

# **FDI in the Neoliberal Global Economy and the Protection of Labour Standards**

---

Impact of Chinese foreign investments on  
forced labour and child labour in the Cambodian economy



**Student:** Beatrice Campanella

**Student number:** s2277417

**Email:** b.campanella@umail.leidenuniv.nl

December 2019

**Thesis supervisor:** Dr Ruben Gonzalez Vicente

**Second reader:** Dr Rizal Shidiq

*Word count: 14995 words*

## Table of contents

<b>Introduction.....</b>	<b>2</b>
<b>1. Foreign Direct Investment: trends, impact and Chinese foreign investments – A literature review.....</b>	<b>5</b>
1.1. Growth of FDI under neoliberalism.....	5
1.2. Effects of FDI on host countries’ development: contrasting views reviewed.....	6
1.3. China in the global economy: economic development and Foreign Direct Investments.....	9
1.4. China in the global economy: Chinese FDI in Southeast Asia and in Cambodia.....	11
<b>2. Chinese FDI in Cambodia – Data and trends (1997-2019).....</b>	<b>14</b>
<b>3. Methodology &amp; Theoretical background.....</b>	<b>16</b>
3.1 ILO core labour standards and the critical perspective.....	16
3.1.1 Forced labour.....	17
3.1.2 Child labour.....	18
3.2 Objective of the thesis.....	19
<b>4. Assessing the impact of Chinese investments on Cambodian respect of core labor standards.....</b>	<b>20</b>
<b>4.1 Cambodian workforce and employing sectors.....</b>	<b>20</b>
4.1.1 Cambodian manufacturing sector.....	20
4.1.2 Cambodian construction sector.....	21
4.1.3 Cambodian labour law and adherence to ILO Conventions.....	22
<b>4.2 Forced labour.....</b>	<b>22</b>
4.2.1 Forced labour in Cambodia: 1997-2013.....	23
4.2.2 Forced labour in Cambodia after the increase in Chinese FDI: 2013-2019.....	27
4.2.3 Conclusions.....	31
<b>4.3 Child labour.....</b>	<b>32</b>
4.3.1 Child labour in Cambodia: 1997-2013.....	32
4.3.2 Child labour in Cambodia after the increase in Chinese FDI: 2013-2019.....	34
4.3.3 Conclusions.....	35
<b>Conclusions.....</b>	<b>37</b>
<b>Bibliography.....</b>	<b>39</b>

## Introduction

Foreign Direct Investment (FDI)<sup>1</sup> between countries has increased over the last few decades, and so have reflections on the impact on host countries' economic development and society. In an increasingly globalized neoliberal world, these considerations have gained growing relevance, especially in light of the important role played by powerful non-democratic actors like China. Similarly, with the expansion of globalized systems of production, involving a great number of countries and workers globally, a renewed concern over the protection of labour rights has emerged.

During the 108<sup>th</sup> session of the International Labour Organization (ILO) last June, the *Centenary Declaration for the Future of Work* was adopted; according to this Declaration, member States of the ILO have reaffirmed their commitment to guarantee decent work in light of the transformative changes in the current world of work. The Declaration expresses a call of action to reinforce the protection of its principles in all member States, and the need for “developing institutional arrangements with other organizations, (...) recognizing the strong, complex and crucial links between social, trade, financial, economic and environmental policies” (ILO, 2019a). Since 1919, in fact, the ILO has promoted a sophisticated system of international labour standards, often collaborating with other institutions and organizations to guarantee the protection of decent work and to ensure that globalisation benefits the majority rather than the rich minority. Today, 187 countries are members of the ILO and they are committed to its values, including China and Cambodia<sup>2</sup>.

Since the opening of its economy in the 1970s, China has increasingly interacted with countries all over the world and benefitted from international trade, which has contributed to the high growth rates it has achieved in recent decades. Similarly, incoming foreign investments have been crucial for its economic growth, used as a source of finance and knowledge for the industry (Qi & Li, 2008). Gradually, China has also become an investor country, today being an important source of FDI for several countries. In fact, in the last two decades, and especially after its accession into the World Trade Organization (WTO) in 2001, and the beginning of the

---

<sup>1</sup> FDI can be defined as “an investment made to acquire a lasting interest by an entity resident in one economy in an enterprise resident in another country” (Arnal & Hijzen, 2008:10), and as a tool that “creates stable and long-lasting links between economies” (OECD, 2019).

<sup>2</sup> For a full list of all country members see

<https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11003:0::NO::> (last accessed 15<sup>th</sup> October 2019).

Belt and Road Initiative (BRI)<sup>3</sup> in 2013, China's Outward Foreign Direct Investment (OFDI) has increased in both developed and developing countries all over the world, reaching \$87.02 billion from January to September 2019, with investments in overseas enterprises of 164 countries and regions (MOFCOM, 2019).

Cambodia has been part of the ILO since 1969, and it has ratified all fundamental conventions. In 1997, the country has adopted its National Labour Law, which guarantees a set of labour rights to its citizens. Simultaneously, being a beneficiary country of the Generalized System of Preferences (GSP) under the WTO regime, which includes tariff reductions for least developed and developing countries, in the last few decades, Cambodia has gradually opened its economy to international trade with large economies like the EU and the US. Its inclusion into the GSP, however, has been recently reconsidered, due to alarming facts regarding political freedoms and human rights abuses within the country<sup>4</sup>. Indeed, two decades after the US-Cambodia Bilateral Textile Agreement, which included favourable export quotas conditioned to the respect of internationally recognized core labour standards, this year the US have imposed their first economic sanction on the country (Chekuri, 2019). At the same time, Cambodia has increasingly welcomed Chinese FDI: massive investments have taken place all over the country in the last few years and others are planned for the future. Being among the poorest countries in Southeast Asia, Cambodia's annual economic growth has nevertheless been about 7% over the last 20 years, much of which is due to its relations with China and its multiple aids and investments (McGrath & Kimsay, 2016; Ly, 2016). With the growing number of investments, concerns and reflections emerge about the impact of Chinese FDI on Cambodian society, labour standards and national independence.

A debate around the relation between FDI and host countries' development exists in the literature, especially with respect to the impact on economic growth. Few studies, however, analyse other spill-over effects, such as the impact on the welfare regimes and labour standards. Nevertheless, the inclusion of non-trade concerns in international trade relations has been increasingly debated in the last two decades (Yoon & McGee, 2003)<sup>5</sup>. Taking into consideration

---

<sup>3</sup> The BRI, unveiled by the President Xi Jinping in October 2013, promotes China's economic development on a global scale, investing up to \$150 billion USD per year (Eder, 2018) in infrastructural projects in order to develop tighter economic and trade relations.

<sup>4</sup> For example, in February 2019 the EU started a process of monitoring as a consequence of concerns related to working conditions, labor standards and other fundamental political freedoms in the country (European Commission, 2019).

<sup>5</sup> Developed and industrialized countries have supported the inclusion of non-trade issues such as the regulation of labor standards in international trade relations, seen as a strictly inherent issue to the field, and as a tool to boost

China's economic growth and its increasing importance in international markets, its lack of democratic values and previous cases of violations of internationally recognized labour rights (Chan, 2001)<sup>6</sup> require assessing the effects that Chinese FDI can produce on the receiving countries' labour standards.

This thesis addresses the shortcomings in the existing literature related to the FDI impact on host countries' labour regime. Specifically, it aims to analyse the effects of Chinese investments on Cambodia's adherence to core labour standards, since both Chinese state-owned enterprises and private firms are increasingly investing in the country while Western democratic economies threaten to restrict their trade relations. The research questions are as follows: *To what extent do Chinese investments have an impact on the protection of core labour standards in Cambodia? Is there a correlation between the increase in Chinese FDI and the variations in protection against forced labour and child labour in the Cambodian manufacturing and construction sector?*

After reviewing the literature on the above-mentioned debate, a description of Chinese FDI flows to Cambodia during the period of 1997-2019 is presented. Subsequently, the methodology chapter presents the context of the research and the theoretical lenses used in the analysis. Then, the thesis engages with the analysis of primary and secondary sources regarding the levels of forced labour and child labour in Cambodia before and after the rapid increase in Chinese FDI. In this way, the research will try to provide answers to the research questions and to produce valuable insights into the impact of Chinese FDI on host countries' labour regime. Comments on the results and further possible research paths will close the thesis.

---

social development. Less developed and developing countries, on the other hand, have often opposed the will of developed economies, seen as a tool used to manipulate the comparative advantage of developing countries (WTO, 2005).

<sup>6</sup> Often concerning not only local industries and firms, but also big international corporations. In 2010, for example, a scandal hitting the biggest and richest tech corporation Apple rocked the news and shocked the international public opinion, when eighteen young rural migrant workers committed suicide as a consequence of poor labor conditions within the Chinese manufacturing firm Foxconn, where Apple products are produced and assembled.

# **1. Foreign Direct Investment: trends, impact and Chinese foreign investments – A literature review**

## **1.1 Growth of FDI under neoliberalism**

The levels of foreign investments between countries have fluctuated throughout the course of the 20<sup>th</sup> century in response to economic cycles and to local and international economic policies. Not only have the flows of FDI changed, but their characteristics have also undergone substantial transformations, especially with regard to their sectoral composition and their geographical direction. Looking at the data on world trends of outward and inward FDI between 1913 and 2004, we can observe, for example, how starting from natural resources at the beginning of the last century, flows of FDI have increasingly focused on more knowledge-intensive, efficiency and strategic activities (Te Velde, 2005). Furthermore, the list of the top countries has significantly changed over the course of the latter half of the 20<sup>th</sup> century: in the initial decades after WWII, the geographical pattern of FDI flows was mainly between developed economies; nowadays, however, FDI flows are increasingly directed towards and between developing countries too.

This trend started with the 1970s economic and financial crisis, which put an end to the statist-Keynesian economic era that started after WWII. Indeed, the collapse of the Bretton Woods system constituted an important turning point: floating exchange rates, the adoption of neoliberal policy sets and technological innovations which led to the increased liberalization of capital flows and trade. Gradually, a new global economic order, characterized by deregulation of markets, privatization and financialization, known as ‘neoliberalism’, was formed. In contrast with the statist-imprinted economic order of 1945-1970, where the state had a central role in preventing market failures and in guiding economic growth, the neoliberal framework sponsored by the International Monetary Fund (IMF) and the World Bank identified the market as the most efficient institution to allocate resources and maximize profits. The neoliberal economic system became fully global after the end of the Cold War era in 1989, with the vacuum left by the collapse of the Soviet Union, and after the Third World debt crises of the 1980s, when several developing countries were left with no choice but to follow the principles and structural adjustments set by the IMF and the World Bank (Harvey, 2005; Kanbur, 2009).

Together with the neo-liberalization of the global economy, the globalization of production has grown at an unprecedented pace during the last forty years, and the economies of almost all

countries in the world have thus become increasingly intertwined. Here, global supply chains<sup>7</sup>, processes of outsourcing, and Multinational Corporations (MNCs) have gained a central position, with the possibility of access to different countries' endowments, thus compensating for relative weaknesses at home.

With the increasing number of FDI flows towards and between developing countries and the changes in their sectoral composition, questions about the relation between FDI and development have emerged. Scholars and economists have questioned for example whether or not foreign firms will boost the long-term development of local firms and economies, whether they will act in an imperialistic manner, or whether they will respect and adhere to the social standards of the receiving countries (Thun, 2014). In brief, the impact of FDI on the development of host countries has been thoroughly analysed, and different conclusions and opinions have been advanced.

## **1.2 Effects of FDI on host countries' development: contrasting views reviewed**

According to the traditional liberal perspective of global political economy, a country's economic development is considerably benefitted from trade, international aid, and foreign investment, through which it can acquire the necessary export markets, capital and technology (Gilpin, 1987:266). Liberal economists argue that through free market forces, nations and regions of the world can eventually reach equalization of economic levels, real wages and factor prices in the long run (Rostow, 1980:360)<sup>8</sup>.

Similarly, under the neoliberal paradigm, the liberalization of flows of capital is a necessary and fundamental tool to boost a country's development. Market-friendly economic policies have been sponsored by the World Bank over the last four decades, with the aim of improving the world's total productivity and wealth. According to this view, FDI is a key factor in this process, transferring new technology and promoting economic growth. Mainstream views indeed highlight the positive impact FDI flows have on host developing countries in terms of bringing better technologies and skills, foreign capital and management resources (Kurtishi-Kastrati, 2013; OECD, 2008; OECD, 2002). FDI is believed to alleviate poverty in developing countries, since it contributes to human capital formation, international trade integration and enterprise development, as well as generation of employment, tax revenues, exports and capital

---

<sup>7</sup> Global supply chains can be defined as "the complex economic relationships between production processes and firms separated by international borders" (Distelhorst and Fu, 2018:2). Close terminologies are 'global commodity chains' (Gereffi, 1999) and 'global value chains' (Gereffi et al., 2005).

<sup>8</sup> These arguments also form the so-called 'modernization thesis' elaborated in the 1960s, which promotes the free movement of capital from advanced countries to less developed ones, in order for the latter to achieve development.

formation (UNCTAD, 2012). Additionally, other scholars believe that higher economic growth enhanced by higher investment also brings “the realization of social development and other development objectives” (Kolstad, Tondel, 2002:1). Importantly, beside the strictly economic benefits presented above, international institutions and scholars have advanced hypotheses on the benefits gained from FDI flows for a country’s environmental and social progress<sup>9</sup>. In summary, according to this perspective, incoming foreign investments are in theory desirable for the receiving countries for many reasons, especially if these countries are developing.

Nevertheless, policy-makers and international institutions believe that in practice certain conditions and measures are needed for foreign investments to be effectively beneficial to host countries. While the final impact might depend on elements such as the quality of local financial markets (Alfaro et al., 2004; Choong et al., 2005), the level of human capital in the host country (Borenstein et al., 1998) or the economic sector receiving the investment (Alfaro et al., 2003) the free market is not the only actor responsible for it. Indeed, the role of the government is important too, as its intervention is needed to prevent two primary types of market failures: information or coordination failures in the investment process, and the divergence of interests of investors from the economic and social interests of the host economies (UNCTAD, 2003). Therefore, both sending and receiving countries can adopt various policy tools to enhance the developmental impact of FDI, such as policies facilitating political and macro-economic stability or improving infrastructure and human resources<sup>10</sup>. Generally, according to the current neoliberal perspective and experience, it seems that the beneficial spill-overs of FDI do not occur automatically, as they are related to the investment policies and incentives adopted by the government of both the sending and the receiving countries. Moreover, political and institutional local factors can influence on FDI effects: for example, a developed political system and a minimum threshold of governance quality can be critical elements which affect the role of FDI spill-overs in a country’s growth (Elkomy, et al., 2016).

Empirical studies on this account are, however, mixed, with different and often-times contrasting conclusions. For example, opposing conclusions have been drawn regarding the role of the level of human capital on FDI spill-overs, ranging from a non-significantly positive

---

<sup>9</sup> These arguments are also central to the market-centered perspective of the so-called ‘inclusive growth’ discourse, which refers to a tool-set of policies and strategies whose aim is to promote economic growth, prosperity and development, together with greater equity between and within countries (Collier and Dollar, 2012; World Bank, 2012).

<sup>10</sup> For further measures and conditions, see UNCTAD (2003).



to a non-linear relationship (Nair-Reichert & Weinhold, 2001; Ram & Zhang, 2002) depending on the precise definitions of the same concept of human capital (Pritchett, 2001).

Similarly, opinions differ on how FDI impacts host countries' levels of inequality. Some scholars argue that FDI reduces inequality by reducing wage gaps and spreading the benefits of growth produced by the same inflows of foreign capital throughout the economy (Deardoff & Stern, 1994; Tsai, 1995). Others instead sustain that FDI increases the inequality within a country by raising the wages in the corresponding sectors compared to those in traditional sectors (Girling, 1973; Rubinson, 1976; Bornschier & Chase-Dunn, 1985). To shed more light on the debate about the effects of FDI on inequality, Majeed (2015) conducted a study based on an analysis of 65 developing countries for the period 1970-2008, and found that the effect of FDI on inequality differs depending on the domestic conditions of the host countries, with an inequality-narrowing effect only in countries with higher human capital, a better financial sector, a high level of economic development, and higher government spending and efforts.

Critical scholars, in contrast, believe that little benefits can be derived from foreign investments, seen as a political force that has grown too strong. The main arguments typically concern the risk of loss of national sovereignty and excessive foreign control in a 'neo-colonial'<sup>11</sup> mechanism, where foreign penetration is favoured and the development of domestic industries is prevented (Frank, 1969; Robinson, 1976; Ha, 2012)<sup>12</sup>. Moreover, together with the strong control that MNEs often possess in host countries' economies, over which domestic governments are believed to have little power, some hypotheses of negative economic impacts on the receiving countries have been advanced too. For example, the adverse effects on employment, competition and balance of payments levels have been presented (Hill, 2000), especially when it comes to specific investment forms: if the FDI comes in the form of acquisition, for instance, the level of the competition within the host country might be lowered, creating a monopoly for the foreign firm. In addition to these dependency and economic concerns, other issues regarding the impact of FDI have emerged. For example, some have theorized adverse spill-overs with respect to environmental and social regulations (Kurtishi-Kastrati, 2013). Furthermore, while many international institutions highlight the potential benefits of FDI for the host country, the major critics of FDI have pointed to the presence of

---

<sup>11</sup> The concept of neo-colonialism generally refers to a wide range of practices within capitalism, globalization and neoliberalism to influence a country's development. The term has evolved over the decades, embracing an always bigger set of tools and actors, including MNCs.

<sup>12</sup> These arguments also form the so-called 'dependency theory' elaborated in the 1970s, which argues that some countries are winners of global trade, becoming wealthy by exploiting and under-developing other nations through unfair trade.

sweatshops and loose labour standards regulations in some countries (Brown et al., 2004). As a matter of fact, some scholars are highly critical of the ‘inclusive growth’ argument (Arrighi, 1994; Harvey, 2005): the promise of greater equity through the free movement of capital, the liberalization of trade and the intense flows of outward and inward FDI, according to this view, represent a smoke-screen behind which exploitation, oppression and deprivation are hidden (London, 2018). Thus, from a critical point of view, FDI is one of the tools to produce increasing profits for a restricted advantaged social group.

As presented above, the geographical direction of FDI has undergone important changes during the last two decades, and emerging economies have gradually become not only recipient countries but also investors. This is the case for China, which has continuously become more central and influential throughout the world.

### **1.3 China in the global economy: economic development and Foreign Direct Investment**

Since the 1970s, China has exhibited one of the world’s most impressive economic growth and one of the most rapid increases in imports and exports (Gallagher, 2005), and it is today ranked second in the world in terms of GDP<sup>13</sup>, rising from an eleventh position in 1990.

Because of the rapidity and magnitude of its economic growth, China represents an interesting case study of development. To a certain extent, it has been juxtaposed to the so-called ‘East-Asian Miracle’ of countries like Japan, Taiwan and South Korea<sup>14</sup>, where some recurrent common features have been identified, such as strategies of growth based on the expansion of output per input unit, technological advances and an important role of the State in sustaining local industries in the foreign market (Krugman, 1994). Similarly, Chinese growth has partly resulted as the outcome of a state-directed economic strategy, where the domestic relation between state, business and society has been applied to its international developmental trajectory (Ramo, 2004). Moreover, through the lenses of a labour-centric approach, the role of social and class relations in China’s growth is central, as Chinese hierarchical social order and state intervention are believed to have contributed to the creation of surplus value as the outcome of precise economic strategies (Gonzalez Vicente, 2019).

---

<sup>13</sup> For a complete ranking list of economies by GDP in 2019, see <http://statisticstimes.com/economy/gdp-indicators-2019.php> (last accessed 1<sup>st</sup> October 2019).

<sup>14</sup> The incredible development of these countries between the early 1960s and the 1990s attracted particular interest from economists, and it has been considered as one of the most successful models of economic growth for a long period.

As a result of its massive growth, the country's position in the global economy has become progressively central, and its reliance on international markets and FDI has grown along with the increasingly global neoliberal economy.

Flows of FDI have gained importance for China over the last fifty years: inward FDI has reached significantly high levels since the beginning of its 'open-door policy', especially in the years between the 1970s and the 1990s. In fact, FDI flows into China in 1997 totalled \$200 billion, constituting 31% of total FDI in all developing countries (UNCTAD, 1998). According to some scholars, as a consequence of the attraction of FDI into the country, China's export performance improved as well, boosting its economic growth, accelerating the establishment of global marketing networks, and bringing into the country new technologies into the country (Zhang & Song, 2000). Thus, along with its rapid economic growth over the years, China has become not only a big receiver of FDI but also a global investor and source of FDI for many countries.

Many studies exist on Chinese FDI and its impact on developing countries in Africa and Latin America. Many hypotheses have been advanced, such as processes of Chinese 'neo-colonization'<sup>15</sup> (Kleven, 2019) or analyses on the either positive or negative impact on host countries' economic growth (Doku et al., 2017; Boakye-Gyasi & Li, 2015). At the same time, fewer have focused on China's investments in Southeast Asian developing countries, even if China's presence has relevantly grown in a broad range of investment sectors in the Association of Southeast Asian Nations (ASEAN) countries (Tieying, 2018; Gong, 2019). Furthermore, when looking at Chinese enterprises in host countries' territories, it seems also important to focus on issues such as workplace conditions and adherence to local labour laws. On this account, according to some scholars, more analyses are needed to measure the impact that the Chinese business model has on the receiving countries (Frost, 2004). Being among the most highly under-developed countries in the region and thus at risk for violations of labour rights (Brent, 2018), Cambodia is chosen as case study in this thesis to cover the gap in the literature on this respect.

---

<sup>15</sup> Some have also addressed and criticised China's foreign investments policy as 'debt-trap diplomacy', describing the country's loan practices with some developing countries, where the debts are largely extended and made difficult to pay in order to pressure the indebted countries to support China's geostrategic interests (Chellaney, 2017; Parker and Chefitz, 2018; Pomfret, 2018).

#### **1.4 China in the global economy: Chinese FDI in Southeast Asia and in Cambodia**

Despite the overall worldwide decrease in FDI for the third consecutive year, flows of FDI to developing countries in Asia have continued to increase in 2019; in particular, they are up 3% to a record level of \$149 billion in Southeast Asia (UNCTAD, 2019). ASEAN countries receive investments in roughly equal proportions from developed economies in East Asia, including China, Europe and North America (OECD, 2019). However, in the past few years, China has been challenging historical investors in the region, such as the US, Japan and Europe, with Chinese FDI in the whole region estimated to rise to \$52 billion by 2030 (Tieying, 2018). Moreover, China's influence in ASEAN economies and societies has importantly grown, especially since the beginning of the country's BRI<sup>16</sup>, after which massive investments in infrastructure, manufacturing, and services have taken place in ASEAN countries.

Research has been conducted to analyse the reasons why Chinese firms are increasingly investing in Southeast Asian countries, with some scholars arguing that ASEAN countries are an attractive destination for China to relocate labour-intensive industries, as its own domestic labour costs keep on rising (Ng, 2017), and others linking it to the recent Sino-US trade tensions and the consequent Chinese manufacturers' expansion of offshore production bases to avoid tariffs and diversify risks (Tieying, 2018; Onishi & Cho, 2019; Yeo, 2018).

Opinions have also emerged on the impact of Chinese FDI on Southeast Asian economies and societies. Some arguments in favour of Chinese investments in the region underline the positive effects on the countries' economic growth: an increased connectivity with the rest of the world, new and better employment opportunities, structural support to regional currencies, as well as high GDP levels for the entire region and less dependency on developed nations (Ng, 2017). In relation to Chinese FDI effects on the receiving countries' labour regimes, some studies show how there can be negative consequences, or at least non-significantly positive consequences, derived from Chinese FDI. For example, limited positive effects derived from Chinese investments on local firms and workers in Cambodia and Vietnam are reported in Kubny and Voss (2010). The scholars argue that Chinese investments in Cambodia and Vietnam do not contribute to their economies more than investments from other countries, in terms of effects on employment and wages, training and human capital. Nevertheless, they also assert that

---

<sup>16</sup> The BRI is often interpreted in neo-imperialistic terms (Miller, 2017) or as a well-planned grand strategy, placing China at the center of the international order, and challenging the US with new governance ideas, norms and rules (Leverett & Wu, 2016; Bhattacharya, 2016; Fasslabend, 2015; Fallon, 2015; Callahan, 2016).

countries like Cambodia, where Western industrialised investors are more uncommon, should keep on attracting Chinese FDI (Kubny & Voss, 2010:13).

In the last few years, Cambodia has received most of its foreign investments from China (ASEAN, 2018). In the literature, some positive views on Chinese investment projects in the country have emerged: the benefits derived from the Chinese-funded Kamchay Dam on local communities in Kampot, such as reduced prices for electricity and improved local infrastructures (Heng, 2017). Nevertheless, the study also presents the high environmental damages the dam project caused, as well as the loss of main income sources for nearby villagers (Heng, 2017:385). According to the author, the negative outcomes of the project are linked to the fact that it was financed and developed by a Chinese bank and a Chinese firm, and that international standards of dam development, which imply high levels of governance transparency and accountability to ensure equitable sharing of benefits, were not followed.

Other negative views stand out, like that of Po and Heng (2019). Using the case of the coastal city of Sihanoukville, once a typically quiet and cosy seaside touristic destination which became one of the most attractive locations for Chinese investment in Cambodia in the last few years, the authors have argued that together with the massive investments, there have also been negative effects on the political, socio-cultural, environmental, and socio-economic spheres. Some of these issues have contributed to the spread of the so-called 'Sino-phobia' or anti-Chinese sentiment, and the fear of loss of national identity and sovereignty, reinforced by the growing number of Chinese business people, migrant workers and tourists coming into the country (The Asean Post Team, 2019).

Finally, other scholars have focused their analysis on the political economy of Chinese investments in Cambodia, and their connection with the local political environment, concluding that Chinese investments give legitimacy to the current Cambodian government, which consequently acts strategically in favour of China's interests, thus benefitting the ruling elites of the country, at the expenses of the social and environmental status of the local communities (Chheang, 2017). This is not surprising, given that other studies argue that Chinese FDI in developing countries is positively correlated with political risk (Buckley et al., 2007) and with 'poor institutions' of the receiving countries (Kolstad & Wiig, 2009).

Thus, the existing literature suggests that the effects of the massive BRI-linked investments in Southeast Asia have been under-analysed, especially with respect to non-strictly economic effects. In particular, when looking at the literature on Chinese investments in Cambodia, we find that despite considerable speculation about the growth of inward FDI from China and its

potential effects, no study on the outcomes on specific labour standards has been published. This study will shed light on this aspect, trying to measure to what extent the increase in Chinese FDI has impacted the protection against forced and child labour in Cambodia.

## 2. Chinese FDI in Cambodia – Data and trends (1997-2019)

Sound macroeconomic policies, political stability, regional economic growth and an investment-friendly market have significantly contributed to the increase in FDI inflows in Cambodia over the last years. After decades of economic and political instability during the 20<sup>th</sup> century due to the American War first, the Khmer Rouge regime after, and a transition period characterised by international tensions, the country has registered high rates of economic growth. In the 1990s, with the signing of the 1991 Paris Peace Accord marking the end of the Cambodian-Vietnamese war<sup>17</sup>, the 1993 general elections under the UN supervision, and final dissolution of the Khmer Rouge between 1998 and 1999, Cambodia has achieved full peace. Since then, the country has increasingly integrated its economy with regional and global markets, welcoming investments and boosting trade. The Law on Foreign Investment was adopted in 1994 to regulate all investment projects in the country, and the Council for the Development of Cambodia (CDC) was created to direct the decision-making of the government, encouraging investments and creating a Special Economic Zone (SEZ)<sup>18</sup> scheme.

With a constant annual growth rate and the country economically performing better than expected during the last year (WBG, 2019), Cambodia is among the ten fastest growing economies in the world<sup>19</sup>. FDI inflows into the country have been high since the shift from a centrally planned economy to a free-market economy in the 1990s. Substantial increase in foreign investments in the garments, energy, construction and services sectors have characterised the Cambodian economy especially since the early 2000s, with a peak reached in 2008 and a regained intensity achieved in 2011 despite a sharp drop in 2009 and 2010 because of the Global Financial Crisis (GFC) (Sochet, 2013). Recent data shows how the garment industry and tourism and construction sectors are among the most profitable sectors for the country, having primarily supported its economic performance in 2018 (Flintrop, 2019), when the incoming FDI reached a record value of more than \$3.0 billion or 13.4% of GDP (WBG, 2019). To date, a third of the FDI inflows originate from China, mainly directed to construction and tourism, and to a lesser extent, to manufacturing and agriculture (WBG, 2019). Chinese

---

<sup>17</sup> Cambodian Information Center, <http://www.cambodia.org/facts/?page=1991+Paris+Peace+Agreements#agreement>. (last accessed 1<sup>st</sup> November 2019).

<sup>18</sup> SEZs are defined as “geographically delimited areas within which governments facilitate industrial activity through fiscal and regulatory incentives and infrastructure support” (UNCTAD, 2019:128).

<sup>19</sup> Full list available at <https://www.focus-economics.com/blog/fastest-growing-economies-in-the-world> (last accessed 23<sup>rd</sup> October 2019).

investments in the country have been high since the 1990s, but they have seen a significant rise since the BRI was launched in 2013.

After the military coup d'état of July 1997<sup>20</sup>, when the Cambodian People's Party (CPP)'s political opposition was dismantled and the current Prime Minister Hun Sen's control of the country was consolidated, the economic, political and diplomatic relationships with China became stronger, with Cambodia receiving financial aid and investments. During the years between 1997 and 2013, China's sustained opening of the economy and its economic success boosted the economic relationship between the two countries, with a 'non-interference for mutual benefit' approach (Sullivan, 2011). As for the level of FDI from China, the numbers have grown considerably but unsteadily between 1997 and 2007 and have experienced a more constant rise between 2008 and 2013 (Chen, 2018).

After the beginning of the BRI in 2013 and based on Cambodia's *National Strategic Development Plan: 2014-2018* and *National Industrial Development Policy: 2015-2025*, a renewed deep and stable bilateral cooperation between Cambodia and China in areas of production capacity, trade, investment, agriculture and infrastructure construction has emerged (Chen, 2018). Between 2013 and 2017, China invested \$5.3 billion in Cambodia (Pisei, 2019), which was significantly higher than any previous period. In 2018 alone, the total value of FDI inflows to Cambodia reached \$3.1 billion, with China being the largest investor (Heng, 2019). Major investment plans involve the transportation, energy, and infrastructure sectors. In particular, the construction of a national railway system, the Sihanoukville SEZ, the Kaohkong Comprehensive Development Experimental Zone and the national power supply network (Chen, 2018:377) have received the majority of the investments.

In summary, mutual political and economic support has characterized the relationship between Cambodia and China over the course of the last two decades. China's aids and investments have been crucial for Cambodia's economic growth since the end of the 1990s, and they have gained a renewed relevance with the beginning of the Chinese BRI. While the positive impact of Chinese investments on Cambodia's economic development is apparent, concerns of a different nature can arise. In this thesis, the respect of core labour rights within the country in the presence of increased Chinese FDI will be assessed.

---

<sup>20</sup> More information available at <https://www.hrw.org/news/2007/07/27/cambodia-july-1997-shock-and-aftermath> (last accessed 1<sup>st</sup> November 2019)



### **3. Methodology and theoretical background**

In order to analyse the impact of Chinese investments on the protection of core labour standards in Cambodia, the following methodology characterises the research. The analysis assesses the respect of two ILO core labour standards, namely, the prevention of forced labour and child labour. The protection of each standard is investigated over the period 1997-2019. Marking the beginning of the BRI and the consequent massive increase in Chinese FDI, the year 2013 divides the analysis into two parts. The year 1997 is chosen as initial year of the analysis because of its significance for Cambodia as the starting point of the current undisputed CPP government and as the beginning of a defined labour law framework for the country with the adoption of the National Labour Law, establishing equal rights for all citizens in terms of job opportunity.

To reduce bias, the assessment is drawn from three main types of sources instead of one: ILO reports; sources coming from the Cambodian government apparatus, such as the National Institute of Statistics (NIS); reports from human and labour rights' Non-Governmental organisations (NGOs) as well as news media. After a detailed qualitative analysis of each source, relevant findings and conclusions are presented. Thus, the thesis explores the changes that occurred over the course of the last 22 years within Cambodia regarding forced labour and child labour, and how those changes are, to a certain extent, related to the increase in Chinese FDI.

#### **3.1 ILO core labour standards and the critical perspective**

There are four core labour standards defined by the ILO Declaration on Fundamental Principles and Rights (1998) and set out in eight fundamental conventions<sup>21</sup>: freedom from forced labour, freedom from child labour, freedom from discrimination at work, and freedom to form and join a union, and to bargain collectively. The voluntary ratification of the conventions binds the countries to implement them in national law and practice.

In order to explore the effects of FDI and economic globalization on workers' rights, core standards are chosen to provide an insight on how Chinese FDI might affect the Cambodian labour regime. Indeed, the respect of core labour standards is an indicator of a country's labour regime status. In developing countries like Cambodia, the issues of forced and child labour appear to be of significant relevance, given the importance of labour-intensive sectors for the

---

<sup>21</sup> All eight conventions are available at: <https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm> (last accessed 29<sup>th</sup> October 2019).

economy, where forms of forced labour and numerous child labourers are likely to exist. As a matter of fact, employing most of the working population and attracting most of incoming foreign investments, sectors like manufacturing and construction tend to be among the most vulnerable ones to forced labour and child labour in Cambodia (ILO, 2018b). Thus, the assessment of the conditions of the Cambodian workforce in relation to the increase in Chinese FDI, taking into account the above-presented considerations and due to time limitations, will be based on an analysis of these two core standards, and not of the remaining two.

Critical theories have emerged on the effect that the increased liberalisation of trade and the use of FDI have on host countries' labour regime, often focusing on the costs of labour, competitive pressures and the so-called 'race to the bottom' (Drezner, 2001), or on the exploitative tendencies of MNCs in a dependency-theory framework (Cardoso & Faletto, 1971; Evans, 1979; Maskus, 1997; Smith, Bolyard, & Ippolito, 1999). Critical arguments regarding core labour standards and the contemporary centrality of FDI emerge too, as further presented.

### **3.1.1 Forced labour**

Article 2 of the 1930 *Forced Labour Convention* defines 'forced labour' as "all work or service which is extracted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily". Moreover, the 1957 *Abolition of Forced Labour Convention* prohibits, among other points, the use of forced labour for political purposes and for purposes of economic development. While the two Conventions' definition and contextualisation of the abolition of forced labour remain effective and universally recognised, much has changed since their adoption. For this reason, in 2014 the ILO adopted the *Protocol to the Forced Labour Convention, 1930* and the *Forced Labour (Supplementary Measures) Recommendation* to provide further and updated practical guidance for the states in their implementation measures.

The ILO estimated that although forced labour is universally condemned, in 2017 24.9 million people around the world were still victim to it (ILO, 2017b). Moreover, as partly recognized by the measures of 2014, forced labour is increasingly assuming new and alternative forms in relation to globalization. On this, critical scholars have argued how the increased trade openness and flows of FDI can foster conditions for forced labour (Bales, 1999; United Nations, 2000). In the same vein, processes such as the dispossession of lands and subsequent incorporation into the labour market, the manipulation of contracts and credit, as well as low wages and forced overtime can be critically seen as forms of forced labour.

Adopting a similar approach to the concept of the ‘continuum of exploitation’ elaborated by Klara Skrikanova (2010), which links a traditional understanding of forced labour to the meaning of decent work and to the workers’ freedom of choice, critical lenses will be used in the analysis of forced labour. Indeed, when assessing the protection against forced labour in Cambodia, the following elements will be central: the issue of Fixed Duration Contracts (FDCs) that last over the legally admissible period of two years<sup>22</sup>; forced overtime; minimum wage levels, which if too low force workers to work an unreasonable amount of extra hours; and the conditions forcing workers to live in working sites. These will be used as indicators of slavery-like conditions in both the manufacturing and construction sectors.

### **3.1.2 Child labour**

Although a universal definition of child labour does not exist, the 1973 *Convention on Minimum Age for Entry into Employment* and the 1999 *Convention on the Worst Forms of Child Labour* regulate its abolition. Article 2 of the Convention of 1973 sets the minimum age for a person to be employed not to be less than 15 years. Moreover, the Convention specifies that ‘child labour’ refers to work that is mentally, physically, socially or morally dangerous and harmful for a child. Article 3 of the Convention of 1999, then, lists the worst forms of child labour, comprising, among other things, any work which is likely to harm the health, safety or morals of children. According to the Convention, in these contexts a working child is considered any working person under the age of 18 years.

The ILO (2019c) has reported that despite a decline in child labour in the period 2012-2016, an estimated 152 million children are still engaged in child labour globally. Furthermore, UNICEF (2019) reported that in least developed countries, more than 1 in 4 children between the ages 5 and 17 are engaged in labour that is considered detrimental to their health and development. Harder to define, child labour has often been interpreted and analysed in different ways. Critical opinions emerged concerning the above presented ILO Conventions, with some scholars arguing how these promote the maintenance of existing hierarchies of power (Estacio & Marks, 2005; Karikari 2016). Moreover, as in the case of forced labour, the increased globalisation of production can be critically seen as a driving factor for the development of child labour

---

<sup>22</sup> Art. 67 of the 1997 National Labor Law. The law distinguishes between Fixed Duration Contracts (FDCs) and Undetermined Duration Contracts (UDCs). FDCs are characterised by a fixed term of employment, whereas UDCs do not contain a fixed duration.

practices, which is more difficult to identify, especially given the dispersive nature of global supply chains.

In the analysis of child labour in Cambodia conducted in this thesis, the following elements will be taken into consideration: the number of working children; the working hours to which they are subjected; and the numbers and reports of child labour in its extreme forms. A joint analysis of the manufacturing and construction sectors in the two time-periods (1997-2013 and 2013-2019) will be carried out, given the specific link between the two sectors with relation to child labour in Cambodia.

### **3.2 Objective of the thesis**

As outlined in the literature review and in the exploration of the labour dimensions presented above, critical perspectives challenge a traditional interpretation of core labour standards within the global neoliberal economy. In general, critical theories of global political economy provide useful insights into underlying processes of the neoliberal globalization. Thus, an alternative way of addressing the above-presented labour standards in relation to the global economic order and the growth of China's economy, is proposed. Critical lenses will be used to look into the changes in the protection of core labour standards in Cambodia prior to and after the launch of the BRI to provide valuable insights into the potential effects of Chinese FDI on a host country's labour regime.

## 4. Assessing the impact of Chinese investments on Cambodian respect of core labour standards

### 4.1 Cambodian workforce and working conditions

With an estimated population of 16.2 million, the Cambodian labour force constituted of 9.2 million people at present (World Population Review, 2019; World Bank, 2019a). In Southeast Asia, Cambodia's labour force ranks high under many respects, like its participation rate (82.7% of the working population) or its low unemployment (less than 1%) and youth unemployment (1.6%) rates (ILO, 2018a). Moreover, over the last two decades, the distribution of labour among the economic sectors has changed, with a large decline in the number of people working in agriculture. In fact, reports and data show that the present population working in agriculture is half compared to that in the 1990s, and that in the last few years, the industry and services sectors have become the main source of economic growth (ODC, 2019). In particular, the manufacturing and construction sectors have registered high rates of labour force participation, with garment and footwear production accounting for most of the exports. Nevertheless, employment in the informal sectors<sup>23</sup> remains high: 80% of the working population is informally employed, reflecting issues of compliance to international labour standards (ILO, 2019b). Additionally, much of the Cambodian labour force is composed of unskilled workers, and despite moving away from agriculture, two-thirds of the new jobs created are still mainly low-skilled in sectors such as manufacturing and construction (ODC, 2019).

#### 4.1.1 *Cambodian manufacturing sector*

Being among the biggest employer sectors in the country, the manufacturing industry has gained increasing importance in Cambodia's economy, producing most of the country's exports since the 1990s, when the economy opened to free-market regulations, and foreign investors started showing interest in the Cambodian market (Rastogi, 2018). Thus, by the end of the 1990s and the early 2000s, thus, the manufacturing sector was fully integrated in the global economy. In particular, for the production of garments, the manufacturing sector in Cambodia is mainly owned by foreign firms, principally from neighbouring countries such as Singapore, Malaysia, and China<sup>24</sup>. Given the labour-intensive activities of the factories and the numerous workers

---

<sup>23</sup> The informal sector can be defined as that part of the economy that lacks monitoring from the government, and that is not taxed (Smith Nightingale & Wandner, 2011). Informal employment refers to those jobs that lack basic social protection or employment benefits (ILO, 2003).

<sup>24</sup> The method of production of the manufacturing sector in Cambodia is the so-called Cut-Make-Trim (CMT), characterised by the import of raw material, machinery and design from abroad, while the assembly of the products is outsourced to the local labour-intensive factories.

employed, much attention for labour law compliance has been paid to it, and specific trade agreements have been signed to ensure better working conditions, like the 1999 US Bilateral Trade Agreement on Textile and Apparel, imposing quota restrictions conditioned to the compliance of Cambodian apparel companies with the National Law and with international conventions. The Agreement was in force from 1999 to 2004 and it laid the basis for the Better Factories Cambodia (BFC) program started in 2001<sup>25</sup>. By making the improvement of working conditions as one of the milestones of the economic growth of Cambodia, the program rendered the country's position in the global garment production advantaged. However, labour rights groups have criticized the BFC's work, citing a lack of transparency on its monitoring and reporting mechanisms (HRW, 2015). Moreover, with the increased Chinese capital in the sector, a renewed attention to labour conditions has emerged.

#### **4.1.2 Cambodian construction sector**

The construction sector in Cambodia has developed considerably during the last two decades, and it is today relevantly sustaining the country's economic growth. Starting in the late 1990s and early 2000s, construction projects have significantly increased in the last few years, accounting to a total value of more than \$44 billion today, most of which is locally sourced, with China being the largest foreign investor (Asia News, 2019). Today, the sector is indeed significantly sustained by Chinese investors, with a concentration of invested capital in cities like Phnom Penh and Sihanoukville, where Chinese nationals now own more than 90% of the business (Heng, 2019). Thanks to foreign investments, the industry has recently boomed, with a significant investment increase since 2013, from \$2.773 billion in 2013 to \$6.699 billion in 2017 (Compass, 2018). Despite this big development, Cambodia has not been able to keep pace with the growth of its construction industry to ensure safety of the sector's workforce, which employed 200,000 people as of 2018 (Asia News, 2019; Hasnan, 2019; Long, 2019). Being a labour-intensive sector with a lowly qualified labour force, the construction sector often employs informal workers, who are most of the times under sub-contractors, without a clear working contract, or in a situation of debt-bondage, ending up being more vulnerable to poor working conditions and labour rights violations (Seila, 2019; Millar, 2019).

---

<sup>25</sup> A partnership between the ILO and the International Finance Corporation; the main task of the programme is to monitor the factories' compliance with national law and international labor standards. For more information, see <https://betterwork.org/where-we-work/cambodia/bfc-programme/> (last accessed 7<sup>th</sup> November 2019).

### **4.1.3 Cambodian labour law and adherence to ILO Conventions**

Cambodian employer and employee relations are regulated by the 1997 Cambodian Labour Law, which applies to all relations where the work is performed within the national borders, regardless of the nationality of the parties. The Law prescribes conditions for labour contracts, contractual relations, employees' and employers' rights of association and assembly, institutions, and procedures for conflicts resolution.

Since 1969, Cambodia has ratified 13 ILO conventions, including the eight core ones. Furthermore, since 1992 the ILO has operated in the country actively, with the creation and application of five Decent Work Country Programmes (DWCPs)<sup>26</sup>. Moreover, with the BFC programme initiated in 2001, the ILO is actively promoting good working conditions and labour standard compliance in the garment sector, with periodic controls and reports.

Thus, together with the country's economic and population growth, an increased regulation of labour standards and formal adherence to international labour rights seem to have characterised the Cambodian labour market in the last 22 years. Analysing both primary reports as well as secondary sources, this section of the thesis will investigate the trends and the development of protection against forced and child labour in the manufacturing and construction sectors, taking into consideration the parallel increase in Chinese FDI.

## **4.2 Forced labour**

Although Cambodia has not ratified the Protocol of 2014 yet, it ratified the ILO Forced Labour Convention in 1969, implemented in the national Labour Law. Articles 15 and 16 of the law absolutely forbid forced or compulsory labour, as well as the hiring of people for work to pay off debts.

Forced labour can be found in a broad set of activities, and almost all modern slavery practices include some elements of compulsory labour (ILO, 2018b). In particular, there are some features deeply imbedded in the forced-labour dynamic, such as threats of or actual physical or sexual violence, the confiscation of the employee's passport or ID, and withholding of wages. However, as recognised by some of the literature, an accurate and universally accepted measurement of forced labour does not exist (Ruwanpura & Rai, 2004). Therefore, the following analysis will be deliberately based on a critical view of the meaning of forced labour

---

<sup>26</sup> DWCPs are the main tool used by the ILO to deliver its support to countries. For more information, see <https://www.ilo.org/global/about-the-ilo/how-the-ilo-works/departments-and-offices/program/dwcp/lang--en/index.htm> (last accessed 7<sup>th</sup> November 2019).

in the contemporary global economy, focusing on elements impacting the freedom of choice of workers and putting them in conditions of exploitation, such as the extended use of FDCs, forced overtime and low legal minimum wage.

#### ***4.2.1 Forced labour in Cambodia: 1997-2013***

##### Manufacturing sector

In the early stages of the development of the Cambodian manufacturing industry during the mid-1990s, the sector was characterised by poor working conditions, such as forced overtime, illegal pay deduction and child labour (Pastor, 2005; Polaski, 2004). However, since the end of the 1990s, and especially with the beginning of the BFC, Cambodian labour standards in the manufacturing sector have improved considerably, partly incentivised by the quota restrictions established by the trade agreement with the US.

Starting in 2001, the ILO has published Synthesis Reports to assess the efficiency of the BFC project on improving working conditions in the garment manufacturing sector in Cambodia. Initially, the reports were published every three or four months, to precisely monitor the situation. The first report was published in 2001; it depicted an image of the Cambodian manufacturing sector which was mostly aligned with the respect of the National Law and of international standards, but needed important improvements (ILO, 2001). The report covered 30 factories, and the main findings showed that no evidence of forced labour was found. Nevertheless, it also found that some shortcomings limited the workers' freedom of choice existed in a substantial number of factories, such as overtime work not undertaken voluntarily, and overtime hours extended beyond the legal limits<sup>27</sup> (ILO, 2001). Thus, suggestions and indications for future improvement were presented. In subsequent reports, the compliance and adoption of measures to meet those suggestions were assessed, and new indications for further improvement were outlined.

From an analysis of the Synthesis Reports from 2001 to 2012, although there was no evidence of forced labour, other issues limiting the freedom of workers existed throughout the period, such as compulsory overtime and non-compliance with the legal limits of overtime hours, with both advances and declines during the years. Table 1 shows that the percentage of factories that

---

<sup>27</sup> Art. 137, 139, 144, and 147 of the 1997 National Labour Law regulate the number of hours of work. According to the Law, the number of hours worked cannot exceed eight hours per day, or 48 hours per week; overtime can be used for only urgent situations and it has to be undertaken voluntarily, and workers must not be punished or threatened of punishment for refusing working overtime. A limit of two hours per day of overtime work is set by the law.



ensured that their overtime work was voluntarily increased in the period 2005-2012. However, during the same period, the number of factories that were compliant with the legal limits on overtime hours sharply decreased (ILO, 2005; ILO, 2009; ILO & IFC, 2013).

	2005	2009	2012
Voluntary overtime	71%	90%	89%
Overtime limited to 2 hours per day	33%	38%	12%

**Table 1:** Percentages of *complying* garment factories monitored between 2005 and 2012 on overtime issues. Sources: ILO, 2005; ILO, 2009; ILO & IFC, 2013.

Similarly, from the combined 2012 Labour Force and Child Labour Survey that the Cambodian NIS has produced in collaboration with the ILO, the garment manufacturing sector emerged as one of the sectors where workers were working the highest number of hours, reaching an average of 53 hours per week (ILO & NIS, 2013), exceeding the legal limit. The 2012 Synthesis Report also presents other worrying issues, such as episodes of mass fainting in factories. For the first time, moreover, the problematic issue of the FDCs emerged in the report, recognised as one of the most contentious issue in the manufacturing sector. The document reported that 90% of the assessed factories classified all workers as FDC workers (ILO & IFC, 2013).

The trends emerging from the ILO reports correspond to the news and NGO reports of those years. As presented by a report published by the Community Legal Education Centre and Clean Clothes Campaign (2012), from the late 1990s opening to the global markets until 2006, the ILO monitoring BFC program worked efficiently, operating as a tripartite organisation where the government, labourers and employers had equal rights; consequently, conditions in the garment manufacturing sector significantly improved during this period. However, by 2012 the efficiency of the programme declined, partly due to the expiration of the trade agreement with the US in 2004 and due to the end of the previously included public disclosure in 2006 (Merk, 2012). In particular, some issues in the working conditions of the manufacturing sector emerged as increasingly urgent.

As presented above, one of the most worrying issues was the excessive use of FDCs, often exceeding the legally admissible duration of two years. FDCs have been identified as ‘a threat to workers’ rights’ (Kärnstrand, 2015), in particular because the conditions related to extended FDCs tend to be exploitative. In contrast to Unlimited Duration Contracts (UDCs), FDCs imply a lack of fundamental rights and guarantees, consequently limiting the workers’ freedom of choice, as they tend to accept exploitative working hours and conditions. The precarious situation of FDCs can be used by the employers as a tool to extract extra work from the

employees. For example, although neither physically nor officially forced to work overtime, workers interviewed in this period have reported how they nevertheless felt bound to work extra hours in order to have their contract renewed (Merk, 2012). Moreover, the lack of guarantees coming from FDCs indirectly forced employees to work even in conditions of illness, as asking for sick leave was seen as a possible cause of non-renewal or dismissal. Consequently, many episodes of mass fainting were reported on the news during this period, becoming a regular occurrence especially in the garment and footwear industries, ranging from dozens to hundreds of workers fainting at the same time; for example, 1686 workers fainted in 22 incidents in 2012 alone (ILO & IFC, 2013). Thus, by 2012 the type of contract used to employ workers and the duration of short-term contracts in the country emerged as urgent and became among the main issues at the centre of increased strikes and disputes (Arnold & Han Shih, 2010).

### Construction sector

At the end of the 1990s and beginning of 2000s, Cambodia's infrastructure system was very obsolete and damaged by years of civil war and internal and external conflicts. Roads, railways, bridges, and ports were either still destroyed or in very poor conditions. For this reason, 23% of the total amount of aid received by the country between 1999 and 2003 was used for physical infrastructure development (Sum, 2008). Despite the aid received, in 2006 only 7.4% of the total road network was paved (JICA, 2006).

The construction industry in the late 1990s and the first decade of the new century was thus mainly focused on the construction of important infrastructure for the economic growth of the country. Adopting a Labour Based Appropriate Technology (LBAT) approach<sup>28</sup> under the lead of the ILO, infrastructure projects increasingly created jobs, from employing 0.3% of the labour force in 2001 (NIS, 2001), to 6.8% in 2012 (ILO & NIS, 2013). Moreover, construction's contribution to the national GDP grew, from 4.7% in 2001 to 6.6% in 2010 (NIS, 2010).

While many reports on the related working conditions for the manufacturing sector, especially the garment and footwear factories, have been produced by the ILO, and a structured monitoring system has been built since the end of the 1990s, the construction sector has attracted less attention, mainly due to the much more central nature of the garment manufacturing sector to the country's growth in those years. Nevertheless, some information on the labour conditions

---

<sup>28</sup> A LBAT approach is defined by the ILO as the use and management "of locally available human and material resources for the construction and maintenance of infrastructure". (2000). The approach refers to a mix of equipment and labour, that gives priority to labour as the predominant resource. The ILO makes a distinction between LBAT and labour-intensive works.

of construction workers during the first decade of the 21<sup>st</sup> century can be found, with generally positive results, or insignificantly negative results.

Reports of the ILO about infrastructure projects in the country, based on LBAT programmes, provide information regarding the required working conditions in the sector. According to the ILO and the Cambodian Government (2000), particular attention to labour standards in the construction industry was paid within the infrastructure projects design. At the end of the 1990s, forced labour was a highly sensitive topic for the Cambodian construction workers, because of bad memories of forced labour under the 1975-79 Khmer Rouge regime and recent atrocious working conditions. Consequently, while highlighting the importance of the use of as much labour as possible in the country, the ILO infrastructure projects also emphasized the importance of the establishment of basic labour legislation and contract systems, to which the success of the projects was conditioned (ILO & RGC, 2000). Thus, orderly and short-term employment of a large labour force had to be well regulated, as well as the timely and regular payments of labour and small contractors, since non-payment of wages, debt-bondage, and irregular contracts rendered construction one of the highest-risk sectors for forced labour (Barnett, 2019).

From the mid-2000s, the construction sector in Cambodia started growing in the real estate development too, where construction projects were mainly foreign-financed, contributing to the creation of many jobs (Jalilian, et al., 2009). Despite a slowdown after the GFC between 2007 and 2008, when the growth of the real estate sector dropped, by 2012 the real estate sector had been revived. One of the most worrying issues regarding the construction of buildings in the real estate businesses was the recurrence of accidents, often caused by the lack of appropriate working conditions and safety measures (Salminen, 1995). In 2009 the ILO estimated that more than 1500 people were killed yearly by occupational accidents in Cambodia. However, according to the national estimates of the Cambodian government, in the decade 1998-2008 the number of reported accidents in the construction sector was very limited (NIS, 2010:34). Similarly, no outstanding news or reports regarding work accidents caused by violations of labour standards or episodes of forced and exploitative work in the Cambodian construction sector emerged in the period 1997-2013. As reported by BDLINK (2012), little research has been done in the construction sector and its workers in this period, and no precise numbers have been provided by national statistics.

#### 4.2.2 *Forced labour in Cambodia after the increase in Chinese FDI: 2013-2019*

##### Manufacturing sector

The Cambodian manufacturing sector further developed since the beginning of the BRI and the subsequent inflows of Chinese FDI. With over 600,000 workers in more than 600 factories, it is currently the main non-agrarian employer of the country, with the 90.5% of its factories being Chinese-owned today<sup>29</sup> (EuroCham Cambodia, 2018).

As presented above, the labour conditions of the manufacturing sector under the ILO supervision within the BFC program have been monitored since 2001. By 2012, however, after a period of improvements, deteriorations of the quality of some standards were registered. Part of the reason was attributed to the end of public disclosure and transparency adopted in 2006 (Ang et al., 2012), diminishing the publicity of BFC findings on the factories monitored. Being criticised by labour rights groups (Merk, 2012) and unions like the Garment Manufacturer's Association of Cambodia (GMAC), the BFC returned to public disclosure in 2014 with its BFC Transparency Program. Since then, the ILO has published annual BFC Reports, monitoring hundreds of publicly exposed garment factories. According to the reports of these years, since the return to public disclosure, the number of factories in compliance with critical issues increased from 33% to 44%, showing a general improvement in the labour conditions of the sector (ILO & IFC, 2018).

Accurately analysing the reports of these years, some trends emerge. First of all, although official levels of forced labour are almost equal to zero in all monitored factories throughout the whole period, percentages of non-compliance concerning issues such as overtime work exceeding the legal limit remain high. Secondly, if compared to the levels of 2013, we can observe that improvements have nevertheless occurred, with for example an increase in number of factories complying with legal limits of overtime and on voluntary overtime (ILO & IFC, 2018), as shown in Table 2.

	<i>2013</i>	<i>2015</i>	<i>2018</i>
Voluntary overtime	86%	87%	92%
Overtime limited to 2 hours per day	15%	24%	28%

**Table 2:** Percentages of *complying* garment factories monitored between 2013 and 2018 on overtime issues.

Source: ILO & IFC, 2018.

<sup>29</sup> For a full list of Chinese-owned factories see <https://www.gmac-cambodia.org/members?title=&numworker=0&numworker1=&numworker2=&ownerfrom=China&product=0&city=0&district=0&road=0&membertype=0> (last accessed 9<sup>th</sup> December 2019).

Interestingly, while in the previous reports the percentages of forced labour within the factories were steadily equal to 0, since 2016 these have increased, due to the fact that the ILO has started considering also the numbers of workers forced to work overtime under the threat of a penalty as forced labour (ILO & IFC, 2016). According to the reports, the percentage of forced overtime remains nevertheless low (1%-2%), with minor fluctuations throughout the time.

The main problematic change emerging from the most recent reports concerns the use of FDCs: compliance with the two-year limit on the use of such contracts experienced a significant decrease, as shown in Table 3. According to the Reports, the percentage of non-compliant factories was about 28% in 2016, increasing to 68% in 2018. As emerged in the previous section, the extended use of FDCs is problematic for the related exploitative dynamics between employer and employee, and it can be linked to other problems such as the mass-fainting episodes, which also continued throughout the years.

	2016	2017	2018
Does the employer comply with the two-year limit on the use of FDCs?	27.80%	34.68%	67.89%

**Table 3:** Percentages of *non-complying* garment factories with respect to the use of FDCs monitored over time.

Source: ILO & IFC, 2018.

In line with these findings are reports from NGOs and other organisations, which have noted how the use of FDCs has remained a central issue in the Cambodian garment and footwear factories (Kärnstrand, 2015). Similarly, forced overtime and retaliation against those who sought exemption from it, with the threat of non-renewal or dismissal, constituting a constant violation of human rights, are still prevalent in most of the factories (HRW, 2015; Kawazu & Kim, 2019). Therefore, even though the BFC Reports do not register significantly increased instances of forced labour and forced overtime, the higher numbers of FDCs suggest that an exploitative environment has been reinforced in the sector in this period, and that employers maintain the tools to extract extra work and to exploit their employees.

At the same time, contrary to the period preceding the beginning of the BRI characterised by social unrest and strikes by manufacturing workers<sup>30</sup>, the period 2013-2019 has not experienced

<sup>30</sup> See for example, Musch-Borowska, B. & Gopalakrishnan, M. (2010). Textile workers go on strike in Cambodia. *DW-Made for minds*. Retrieved from: <https://www.dw.com/en/textile-workers-go-on-strike-in-cambodia/a-6004094> (last accessed 26<sup>th</sup> November 2019); Beaugé, F. (2010). Cambodian workers strike for minimum wage hike. *The Guardian*. Retrieved from: <https://www.theguardian.com/world/2010/sep/21/cambodia> (last accessed 26<sup>th</sup> November 2019).

the same tension. This has been partly linked to the more authoritarian outlook of the Cambodian government of the recent years, which led to the violent repression of strikes and protests, the suppression of media freedoms and the limitation of other fundamental rights (HRW, 2019; Bynum & Pfadt, 2019). Nevertheless, it is also true that some of the issues leading to forced-labour conditions at the origin of strikes and protests have been settled by the government during these years. The most outstanding example of this is the issue of minimum wage, which had been at the centre of unions' strikes, asking for regular adjustments to afford the increasing living costs, thus avoiding exploitative dynamics. Indeed, minimum wage has been defined as a "bottom line somehow supposed to protect workers from extreme exploitation" (Franceschini, 2018:87). It is in this period that an official regulation for minimum wage was set for the first time in the country's manufacturing sector. In fact, since 2014 annual minimum wage adjustments have been taking place in the garment manufacturing sector, increasing from \$100 per month in 2014 to \$170 in 2018 (ILO & IFC, 2018). Additionally, according to the BFC Reports of this period, non-compliance levels among monitored factories in this regard remained low throughout the whole period (ILO & IFC, 2018). Finally, last September 2019, the Cambodian Ministry of Labour and Vocational Training has announced that a new basic minimum wage has been set for 2020, with a rise of 4% compared to the previous one, reaching \$190 (Kimmarita, 2019b; Vida, 2019).

### Construction sector

Since 2013 and the beginning of the BRI, Chinese FDI in the Cambodian construction sector has grown at an unprecedented speed, with inflows of Chinese capital concentrated in infrastructure and commercial and residential real estate (WBG, 2019). During this period, the construction sector has also increasingly created jobs. There has been a significant increase in the number of construction projects, mostly concentrated in the capital Phnom Penh and the coastal city Sihanoukville, where tourism increased massively between 2012 and 2017; the tourists were mainly composed of Chinese nationals, attracted by the Chinese-owned hotels, guesthouses, casinos and restaurants built over the last few years (The ASEAN Post Team, 2019).

The investment boom in the construction industry in Cambodia and the increased employment in the sector put the labour conditions of construction sites', as well as the number of occupational accidents in the country's industry, at the centre of media and human and labour rights groups' attention. Moreover, some groups have stressed on the worrying nature of the large numbers of unregistered and unofficial construction projects existing in the sector,

employing many informal workers, who are at constant risk of exploitation (CLB, 2019; Hasnan, 2019).

Different from the period preceding the BRI, the number of reports of occupational accidents in the Cambodian construction industry in the news has considerably increased over the last few years. The most recent significant episode occurred last 22<sup>nd</sup> of June 2019, when 28 people were killed and 26 injured in the collapse of an under-construction Chinese-owned building in Sihanoukville (Hasnan, 2019). The workers were sleeping in the building at the time of the collapse, as is common for workers in the sector. Indeed, given the high costs of the cities they work in, construction workers are often forced to sleep in the structures they are building, usually unregistered and under unsafe conditions. According to the news and to labour rights groups and unions, during the last few years Cambodian construction workers have been strained by the always higher living costs of cities like Phnom Penh and Sihanoukville: the sector's lack of a minimum wage (Koemsoeun, 2018) and the cities' sharp inflation, force them to accept informal employment, employment from sub-contractors, very poor health and safety working standards, and thus exploitative working rhythms (Millar, 2019; CENTRAL, 2019). In this respect, the French NGO ACTED, active in the promotion of workers' rights in Cambodia, has conducted a study on the working conditions of construction workers in 2018, finding that a lack of labour law compliance is pervasive in the sector, with some outstanding worrying practices. For example, it was noticed that construction workers work 58 to 70 hours per week with no opportunity to take days off, reflecting the exploitative dynamics within the sector (ACTED, 2018). If compared to the 2012 Labour Force and Child Labour Survey, where construction workers were found to be working an average of 53 hours per week, we can observe that a significant failure of labour law compliance has occurred in the country's sector since then.

Likewise, the ILO (2018b) has recognised that the construction industry in Cambodia requires greater attention, especially with respect to safety and health conditions. However, in contrast to the highly structured monitoring program in the country's manufacturing sector, the international organisation has not planned any similar project to improve the conditions of workers in the Cambodian construction sector yet, despite the rapid increase in the number of accidents and worrying practices since 2013.

### **4.2.3 Conclusions**

Forced labour is prohibited by the 1997 Cambodian National Law, and the country is committed to adopt and implement the necessary measures to effectively abolish any form of it. However, as the analysis above shows, exploitative dynamics forcing labourers to work overtime and in unsafe conditions is prevalent in both the manufacturing and the construction sectors.

However, between the two sectors, labour standards in manufacturing factories have been considerably better monitored since the sector started developing at the end of the 1990s, resulting in better working conditions, formal employment and minimum wages. As a matter of fact, although many concerns persist, especially in relation to the extreme use of FDCs and the high occurrence of forced overtime, the sector's labour conditions have not significantly deteriorated since the increased number of Chinese investments, as shown by the BFC reports. If compared to the period 1997-2013, during the last few years a general improvement in the conditions of manufacturer workers has been observed, with regular legal increases in minimum wage since 2014, a return to effective monitoring transparency, general higher compliance of factories in relation to critical issues, and a decrease in cases where the legal limits of overtime are exceeded. Simultaneously, the substantial increase in non-compliance (more than double) with respect to the use of FDCs since 2016 points to a worrisome increased inclination towards a more unstable employment environment, which puts the employees in an unsafe, exploitation-prone position and lays the foundation for forced-labour practices in manufacturing factories.

In the construction sector, we can observe that during the first period of the analysis (1997-2013), this sector was characterised by a scarce interest and control of labour conditions from international organisations and the media. However, since the beginning of the BRI in 2013, and especially in the last two to three years, there have been increasing reports from NGOs, indications by the ILO, and news on recurrent occupational accidents and lack of safety in the sector. Indeed, with the boom of construction sites and the real estate industry, mainly generated by Chinese investments, the sector has been considerably contributing to the creation of employment in the country. However, while at the end of the 1990s until 2013, the few ongoing infrastructure projects were set in a framework where employment and labour conditions had to be precisely regulated, the recent rapid development of the industry has not experienced the same scenario. Criteria such as the importance of formal employment and the regular payment of wages in order to avoid exploitative tendencies and to guarantee safety measures prevalent in the first period, have not been maintained in the last few years. Thus, parallel to the massive increase in Chinese investments, concerns regarding the safety of construction sites have arisen,



as well as preoccupations over the number of informal employees and the extreme exploitative working hours, exceeding by far not only the legal limit of 48 hours per week, but also the previous period average. Furthermore, the lack of a legal minimum wage in the sector is increasingly seen as unacceptable by workers' unions and labour rights organisations, as it represents one of the primary tools of labour exploitation.

Finally, we can conclude that higher levels of slavery-like conditions since 2013 have occurred mainly in the Cambodian construction sector, where the boom of the industry driven by Chinese FDI has not been accompanied by precise labour regulations on legal minimum wage, formal employment, appropriate safety measures and working hours law compliance. On the other hand, we can observe mixed results in the garment manufacturing sector, with a general improvement in wages and overtime compliance, but an increased use of FDCs, which depicts an exploitative-prone environment still present in the sector.

### **4.3 Child labour**

In 1992 Cambodia signed the UN *Convention on the Rights of the Child*, which is implemented in article 48 of the country's Constitution of 1993, ensuring "in particular the right to life, education, protection during wartime, and protection from economic and sexual exploitation". In the National Labour Law of 1997, the article 177 sets the minimum age of employment at 15, with the permission of employment of children between 12 and 15 for light work. Moreover, the minimum age for any kind of work which is by its nature hazardous to the health, the safety or morality of an adolescent is set at 18. Finally, the country has ratified the *Minimum Age Convention* in 1999 and the *Worst Forms of Child Labour Convention* in 2006, committing to eradicate child labour in the country.

Child labour has many social and economic implications for a country: it prevents children from acquiring education and skills and causes a loss to the economic potential of a country. Child labour is a multi-dimensional problem to address, and it can be analysed from many points of views. In this section, due to space constraints, it will be analysed focusing on the numbers of child workers<sup>31</sup> in the Cambodian economy over time. Other considerations paving the way for child labour, such as the degree of inclusiveness of social and education policies, will be left out. Indeed, the objective of this section is limited to provide insight into how the compliance to core labour standards has evolved prior to and after the big influx of Chinese FDI.

---

<sup>31</sup> Working children are here considered children aged 5 to 17 who are found to be involved in any kind of working activity, with or without receiving a salary.

#### **4.3.1 *Child labour in Cambodia: 1997-2013***

The Cambodian NIS included for the first time in the 1999 Cambodian Socio-Economic Survey (CSES) a section on child labour. The findings showed that 1 in every 6 children aged 5 to 17 was working, that 87% of working children were in rural areas, and that only 45% were attending school (NIS, 2000). Because of the restricted section dedicated to child labour in the survey, and after receiving pressures from NGOs and international institutions, the NIS published the Cambodia Child Labour Survey 2001 (CCLS) in collaboration with the ILO and the International Programme on the Elimination of Child Labour (IPEC), providing more detailed information on the number of working children in the country. The survey shows that at the beginning of the 21<sup>st</sup> century, 35% of the population was aged 5 to 17 and about 50% of it was found to be working; further, 84.3% of working children lived in rural areas and 9 out of 10 working children attended school. Similarly, a report of the Understanding Children's Work (UCW) program of 2007 found that working children were mostly engaged in agricultural activities in rural areas. Finally, the survey of 2001 provided information on hazardous work to which children were exposed, reporting that 46.5% of working children were aware of hazards encountered during work, and that 24% were engaged in 'hard work'.

In 2013, the NIS and ILO published a second Child Labour Survey, within the combined 2012 Labour Force and Child Labour Survey. Based on a comparison of the surveys of 2001 and 2012, prior to the BRI, the number of children aged 5-17 who were working decreased from 50% in 2001 to 19% in 2012. However, the shares of the percentages changed significantly concerning the economic sectors. Indeed, while in 2001 6.3% of working children were employed in the manufacturing sector, in 2012 this percentage rose to 19%. Similarly, albeit to a minor extent, the percentage of working children in the construction sector rose too, from 1% in 2001 to 3.7% in 2012. The number of hours worked by children also changed: while in 2001 the percentage of children who worked more than 41 hours per week amounted to 15%, in 2012 the percentage of children working more than 48 hours was more than 28% (ILO & NIS, 2002; ILO & NIS, 2013).

Regarding the manufacturing and the construction sectors specifically, despite the high percentages reported by the CCLS 2001, in the first ILO Synthesis Report of 2001, no indication of child labour practice was found in the 30 garment factories monitored. Over the years, the findings of the following Synthesis Reports changed on this aspect, with nevertheless low levels of non-compliance, a very limited number of factories with under-age workers, and a notable difference in results compared to those of the CCLS 2012. In summary, from the BFC reports

of this period, child labour in manufacturing factories seemed almost non-existent. However, when looking at other sources, child labour in the manufacturing sector started to increase at the end of the 2000s. This is mainly due to the beginning of the development of the construction industry and the subsequent increase in the number of brick manufacturing factories in the country, as reported by the news (Cheung, 2006). Indeed, the BFC covers garment factories, whereas the data from the CCLS is related to all types of manufacturing factories. Thus, even if the levels of child labour in garment factories are negligible compared to those in other types of factories, the growth of the construction industry has greatly contributed to an increased use of child labour in factories manufacturing construction materials. Moreover, the type of work in the brick factories is considered as hazardous work that is dangerous to the physical and mental health of the child (ILO & NIS, 2013; Cruz & Ratana, 2007; Bunnak, 2007), making the increased number of working children in the industry even more worrisome.

#### **4.3.2 Child labour in Cambodia after the increase in Chinese FDI: 2013-2019**

In the BFC Report of 2018, emphasis is put on the positive improvement on child labour in the garment manufacturing sector: from 74 child labour cases reported in 2014 to 10 cases reported in 2018 (ILO & IFC, 2018). However, although according to the BFC program child labour is one of the zero tolerance issues addressed, the prevalence of child labour in the garment and footwear manufacturing factories might be higher than the levels indicated, since the investigation is based on a sample model that might omit some aspects of the actual situation of working children in the sector (ILO & IFC, 2018). Moreover, while the ILO, the BFC and the GMAC have recently started an increased collaboration and commitment to eliminate child labour in the manufacturing sector (Preuss, 2014), this commitment remains limited to garment and footwear production. The already existing issue of child labour in brick factories has indeed become graver, as the construction boom that started in the 2000s has massively intensified since the beginning of the BRI in 2013. Furthermore, while the percentage of working children in the whole economy has decreased since 2012, there is also evidence that since 2013 an overall deterioration has occurred, as shown in Table 4.

	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Working children	23.6%	18.3%	19.3%	19.3%	18.5%	18.5%

**Table 4:** Percentages of working children aged 5-17 in the period 2012-2017.

Source: NIS, 2018.

Compared to the previous period, in fact, in the last few years many more new agencies and NGOs have denounced the large number of working children in the brick manufacturing

industry (Kimmarita, 2019a; Ferrie, 2018). Many of these have stressed the phenomenon of debt-bondage: a phenomenon where a person is employed to pay off a loan. For example, LICADHO, a Cambodian human rights organisation, has published a report on debt-bondage and child labour in Cambodia's brick factories in 2016. According to the report, the brick production industry that has grown to feed the construction and real estate sector over the last few years greatly relies on multi-generational families of adults and children trapped in debt-bondage (LICADHO, 2016). The trap of debt-bondage is mainly caused and continued by the extremely low pay received by workers, which are paid at piece rates without proper salaries, and are not sufficient enough to live on or to be able to repay the full loan, thus getting passed down from generation to generation. In order to increase the family income, children are often working in the brick factories too, as with an increased number of pieces produced, the overall family income increases. According to LICADHO's report, a lack of law enforcement and an oppressive regime of the country have allowed the phenomenon of debt-bondage and child labour in brick factories to grow and flourish in the last few years.

While no remarkable increase of child labour in construction sites emerges, since 2013 there has been an increase in the reports denouncing the phenomenon of child labour in brick factories and of shocking news on occupational accidents involving children, as for example, a 9-year-old girl who lost her arm in March 2019 while working in one of the factories (Kijeviski, 2019a). The Cambodian government has recently affirmed that it will start an initiative to end child labour in the brick industry by 2020 through an inspection system, with severe punishments for all the factories found non-compliant (Kijeviski, 2019b). Nevertheless, it is evident that a decline of the protection against child labour has occurred since Chinese investments have boosted the construction industry in the country.

### ***4.3.3 Conclusions***

Cambodia's law framework and its adherence to international conventions strictly prohibit child labour and its worst forms. Over the course of the years, some remarkable patterns have emerged in the country on this account. Firstly, the increased number of national surveys on child labour and of socio-economic surveys since the beginning of the 2000s shows a better understanding of the issue and a greater general commitment to its prohibition. Secondly, however, scarce compliance and lack of enforcement persist in the country, and child labour exploitation continues to be worrisome. When looking at media coverage and various organisations' reports, indeed, we can observe that more attention has been given to the issue of child labour in the last few years, especially since the country has started experiencing a

massive boom in the construction industry, afforded by Chinese FDI. In fact, while in the garment manufacturing child labour has been substantially reduced, as according to both the BFC reports and news media, the augmented need of bricks for the construction of hotels, casinos and buildings financed by Chinese investments has caused an upsurge in the number of child workers, mostly helping their families who are in a debt-bondage situation. Additionally, the working conditions of the brick factories are highly dangerous for children, constituting an increase in the worst forms of child labour.

In relation to child labour, thus, we can conclude that the massive influx of Chinese investments in the country's economy has been accompanied by different phenomena. Firstly, while the number of children working in construction sites has not significantly increased, there has been a worrying increase in the number of children working in brick manufacturing factories. Indeed, child labour in brick manufacturing factories is fuelling the Cambodian construction boom, facilitated by Chinese investments. At the same time, however, we observe that child labour in garment manufacturing factories has decreased, despite the growth of Chinese-owned factories. The key difference between the production of textiles and that of bricks seems to be the presence of the ILO monitoring program, which is missing in the brick manufacturing. Therefore, the findings of this section seem to suggest that along with increased Chinese investments in Cambodia, the level of protection against child labour has not changed homogeneously: it improved in those contexts monitored by other parties like the ILO, but it declined where the control has been left to local authorities.

## Conclusions

Taking into consideration alarming episodes concerning labour conditions in China like the Foxconn suicide scandals, this research's main objective was to assess the impact of China's economic expansion in the global neoliberal economy on other countries' labour standards. The BRI is a massive investment strategy that has rendered China one of the most influential actors in investment-hosting countries since 2013. In Southeast Asia, Cambodia has strongly endorsed the Initiative and has increasingly welcomed Chinese FDI. While Chinese investments have been widely recognised to sustain Cambodian economic growth and help combat unemployment, the existing literature has not yet assessed how Chinese FDI impacts the labour regime of Cambodia. Through a qualitative analysis of both primary and secondary sources, this research has traced a temporal indication of the changes that occurred in the protection of two of the four core labour standards set by the ILO: forced labour and child labour.

The substantial decline in the protection against both forced labour and child labour found in the Cambodian construction industry after 2013, might suggest that Chinese investments negatively impacted labour rights. At the same time, however, the simultaneous improvement in the protection against some exploitative practices and the improvement in the abolition of child labour in the garment manufacturing sector, shed some light into the relation between Chinese investments and the protection of labour standards in Cambodia, suggesting that the impact of Chinese FDI might also depend on external factors.

A key difference between the manufacturing and the construction sectors in Cambodia is that the former has developed significantly thanks to trade agreements with Western democratic countries like the US and the EU and it has been sustained and promoted by the ILO, which followed a strict monitoring system based on its core principles, both prior to and after the considerable increase in Chinese investments. The latter, instead, has developed mainly thanks to China's aid and investment, especially since the beginning of the BRI, with often a 'free of strings' investment approach, with neither requirements nor restrictions in relation to human and labour standards (O'Neill, 2014; Lee, 2006). Therefore, while the garment manufacturing sector has gradually improved with respect to critical issues like forced labour and child labour, the incredibly rapid growth of the construction sector has not experienced the same process. The massive inflows of Chinese investments into the construction industry have instead generated a decline in the protection of workers' rights.

Similar to the findings in relation to the impact of the Chinese-funded Kamchay dam in Cambodia (Heng, 2017) presented in the literature review, the lack of international control, and the lack of respect for labour standards characterising China's investment policy might incentivise an increased violation of labour standards in the Cambodian economy. Thus, the absence of a strong legal labour regulatory framework for the Cambodian construction industry in combination with the Chinese investment approach, lead to conclusions similar to those of Heng (2017), where the negative effects of the Chinese investment could have been minimized had international standards been adopted.

While this thesis has provided insights into the relation between Chinese FDI and its impact on the labour regime of Cambodia as host country, more thorough assessments and different methodologies are nevertheless needed, such as those taking into consideration other labour standards and economic sectors. Moreover, although a correlation emerges between the increased Chinese investments and the deterioration of labour conditions in the Cambodian construction industry, a deeper analysis of other elements is needed, such as internal political tensions, the increasingly authoritarian and repressive climate of the country, as well as other sources of foreign investment. Due to time and space limitations, this research could not touch upon all these elements, leaving this task for future research.

## Bibliography

- Agence d'Aide à la Coopération Technique Et au Développement (ACTED) (2018). A study on working conditions in Phnom Penh's construction sector. *ACTED*. Retrieved from: <https://www.acted.org/en/a-study-on-working-conditions-in-phnom-penh's-construction-sector/> (last accessed 27<sup>th</sup> November 2019).
- Alfaro, L., Kalemli-Ozcan, S., & Volosovych, V. (2003). Why Doesn't Capital Flow from Rich to Poor Countries? An Empirical Investigation. *The Review of Economics and Statistics*, MIT Press, 90(2), 347-368, 01. doi: 10.3386/w11901.
- Alfaro, L., Chanda, A., Sebnem, K.O., & Sayek, S. (2004). FDI and Economic Growth: The Role of Local Financial Markets. *Journal of International Economics*, 64, 89-112.
- Ang, D., Brown, D., Dehejia, R., and Robertson, R. (2012). Public Disclosure, Reputation Sensitivity, and Labor Law Compliance: Evidence from Better Factories Cambodia. *Review of Development Economics* 16(4):594-607.
- Arnal, E., & Hijzen, A. (2008). The Impact of Foreign Direct Investment on Wages and Working Conditions. *OECD Social, Employment and Migration Working Papers*, no. 68, <https://dx.doi.org/10.1787/230184240223>.
- Arnold, D. & Han Shih, T. (2010). A Fair Model of Globalisation? Labour and Global Production in Cambodia *Journal of Contemporary Asia*, 40: 3, 401-424. Doi: 10.1080/00472331003798376.
- Arrighi, G. (1994). *The Long Twentieth Century: Money, Power, and the Origins of Our Time*. London and New York: Verso.
- AsiaNews (2019). Cambodia's construction industry still booming: US\$ 44 billion invested since 2000. Retrieved from [http://www.asianews.it/news-en/Cambodia's-construction-industry-still-booming:-US\\$-44-billion-invested-since-2000-47471.html](http://www.asianews.it/news-en/Cambodia's-construction-industry-still-booming:-US$-44-billion-invested-since-2000-47471.html) (last accessed 12<sup>th</sup> November 2019).
- Association of Southeast Asian Nations (ASEAN) (2018). *ASEAN Investment Report 2018: Foreign Direct Investment and the Digital Economy in ASEAN*, Jakarta: Indonesia. ASEAN Secretariat.
- Bales, K. (1999). *Disposable People – New Slavery in the Global Economy*. Berkeley: University of California Press.
- Barnett, A. (2019). Construction sector shows 'lack of action' on tackling forced labour of workers globally, says NGO. *Business & Human Rights Resource Centre*. Retrieved from: <https://www.business-humanrights.org/en/construction-sector-shows-'lack-of-action'-on-tackling-forced-labour-of-workers-globally-says-ngo> (last accessed 26<sup>th</sup> November 2019).
- Beaugé, F. (2010). Cambodian workers strike for minimum wage hike. *The Guardian*. Retrieved from: <https://www.theguardian.com/world/2010/sep/21/cambodia> (last accessed the 26<sup>th</sup> November 2019).
- Bhattacharya, A. (2016). Conceptualizing the Silk Road Initiative in China's Periphery Policy. *East Asia*, 33, no. 4, 309–28. doi:10.1007/s12140-016-9263-9.
- Boakye-Gyasi, K., & Li, Y. (2015). The impact of Chinese FDI on employment generation in the building and construction sector of Ghana. *Eurasian Journal of Social Sciences*, 3(2), 1-15.
- Borensztein, E., De Gregorio, J., & Lee, J.W. (1998). How does Foreign Direct Investment Affect Economic Growth?. *Journal of International Economics*, 45,115-135.



Bornschier, V., & Chase-Dunn, C. (1985). *Transnational Corporations and Underdevelopment*, New York: Praeger Press.

Brent, T. (2018). How Southeast Asian countries compare on growth and development. *GLOBE Lines of Thorough Across Southeast Asia*. Retrieved from: <https://southeastasiaglobe.com/how-southeast-asian-countries-compare-growth-development/> (last accessed 11<sup>th</sup> December 2019).

Brown, D.K., Deardorff, A., & Stern, R. (2004). The Effects of Multinational Production on Wages and Working Conditions in Developing Countries. *Challenges to Globalization: Analysing the Economics*, 279-330, National Bureau of Economic Research, Inc.

Buckley, P.J., Clegg, L.J., Cross, A.R., Liu, X., Voss, H., & Zheng, P. (2007). The determinants of Chinese outward Foreign Direct Investment. *Journal of International Business Studies*, 38, no. 4, 499-518.

Bunnak, P. (2007). *Child Workers in Brick Factories: Causes and Consequences. A Research Study for Campaign of Combating the Worst Forms of Child Labour in Cambodia*. LICADHO and World Vision Cambodia. Phnom Penh, Cambodia.

Business Development Link (BDLINK) (2012). *Workers' Wages and the Cost of Labour in Cambodia: A Review of the Construction Sector*. BDLINK, Cambodia. KHConstructionWages\_Final\_062012.

Bynum, E., & Pfadt, F. (2019). Increased Repression, Declining Demonstrations: An Analysis of Cambodian demonstrations (2010-2018). *Armed Conflict Location & Event Data Project (ACLED)*. Retrieved from: <https://www.acleddata.com/2019/02/22/increased-repression-declining-demonstrations-an-analysis-of-cambodian-demonstrations-2010-2018/> (last accessed 24<sup>th</sup> December 2019).

Callahan, W. (2016). *China's Belt and Road Initiative and the New Eurasian Order*. Oslo: Norwegian Institute of International Affairs.

*Cambodian Labour Law*, 13 March 1997, available at: <http://sogi.sithi.org/admin/upload/media/121-htjceec1370826550.pdf> (last accessed 2<sup>nd</sup> December 2019).

Cardoso, F. H., & Faletto, E. (1971). *Dependency and development in Latin America*. Berkeley: University of California Press.

CENTRAL, (2019). Occupational Health and Safety for Construction Workers and Safe Buildings Must Be Guaranteed. *Center for Alliance of Labor and Human Rights*. Retrieved from: <https://www.central-cambodia.org/archives/2877> (last accessed 27<sup>th</sup> November 2019).

Chan, A., (2001). *China's Workers Under Assault. The Exploitation of Labor in a Globalizing Economy*. Asia and the Pacific, An East Gate Book.

Chan, J., & Pun, N., (2010). Suicide as Protest for the New Generation of Chinese Migrant Workers: Foxconn, Global Capital, and the State. *The Asia-Pacific Journal | Japan Focus*, 8(37), no. 2.

Chellaney, B. (2017). China's Debt-Trap Diplomacy. *Project Syndicate*. Retrieved from <https://www.project-syndicate.org/commentary/china-one-belt-one-road-loans-debt-by-brahma-chellaney-2017-01?barrier=accesspaylog> (last accessed 4<sup>th</sup> October 2019).

Chen, S. A. (2019). The development of Cambodia-China Relation and Its Transition Under the OBOR Initiative. *The Chinese Economy*, 51(4), 370-382.

- Chekuri, N. (2019). The Cambodia Trade Act of 2019: An Unintended Win for China. *Penn Political Review*. Retrieved from: <http://pennpoliticalreview.org/2019/09/cambodiatrade/> (last accessed 14<sup>th</sup> October 2019).
- Cheung, J. (2006). Hard labor: Children at risk in brick factories. *The Phnom Penh Post*. Retrieved from: <https://www.phnompenhpost.com/national/hard-labor-children-risk-brick-factories> (last accessed 29<sup>th</sup> November 2019).
- Chheang, V. (2017). The Political Economy of Chinese Investment in Cambodia. *Trends in Southeast Asia 2017*, no. 16. Singapore: ISEAS Yusof Ishak Institute.
- China Labour Bulletin (CLB) (2019). China's unsafe work practices replicated on Cambodia's construction sites. *China Labour Bulletin*. Retrieved from: <https://clb.org.hk/content/china's-unsafe-work-practices-replicated-cambodia's-construction-sites> (last accessed 27<sup>th</sup> November 2019).
- Chong, C., K., Yusop, Z., & Soo, S.C. (2005). Foreign Direct Investment and Economic Growth in Malaysia: The Role of Domestic Financial Sector. *The Singapore Economic Review*, 50, no. 2, 245-268.
- Collier, P., & Dollar, D. (2002). Aid Allocation and Poverty Reduction. *European Economic Review*, 46, 1475–1500.
- Compass (2018). Construction industry has become an important pillar industry to promote Cambodia's economic development. Retrieved from: <https://www.compass.com.kh/news/detail/id/42/lang/en.html> (last accessed 12<sup>th</sup> November 2019).
- Constitution of the Kingdom of Cambodia*, 21 September 1993, available at: <https://www.refworld.org/docid/3ae6b5428.html> (last accessed 2<sup>nd</sup> December 2019).
- Cruz, A., & Ratana, L. (2007). Understanding Children's Work in Cambodia. Mapping & costing current programmes targeting the worst forms of child labour. *Working Paper*. Understanding Children's Work programme (UCW). Rome, Italy.
- Deardorff, A., & Stern, R. (1994). *The Stolper-Samuelson Theorem: A golden Jubilee*, Ann Arbor, MI: University of Michigan Press.
- Distelhorst, G., & Fu, D. (2018). Wages and working conditions in and out of global supply chains: A comparative empirical review. *International Labour Office*, Bureau for Employers' Activities (ACT/EMP) – Geneva:ILO.
- Doku, I., Akuma, J., & Owusu-Afriyie, J. (2017). Effect of Chinese foreign direct investment on economic growth in Africa. *Journal of Chinese Economic and Foreign Trade Studies*. 10.00-00.10.1108/JCEFTS-06-2017-0014.
- Drezner, D. (2001). Globalization and policy convergence. *International Studies Review*, 3, 53-78.
- Eder, T.S. (2018). Mapping the Belt and Road Initiative: This is where we stand. *MERICs*. Retrieved from: <https://www.merics.org/en/bri-tracker/mapping-the-belt-and-road-initiative> (last accessed 2<sup>nd</sup> October 2019).
- Elkomy, S., Ingham, H., & Read, R. (2016). Economic and Political Determinants of the Effects of FDI on Growth in Transition and Developing Countries. *Wiley Periodicals, Inc.* doi: 10.1002/tie.21785.

- Estacio, E. V., & Marks, D. F. (2005). Child Labour and the International Labour Organization's Convention 182: A Critical Perspective. *Journal of Health Psychology, 10*(3), 475-484, SAGE Publications
- EuroCham Cambodia (2018). *Garment Industry in Cambodia*. Netherlands Embassy in Bangkok, Ministry of Foreign Affairs.
- European Commission, (2019, February 11). *Cambodia: EU launches procedure to temporarily suspend trade preferences*. [Press release]. Retrieved from: [https://europa.eu/rapid/press-release\\_IP-19-882\\_en.htm](https://europa.eu/rapid/press-release_IP-19-882_en.htm) (last accessed 16<sup>th</sup> October 2019).
- Evans, P. (1979). *Dependent development: The alliance of multinational, state and local capital in Brazil*. Princeton, NJ: Princeton University Press.
- Ferrie, J. (2018). Cambodia construction boom built on 'blood bricks' and slavery – report. *Thomson Reuters Foundation*. Retrieved from: <https://www.reuters.com/article/cambodia-slavery-construction/cambodia-construction-boom-built-on-blood-bricks-and-slavery-report-idUSL8N1WP1Y7> (last accessed 2<sup>nd</sup> December 2019).
- Fallon, T. (2015). The New Silk Road: Xi Jinping's Grand Strategy for Eurasia. *American Foreign Policy Interests 37*, no. 3, 140–147. doi:10.1080/10803920.2015.1056682.
- Fasslabend, W. (2015). The Silk Road: A Political Marketing Concept for World Dominance. *European View 14*, no., 293–302. doi:10.1007/s12290-015-0381-3.
- Fine, B. (2010). Neoliberalism as Financialisation. In Saad-Filho and G. Yalman (Eds.), *Economic Transitions in Middle Income Countries*, (pp. 11-24) London: Routledge,
- Flintrop, P. (2019). Cambodia's Investment Outlook for 2019. *Asean Briefing*. Retrieved from: <https://www.aseanbriefing.com/news/2019/03/01/cambodias-investment-outlook-for-2019.html> (last accessed 1<sup>st</sup> November 2019).
- Franceschini, I. (2018). Outsourcing Exploitation. Chinese and Cambodian Garment Workers Compared, in Franceschini I. and Loubere, N. (Eds.), *Gilded Age: A Year of Chinese Labour, Civil Society, and Rights, Made in China Yearbook 2017*. ANU Press, The Australian National University, Canberra, Australia. Doi.org/10.22459/MIC.04.2018.13.
- Frank, A.G. (1969). *Latin America: Underdevelopment or Revolution*, New York: Monthly Review Press.
- Frost, S. (2004). Chinese outward direct investment in Southeast Asia: how big are the flows and what does it mean for the region?. *The Pacific Review, 17*(3), 323-340, doi: 10.1080/0551274042000261489.
- Gallagher, M.E. (2005). *Contagious capitalism: globalization and the politics of labour in China*. New Jersey: Princeton University Press.
- Ganesan, N. (2018). Chinese infrastructure investments in Southeast Asia and their implications for the region. *Blickwechsel*, Stiftung Asienhaus, Cologne, Germany.
- Gereffi, G. (1999). International trade and industrial upgrading in the apparel commodity chain. *Journal of International Economics, 48*, no.1, 37-70.
- Gereffi, G., Humphrey, J., & Sturgeon, T. (2005). The governance of global value chains. *Review of International Political Economy, 12*, no. 1, 78-104.

Gill, S. (1995). Globalization, market Civilization, and Disciplinary Neoliberalism. *Journal of International Studies*, 24, no. 3, 399-423. ISSN 0305-8298.

Gilpin, R. (1987). *The political economy of international relations*. Princeton, NJ: Princeton University Press.

Girling, R. (1973). Dependency and persistent income inequality. In Bonilla, F. and Girling, R. (Eds.), *Structures of Dependency*, Stanford, CA: Institute of Political Studies, 83-101.

Gong, X. (2019). Will China Undermine Its Own Influence in Southeast Asia Through the Belt and Road? China's activism in relation to the BRI has led to rising concerns in Southeast Asia. *The Diplomat*. Retrieved from: <https://thediplomat.com/2019/04/will-china-undermine-its-own-influence-in-southeast-asia-through-the-belt-and-road/> (last accessed 5<sup>th</sup> October 2019).

Gonzalez Vicente, R. (2019). Make development great again? Accumulation regimes, spaces of sovereign exception and the elite development paradigm of China's Belt and Road Initiative. *Business and Politics*, 1-27, Cambridge University Press.

Ha, E. (2012). Globalization, Government Ideology, and Income Inequality in Developing Countries. *The Journal of Politics*, 74(2), 541–557.

Harvey, D. (2005). *A Brief History of Neoliberalism*. Oxford University Press, USA.

Heng, K. (2019). Chinese investment strains Cambodian society. *Nikkei Asian Review*. Retrieved from: <https://asia.nikkei.com/Opinion/Chinese-investment-strains-Cambodian-society> (last accessed 15<sup>th</sup> November 2019).

Heng, P. (2017). Hydropower and local community: A case study of the Kamchay dam, a China-funded hydropower project in Cambodia. *Community Development* 48, no. 3, 385-402.

Hill, C. (2000). *International Business – Competing in the Global Marketplace*. University of Washington: Irwin McGraw-Hill.

Huang, Y. (2010). The Politics of China's Path: A Reply to Joel Andreas. *New Left Review*, 65, 87-91.

Hasnan, L. (2019). Construction in Cambodia lacks safety. *The Asean Post*. Retrieved from: <https://theaseanpost.com/article/construction-cambodia-lacks-safety> (last accessed 12<sup>th</sup> November 2019).

Human Rights Watch (HRW) (2015). *“Work Faster or Get Out”*. *Labor Rights Abuses in Cambodia's Garment Industry*. Human Rights Watch, USA.

Human Rights Watch (HRW) (2019). World Report 2019. Cambodia-Events 2018. Retrieved from: <https://www.hrw.org/world-report/2019/country-chapters/cambodia> (last accessed 24<sup>th</sup> December 2019).

International Labour Organization (ILO) (1930). *Forced Labour Convention, C29*.

International Labour Organization (ILO) (1957). *Abolition of Forced Labour Convention, C105*.

International Labour Organization (ILO) (1973). *Minimum Age Convention, C138*.

International Labour Organization (ILO) (1998). *Declaration on Fundamental Principles and Rights at Works*. International Labour Conference, 86<sup>th</sup> Session, Geneva.

International Labour Organization (ILO) (1999). *Worst Forms of Child Labour Convention, C182*.

International Labour Organisation (ILO) (2001). *First Synthesis Report on the Working Conditions Situation in Cambodia's Garment Sector*. Phnom Penh, Kingdom of Cambodia.

International Labour Organisation (ILO) (2003). *Guidelines concerning a statistical definition of informal employment*, adopted by the Seventeenth International Conference of Labour Statisticians. Report of the Conference: Doc. ICLS/17/2003/R. International Labour Office, Geneva.

International Labour Organisation (ILO) (2005). *Fifteenth Synthesis Report on Working Conditions in Cambodia's Garment Sector*. International Labour Organisation, Better Factories Cambodia. Phnom Penh, Kingdom of Cambodia.

International Labour Organization (ILO), (2008). *Freedom of association in practice: Lessons learned*, International Labour Conference, 97<sup>th</sup> Session, Geneva.

International Labour Organisation (ILO) (2009). *Twenty-third Synthesis Report on Working Conditions in Cambodia's Garment Sector*. International Labour Organisation, Better Factories Cambodia. Phnom Penh, Kingdom of Cambodia.

International Labour Organization (ILO) (2011). *Equality at work: The continuing challenge*. International Labour Conference, 100<sup>th</sup> Session, Report I(B), Geneva.

International Labour Organization (ILO) (2014a). *Protocol of 2014 to the Forced Labour Convention, 1930, P29*.

International Labour Organization (ILO) (2014b). *Forced Labour (Supplementary Measures) Recommendation, R203*.

International Labour Organization (ILO) (2017a). *Global estimates of child labour: Results and trends, 2012-2016*. International Labour Office, Geneva.

International Labour Organization (ILO) (2017b). *Global estimates of modern slavery: Forced labour and forced marriage*. International Labour Office, Geneva.

International Labour Organization (ILO) (2017c). *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), 5<sup>th</sup> Edition*, International Labour Conference, 329<sup>th</sup> Session, Geneva.

International Labour Organisation (ILO) (2018a). *Asia-Pacific Employment and Social Outlook 2018. Advancing decent work for sustainable development*. ILO Regional Office for Asia and the Pacific. Bangkok, Thailand.

International Labour Organisation (ILO) (2018b). *Ending forced labour by 2030: A review of policies and programmes*. International Labour Office, Geneva.

International Labour Organisation (ILO) (2019a). *ILO Centenary Declaration for the Future of Work*. International Labour Conference, 108<sup>th</sup> Session. Geneva: ILO.

International Labour Organisation (ILO) (2019b). *Kingdom of Cambodia. Decent Work Country Programme (DWCP) 2019-2023*. ILO Country Office for Thailand, Cambodia and Lao's Democratic People Republic. Bangkok, Thailand.

International Labour Organisation (ILO) (2019c). *Tackling child labour: 100 years of action*. International Labour Organization, Fundamental Principles and Rights at Work Branch (FUNDAMENTALS), Geneva: ILO.

International Labour Organisation (ILO), & International Finance Corporation (IFC) (2013). *Twenty-ninth Synthesis Report on Working Conditions in Cambodia's Garment Sector*. International Labour Office; International Finance Corporation. Geneva: ILO.

International Labour Organisation (ILO), & International Finance Corporation (IFC) (2016). *Better Factories Cambodia. 2016 Garment Industry: Thirty third compliance synthesis report*. International Labour Office; International Finance Corporation. Geneva: ILO.

International Labour Organisation (ILO), & International Finance Corporation (IFC) (2018). *Better Factories Cambodia. Annual Report 2018: an industry and compliance review*. International Labour Office; International Finance Corporation. Geneva: ILO.

International Labour Organisation (ILO), & National Institute of Statistics (NIS) of Cambodia (2002). *Cambodia Child Labour Survey 2001*. Phnom Penh, Kingdom of Cambodia: ILO.

International Labour Organisation (ILO), & National Institute of Statistics (NIS) of Cambodia (2013). *Cambodia Labour Force and Child Labour Survey 2012: Labour Force Report*. Phnom Penh, Kingdom of Cambodia: ILO.

International Labour Organisation (ILO), & The Royal Government of Cambodia (2000). *Employment Generation Programme. Labour-based Technology for Infrastructure Development in Cambodia*.

International Labour Conference, (2019). ILO Centenary Declaration for the Future of Work Adopted by the Conference at its One Hundred and Eighth Session. Geneva.

Jalilian, H., Chan, S., Reyes, G, and Chan, H. S. with Phann D. & Pon D. (2009). Cambodia. In *Global Financial Crisis Discussion Series 3*. London: ODI.

Japan International Cooperation Agency (JICA) 2006. *The Study on the Road Network Development in the Kingdom of Cambodia*. Cambodia.

Kanbur, R. (2009). The co-evolution of the Washington Consensus and the economic development discourse. *Working Papers 48920*, Cornell University, Department of Applied Economics and Management.

Karikari, I. (2016). *Child Labour: A critical discourse analysis* (Doctoral dissertation). Indiana University, Indiana, United States.

Kärnstrand, M. (2015). *A Short-Term Solution. A Study of the Use of Fixed-Duration Contracts in the Cambodian Garment Industry*. Fair Action, Stockholm Sweden.

Kawazu, E. C., & Kim, H. (2019). Mass fainting in Cambodian garment factories. *Global Epidemiology (1)*, Elsevier, <https://doi.org/10.1016/j.gloepi.2019.100008> (last accessed 9<sup>th</sup> December 2019).

Kijewski, L. (2019a). Child Loses Arm in Cambodia Brick Factory. *Voice of America*. Retrieved from: <https://www.voanews.com/east-asia-pacific/child-loses-arm-cambodia-brick-factory> (last accessed 2<sup>nd</sup> December 2019).

Kijewski, L. (2019b). Cambodia Launches Campaign to End Child Labor in Brick Industry. *Voice of America*. Retrieved from: <https://www.voanews.com/east-asia-pacific/cambodia-launches-campaign-end-child-labor-brick-industry> (last accessed 2<sup>nd</sup> December 2019).

Kimmarita, L. (2019a). Brick kiln is fined \$1,250 for exploiting child labour. *The Phnom Penh Post*. <https://www.phnompenhpost.com/national/brick-kiln-fined-1250-exploiting-child-labour> (last accessed 2<sup>nd</sup> December 2019).

Kimmarita, L. (2019b). Minimum wage set at \$190 for 2020. *The Phnom Penh Post*. Retrieved from: <https://www.phnompenhpost.com/national/minimum-wage-set-190-2020> (last accessed 2<sup>nd</sup> December 2019).

Kleven, A. (2019). Belt and Road: colonialism with Chinese characteristics. *Lowy Institute*. Retrieved from <https://www.lowyinstitute.org/the-interpreter/belt-and-road-colonialism-chinese-characteristics> (Last accessed 9<sup>th</sup> November 2019).

Koemsoeun, S. (2018). Unions request government to set workers' minimum wage. *The Phnom Penh Post*. Retrieved from: <https://www.phnompenhpost.com/national/unions-request-government-set-workers-minimum-wage> (last accessed 27<sup>th</sup> November 2019).

Kolstad, I., & Tondel, L. (2002). Social Development and Foreign Direct Investments in Developing Countries. Chr. Michelsen Institute, *Development Studies and Human Rights*, CMI Reports.

Kolstad, I., & Wiig, A. (2009). What determines Chinese Outward FDI?. *Chr. Michelsen Institute Working Paper*.

Krugman, P. (1994). The Myth of Asia's Miracle. *Foreign Affairs*, 73(6).

Kubny, J., & Voss, H. (2010). *The impact of Chinese outward investment: Evidence from Cambodia and Vietnam*. Bonn: German Development Institute.

Kurtishi-Kastrati, S. (2013). The Effects of Foreign Direct Investments for Host Country's Economy. *European Journal of Interdisciplinary Studies*, 5(1), 26-38.

Lee, D. (2006). Cambodia Greet a Cash Invasion. *Los Angeles Times*. Retrieved from: <https://www.latimes.com/archives/la-xpm-2006-sep-17-fi-cambodia17-story.html> (last accessed 24<sup>th</sup> December 2019).

Leverett, F., & Wu, B. (2016). The New Silk Road and China's Evolving Grand Strategy. *The China Journal* 77, 110–32. doi:10.1086/689684.

LICADHO (2016). *BUILT ON SLAVERY: Debt Bondage and Child Labour in Cambodia's Brick Factories*. LICADHO. Phnom Penh, Cambodia.

London, J.D. (2018). Marketization, protection, and Inclusive Growth: A New Synthesis. In *Welfare and Inequality in Marketizing East Asia*, (pp. 115-136), Palgrave Macmillan.

Long, M. (2019). Construction workers call for safety measures from ministry. *The Phnom Penh Post*. Retrieved from: <https://www.phnompenhpost.com/national/construction-workers-call-safety-measures-ministry> (last accessed 12<sup>th</sup> November 2019).

Ly, S. (2016). Cambodia is now a lower-middle income economy: What does this mean?. *East Asia & Pacific on the rise*, The World Bank, <http://blogs.worldbank.org/eastasiapacific/cambodia-is-now-a-lower-middle-income-economy-what-does-this-mean> (last accessed 10<sup>th</sup> September 2019).

Majeed, M.T. (2015). Inequality, FDI and economic development: evidence from developing countries. *The Singapore Economic Review*, 62(5), 1039-1057. doi: 10.1142/S0217590815500678.

- Maskus, K. E. (1997). *Should core labor standards be imposed through international trade policy?* World Bank Policy Research Working Paper 1817. Washington, DC: World Bank.
- McGrath, C., & Kimsay, H. (2016). Cambodia's economic status raised to lower-middle income. *The Phnom Penh Post*. Retrieved from <https://www.phnompenhpost.com/business/cambodias-economic-status-raised-lower-middle-income> (last accessed 10<sup>th</sup> September 2019).
- Merk, J. (2012). *10 Years of the Better Factories Cambodia Project. A critical evaluation*. Community Legal Education Centre & Clean Clothes Campaign, August 2012.
- Millar, P. (2019). Cambodia Construction. Building a Kingdom. *Globe. Lines of thought Across southeast Asia*. Retrieved from: <https://southeastasiaglobe.com/cambodias-construction-boom-a-bust-for-workers/> (last accessed 12<sup>th</sup> November 2019).
- Miller, T. (2017). *China's Asian Dream: Quiet Empire Building along the New Silk Road*. London: Zed Books.
- MOFCOM (2019). Concise statistics on China's foreign direct investment from January to September 2019. Beijing, China: Ministry of Commerce of People's Republic of China. Retrieved from: <http://fec.mofcom.gov.cn/article/tjsj/ydjm/jwtz/201910/20191002907464.shtml?fbclid=IwAR0JCVd2DPfT8yhN6SEczVb1qJU5DnBUyr8yzdBl752Emg22BGWEpXXUEYI> (last accessed 14<sup>th</sup> November 2019).
- Moran, T. H. (2002). *Beyond sweatshops: Foreign direct investment and globalization in developing countries*. Washington, DC: Brookings Institution.
- Mosley, L., & Uno, S. (2007). Racing to the Bottom or Climbing to the Top? Economic Globalization and Labor Rights. *Comparative Political Studies*, 40(8), 923-948. doi:10.1177/0010414006293442.
- Musch-Borowska, B. & Gopalakrishnan, M. (2010). Textile workers go on strike in Cambodia. *DW-Made for minds*. Retrieved from: <https://www.dw.com/en/textile-workers-go-on-strike-in-cambodia/a-6004094> (last accessed 26<sup>th</sup> November 2019).
- Nair-Reichert, U., & Weinhold, D. (2001). Causality tests for cross-country panels: A new look at FDI and economic growth in developing countries. *Oxford Bulletin of Economics & Statistics*, 63, 153-171.
- National Institute of Statistics (NIS) (2000). Cambodia Socio Economic Survey 1999. The Royal Government of Cambodia, Ministry of Planning. Phnom Penh, Cambodia.
- National Institute of Statistics (NIS) (2018). Cambodia Socio Economic Survey 2017. The Royal Government of Cambodia, Ministry of Planning. Phnom Penh, Cambodia.
- National Institute of Statistics (NIS) (2001). *Labor Force Survey of Cambodia*. The Royal Government of Cambodia, Ministry of Planning. Phnom Penh, Cambodia. Sponsored by the Asian Development Bank.
- National Institute of Statistics (NIS) (2010). *Labour and Social Trends in Cambodia 2010*. The Royal Government of Cambodia, Ministry of Planning. Phnom Penh, Cambodia. Supported by International Labour Organisation.
- Ng, E. (2017). "The Rise of Chinese FDI into ASEAN". *Nikko Asset Management* (Nikko AM).



- O'Neill, D. (2014). Playing Risk: Chinese Foreign Direct Investment in Cambodia. *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 36(2), 173-205.
- OECD (2002). Foreign Direct Investment for Development. Maximizing Benefits, Minimising Costs. *OECD Review*.
- OECD (2008). The Social Impact of Foreign Direct Investment. *OECD Policy Brief*.
- OECD (2019). FDI flows (indicator). doi:10.1787/99f6e393-en.
- OECD (2019). OECD Investment Policy reviews: Southeast Asia. *OECD Investment Policy Reviews*, OECD Publishing, Paris.
- Open Development Cambodia (ODC) (2019). *Labor*. Retrieved from <https://opendevelopmentcambodia.net/topics/labor/#return-note-65782-4> (last accessed 7<sup>th</sup> November 2019).
- Onis, Z. & Senses, F. (2005). Rethinking the Emerging Post-Washington Consensus. *Development and Change*, 36(2), 263-290.
- Onishi, T., & Cho, Y. (2019). Trade war steers Chinese investment toward Southeast Asia. Spending in Vietnam swells six fold as manufacturers seek non-tariffed bases. *Nikkei Asian Review*. Retrieved from: <https://asia.nikkei.com/Economy/Trade-war/Trade-war-steers-Chinese-investment-toward-Southeast-Asia> (last accessed 5<sup>th</sup> October 2019).
- Parker, S., & Chefitz, G. (2018). China's Debtbook Diplomacy: How China is Turning Bad Loans into Strategic Investments. *The Diplomat*. Retrieved from <https://thediplomat.com/2018/06/chinas-debtbook-diplomacy-how-china-is-turning-bad-loans-into-strategic-investments/> (last accessed 4<sup>th</sup> October 2019).
- Pastor, W. (2005), 'No Sweat (Shop). *Harvard International Review*, 26, 4, 8-9.
- Pisei, H. (2019). China still No1 source of FDI. *The Phnom Penh Post*, retrieved from: <https://www.phnompenhpost.com/business/china-still-no1-source-fdi> (last accessed 1<sup>st</sup> November 2019).
- Po, S., & Heng, K. (2019). Assessing the Impacts of Chinese Investments in Cambodia: The Case of Preah Sihanoukville Province. *Pacific Forum*, 19, WP4.
- Polaski, S. (2004). Cambodia Blazes a New Path to Economic Growth and Job Creation. *Carnegie Papers*, No. 51.
- Pomfret, J. (2018). China's debt traps around the world are a trademark of its imperialist ambitions. *Washington Post*. Retrieved from <https://www.washingtonpost.com/news/global-opinions/wp/2018/08/27/chinas-debt-traps-around-the-world-are-a-trademark-of-its-imperialist-ambitions/> (last accessed the 4<sup>th</sup> October 2019).
- Preuss, S. (2014). Cambodia steps up efforts against child labor. *FashionUnited*. Retrieved from: <https://fashionunited.com/news/fashion/cambodia-steps-up-efforts-against-child-labor/201412195611> (last accessed 2<sup>nd</sup> December 2019).
- Pritchett, L. (2001). Where has all the education gone??. *World Bank Economic Review*, 15, 367-391.
- Qi, J., & Li, H. (2008). Spillover Effect of FDI on China's Knowledge Creation. *Chinese Management Studies*. 2(2), 86- 96.

- Ram, R., & Zhang, K. (2002). Foreign Direct Investment and Economics Growth: Evidence from Cross-Country Data for the 1990s. *Economic Development & Cultural Change*, 51(1), 205-215.
- Ramo, J.C. (2004). *The Beijing Consensus. Notes on the New Physics of Chinese Power*. London: Foreign Policy Centre.
- Rastogi, V. (2018). Cambodia's Garment Manufacturing Industry. *ASEAN Briefing*. Retrieved from <https://www.aseanbriefing.com/news/2018/11/01/cambodias-garment-manufacturing-industry.html> (last accessed 11<sup>th</sup> November 2019).
- Rodrik, D. (1997). *Has Globalization gone too far?* Washington, DC: Institute for International Economics.
- Rostow, W.W. (1980). *Why the poor get richer and the rich slow down: essays in the Marshallian Long Period*. Austin, TX: University of Texas Press.
- Rubinson, R. (1976). The World Economy and the distribution of income within states: A cross-national study. *American Economic Review*, 49(02), 233-253.
- Salminen, S. (1995). Serious occupational accidents in the construction industry. *Construction Management and Economics*, 13(4), 299-306.
- Sautman, B.V., & Yan, H. (2015). Chinese Neo-Colonialism in Africa: a Bien-Pensant Political Ploy. *China Policy Institute: Analysis*.
- Seila, T. (2019). Minimum wage won't fix Cambodia's construction sector. *Asia Times*. Retrieved from: <https://www.asiatimes.com/2019/05/opinion/minimum-wage-wont-fix-cambodias-construction-sector/> (last accessed the 12<sup>th</sup> November 2019).
- Selwyn, B. (2014). *The Global Development Crisis*. Cambridge: Polity.
- Selwyn, B. (2016). Elite development theory: a labour-centred critique. *Third World Quarterly*, 37(5), 781-99.
- Skrikanova, K. (2010). Between decent work and forced labour: examining the continuum of exploitation. *JRF programme paper: Forced Labour*. Joseph Rowntree Foundation (JRF).
- Smith, J., Bolyard, M., & Ippolito, A. (1999). Human rights and the global economy: A response to Meyer. *Human Rights Quarterly*, 21, 207-219.
- Smith Nightingale, D., & Wandner, S. A. (2011). Informal and Nonstandard Employment in the United States: Implications for Low-Income Working Families. *The Urban Institute*, Brief 20.
- Sochet, H. (2013). Impact of the Global Financial Crisis on Cambodian Economy at Macro and Sectoral Levels. *CDRI Working Paper Series*, No. 72, Cambodia's leading independent development policy research institute (CDRI), Phnom Penh, Cambodia.
- Strusani, D. (2015). Foreign Direct Investment and Inclusive Growth. The Impacts on Social Progress. *Deloitte LLP*, Final Report.
- Sullivan, M. (2011). China's Aid to Cambodia. In C. Hughes & K. Un (Eds.), *Cambodia's Economic Transformation* (pp. 50-70). Copenhagen, Denmark: NIAS – Nordic Institute of Asian Studies.

Sum, M. (2008). Infrastructure Development in Cambodia, in Kumar, N. (Eds.), *International Infrastructure Development in East Asia – Towards Balanced Regional Development and Integration*, ERIA Research Project Report 2007-2, Chiba: IDE-JETRO, 32-84.

Te Velde, D.W. (2006). Foreign Direct Investment and Development. An historical perspective. Background paper for *World Economic and Social Survey for 2006*, commissioned by UNCTAD. Overseas Development Institute.

The ASEAN Post Team (2019). How China Changed Sihanoukville. *The Asean Post*. Retrieved from: <https://theaseanpost.com/article/how-china-changed-sihanoukville> (last accessed 27<sup>th</sup> November 2019).

Thun, E. (2014.). The Globalization of Production. In Ravenhill (Eds.), *Global Political Economy*, (third edition, pp. 283-304), Oxford: Oxford University Press.

Tiyeing, M. (2018). Understanding China. BRI in Southeast Asia – Beyond Infrastructure. *DBS Bank Ltd*.

Tsai, P.L. (1995). Foreign Direct Investment and income inequality: Further evidence. *World Development*, 23(3), 469-483.

Twomey, M. J. (2000). *A century of Foreign Investment in the Third World*, London Routledge.

United Nations (1948). Universal Declaration of Human Rights (UNDHR), UN General Assembly, available at <https://www.un.org/en/universal-declaration-human-rights/> (last accessed 30<sup>th</sup> October 2019).

UN General Assembly (1991). *Final Act of the Paris Conference on Cambodia (Agreement on a Comprehensive Political Settlement of the Cambodia Conflict - Paris Peace Agreement)*, A/46/608, available at: <https://www.refworld.org/docid/5b34a66d7.html> (last accessed 1<sup>st</sup> November 2019)

United Nations (2000). *Contemporary Forms of Slavery*. E/CN.47Sub.2/2000/23. New York: United Nations Economic and Social Council, Commission on Human Rights.

UNICEF (2019). *Child Labor*, UNICEF Data, retrieved from <https://data.unicef.org/topic/child-protection/child-labour/> (last accessed 30<sup>th</sup> October 2019).

United Nations Conference on Trade and Development (UNCTAD) (1998). *World Investment Report 1998*. New York: United Nations.

United Nations Conference for Trade and Development (UNCTAD) (2003). *The Development Dimension of FDI: Policy and Rule-Making Perspectives*. New York, Geneva: United Nations.

United Nations Conference for Trade and Development (UNCTAD) (2005). *World Investment Report 2005: Transnational Corporations and the Internationalization of R&D*. New York, Geneva: United Nations.

United Nations Conference for Trade and Development (UNCTAD) (2012). *World Investment Report 2012: Towards a New Generation of Investment Policies*, New York, Geneva: United Nations.

United Nations Conference for Trade and Development (UNCTAD) (2019). *World Investment Report 2019: Special Economic Zones*, New York, Geneva: United Nations.

Vida, T. (2019). Minimum wage for garment, and footwear sectors rises to \$190 in 2020. *Khmer Times*. Retrieved from: <https://www.khmertimeskh.com/645175/minimum-wage-for-garment-and-footwear-sectors-rises-to-190-in-2020/> (last accessed 26<sup>th</sup> November 2019).

Wang, M., Liu, J., & Sriboonchitta, S. (2018). The determinants of China's ODI to Southeast Asian countries: further evidence from count data model. *Journal of Physics: Conference Series*.

Williamson, J. (2012). Is the 'Beijing Consensus' Now Dominant?. *Asia Policy*, 13,1-6.

World Bank (2012). *Resilience, Equity, and Opportunity: The World Bank's Social Protection and Labor Strategy 2012–2022*. Retrieved from <http://documents.worldbank.org/curated/en/443791468157506768/pdf/732350BR0CODE200doc0version0REVISED.pdf> (last accessed 13<sup>th</sup> September 2019).

World Bank (2019a). *Labor force, total – Cambodia* [Data file]. Retrieved from <https://data.worldbank.org/indicator/SL.TLF.TOTL.IN?end=2019&locations=KH&start=1997> (last accessed 7<sup>th</sup> November 2019).

World Bank (2019b). *Population, total – Cambodia* [Data file]. Retrieved from <https://data.worldbank.org/indicator/SP.POP.TOTL?end=2019&locations=KH&start=1997> (last accessed 7<sup>th</sup> November 2019).

World Bank Group (WBG) (2019). *Cambodia Economic Update. Recent Economic Developments and Outlook*. The World Bank, Cambodia Country Office. Phnom Penh, Cambodia.

World Population Review (2019). Cambodia Population. (2019-08-27). Retrieved from <http://worldpopulationreview.com/countries/cambodia-population/> (last accessed 4<sup>th</sup> November 2019).

World Trade Organization (WTO) (2005). *Understanding the WTO: Cross-Cutting and New Issues*, chapter 4.

Yeo, G. (2018). China's trade war pain can be ASEAN's gain: how Southeast Asia is reaping a windfall of shifting trade and investment. *South China Morning Post*. Retrieved from: <https://www.scmp.com/week-asia/geopolitics/article/2168703/chinas-trade-war-pain-can-be-aseans-gain-how-southeast-asia> (last accessed 5<sup>th</sup> October 2019).

Yoon, Y., & McGee, R.W. (2003). *Incorporating Labor Standards into Trade Agreements: An Ethical Analysis*. Presentation at the Korea Labor Institute - Korea America Economic Association Joint Conference. Available at SSRN: <http://ssrn.com/abstract=410362>.

Zhang, K. H., & Song, S. (2000). Promoting exports. The role of inward FDI in China. *China Economic Review*, 11, 385-396.