to develop a solid financial sector capable of supporting local entrepreneurship through credit. Banks and financial institutions have had a very low penetration rate so far, with outstanding loans representing only 34% of the country's GDP (compared to 193% in Switzerland, for example). However, even if loan volumes remain modest, microfinance institutions have more than 1.3 million clients, 77% of whom are women: a solid base for the development of the SMEs that are driving the Cambodian economy.

A majority of workers went back to work in February after the government promised to increase the minimum wage to 100 dollars and committed to bringing it to 160 dollars by 2018. Cambodia is advancing.

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