

# CSHL NEWSLETTER

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BY ELBBL STUDENT

## Impact of Covid-19 on Socio-Economic Situation in Cambodia

There was an expanding crisis hocking on the world economy especially the developing countries, not only as a health catastrophe but also as a destructive socio-economic development including the ASEAN countries especially in Cambodia such as interruption of distribution network and limiting demand, reducing travel, commerce, and investment flows ascend after the World Health Organization declared Covid-19 as Public Health Emergency of International Concern in 2020.[1] The first negative impact of covid-19 caused the suspension of the labor industry, impact the livelihood of Cambodian workers. According to the Reuter, Heng Sour, the spokesmen of the Ministry of Labor states, "at least 91 garment factories in Cambodia have suspended work due to Covid-19, with 61,500 workers affected." [2] Another detrimental effect of covid-19 is a decline in the number of foreign investments in Cambodia. The influx of foreign investors in Cambodia mostly come from China; however, following the Covid-19 epidemic in China, the value of the authorized foreign direct investment has declined substantially which contribute to a negative growth rate of 5.3 percent in 2020 as a result of a drop in Chinese foreign direct investment.[3]

To recover the socio-economic sector effectively, the government will need to maintain macro-financial sector stability by advancing trade and reforming investment and encouraging more use of digitalization.[4] There is two significant effective resolution that the Cambodian government uses to fight the current global crisis: First, the government helps relieve some of the burdens of the industrial sector by providing a supplementary wage. For approximately 61,500 workers, the government would offer a wage supplement from around \$38 per month.[5] Second, the government adopts a Covid-19 National vaccination campaign for immunization within the community. The prime minister of Cambodia encouraged citizens to get Covid-19 immunization because it also protects individuals against Covid-19, reduce the percentage of transmission from one to another, and it may even contribute to attracting investment in Cambodia; [6] and consequently, Cambodia has the second-highest percentage of fully vaccinated people in South-East Asia, after Singapore.[7]

The Cambodian government works patiently to reform the socio-economic development during the global pandemic. First, providing the wage supplement to the workers, not only can relieve the burden of the factory owners, but it also helps workers to support their daily life as well. Second, the National Covid-19 Campaign can help immunize citizens' pandemic through vaccination can make Cambodia becomes a Safe-place for foreign investors to confidently do the investment in Cambodia. It is not enough for the government to work alone during this tough situation of Covid-19, the citizens also need to help the government as well in order to overcome this pandemic.

[1] See, United Nations Development Programme (UNDP), "Covid-19 Crisis in developing countries threatens to devastate economies", 31 March 2020, accessed 24 November 2020, available at: <https://www.iq.undp.org/content/iraq/en/home/presscenter/pressreleases/2020/03/covid19-crisis-in-developing-countries-threatens-devastate-econo.html>. See also, Open-Development Cambodia (ODC), "Socio-economic impact of COVID-19 on Cambodia", published by Open-Development Cambodia, 27 December 2020, accessed 23 November 2021, available at: <https://opendevdevelopmentcambodia.net/profiles/socio-economic-impact-of-covid-19-on-cambodia/#ref-124694-2>.

[2] The Reuters, "Cambodia says 91 garment factories suspend work due to coronavirus, 61,500 workers affected", By Reuters, 1 April 2020, available at: <https://www.reuters.com/article/health-coronavirus-cambodia-garments-idUSL4N2BP3KY>.

[3] ODC, "Socio-economic impact of COVID-19 on Cambodia".

[4] The World Bank, Cambodia in the Time of COVID-19: Economic Update, World Bank Group, 29 May 2020, accessed 24 November 2021, available at:

<https://documents1.worldbank.org/curated/en/165091590723843418/pdf/Cambodia-Economic-Update-Cambodia-in-the-Time-of-COVID-19-Special-Focus-Teacher-Accountability-and-Student-Learning-Outcomes.pdf>.

[5] The Reuters, "Cambodia says 91 garment factories suspend work due to coronavirus, 61,500 workers affected".

[6] Khmer Time, "Hun Sen encourages people to get inoculated with COVID-19 Vaccine", By Khmer Time January 23, 2021, accessed, 24 November 2021, available at: <https://www.khmertimeskh.com/50806350/hun-sen-encourages-people-to-get-inoculated-with-covid-19-vaccine/>.

[7] Khmer Time, "Cambodia secures position as second most vaccinated Southeast Asian country", By Khmer Time August 17, 2021 24 November 2021, available at: <https://www.khmertimeskh.com/50917674/cambodia-secures-position-as-second-most-vaccinated-southeast-asian-country/>

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