Post Multifibre Agreement: A Preliminary Assessment of Cambodia and South Africa
A Comparative Analysis

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Abstract

The paper examines the impact of the removal of quota restrictions under the Multifiber Arrangement (MFA) and the subsequent implications of this development to South Africa and Cambodia. Whilst many studies have been undertaken and there are different opinions from industry analysts in assessing the shock wave by the end of the MFA this study focuses on the details of trade agreements, particular of concern is the labour aspect, monitoring and compliance. In assessing the short term impact of the phasing out of quotas it will become apparent that there are diverging factors that affect the textile and clothing industry. This paper attempts to highlight these factors via a presentation of a comparative analysis illustrating that these two countries are so far on the opposite ends of the shock and argues what are the impending challenges and opportunities for South Africa and Cambodia had in confronting Post-MFA era.

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Acronyms and Abbreviations

AGOA : African Growth and Opportunities Act
ADB : Asian Development Bank
ANC : African National Congress
ATC : Agreement on Textiles and Clothing
CTFL : Clothing Textiles Footwear and Leather
CGTC : Cambodia Garment Training Centre
CMT : Cut Make and Trim
CPP : Cambodian People's Party
COSATU : Congress of South African Trade Union
EBA : Everything But Arms
EU : European Union
FES : Friedrich-Ebert-Stiftung
FIAS : Foreign Investment Advisory Service
GATT : General Agreement on Trade and Tariffs
GSP : General System of Preferences
ILO : International Labour Organisation
IPEC : International Programme on the Elimination of Child Labour
ITCB : International Textile Clothing Bureau
ICFTU : International Confederation of Free Trade Unions
LDC's : Least Developed Country
LTA : Long Term Agreement
SACP : South African Communist Party
SACTWU : Southern African Clothing Textile Worker's Union
SALRI : Southern African Labour Research Institute
SETA :
SMME's : Small Medium and Micro Enterprises
TC Industry : Textile and Clothing Industry
MFA : Multi-Fibre Agreement
NAMA : Non-Agricultural Market Access
NTR : Normal Trade Relations
MOLSAVY : Ministry of Social Affairs, Labour, Vocational Training and Youth Rehabilitation
OECD : Organisation of Economic Co-operation and Development
SA : South Africa
UN : United Nations
UNCTAD : United Nations Conference on Trade and Development
UNTAC : United Nations Transitional Authority in Cambodia
US : United States
US DOL : United States Department of Labour
WTO : World Trade Organisation

1. Introduction

At the end of quota regime (MFA/ATC) in January 2005, trends in the global textile and clothing sector in terms of production system, corporate behaviour and sourcing decisions construct a different understanding of how the supply or value chain transforms to fit into the new global economic development. Of equal importance in this new development are the implications of this transformation to the countries that rely heavily on the clothing and textile trade. Indeed the abolition of quota rouses considerable attention among international organizations, industry analysts, academic scholars and trade unionists on what could be the impact of this transformation to the world economy, countries, local communities and workers.

In the short term that has passed after the quotas have been phased already key trends show countries that have gained and countries that have lost. In addition to this there has been a shift from being producer driven to buyer-driven, where a combination of costs, lead-time, flexibility and location are crucial in determining investment. This is further facilitated by regional or bilateral agreements giving them preferential access to markets.

This research paper illustrates this by assessing the impact of post MFA/ATC of two countries - one on the winning end, Cambodia and the other, South Africa on the losing end. In this paper we assess the impact of the removal of quota restrictions under the MFA, particularly in the case of Cambodia and South Africa, on trade, employment, wages and unionisation? In addition to this we compare the two countries' dynamics i.e. the role of government, employers and unions to the post-MFA regime.

The paper is a shortened version of a Masters thesis submitted in 2006[1]. This study thus aims to critically assess the impact of the removal of quota restrictions under the MFA, particularly in the case of Cambodia and South Africa, on trade, employment, wages and unionisation. In doing this we compare and contrast various factors such from the countries' economic

[1] Aprill C and Certeza, R (2006). Unpublished.

position to the role of the unions in the two study countries in mitigating the adverse impact of post-MFA regime. Once these dynamics has been described we then com up with policy-oriented recommendations aiming for more effective adjustment strategies in the post-MFA regime.

In this research paper we intend on presenting secondary information in narrative form and in a quantitative format to show how different these two countries were affected by the impact of post MFA. The secondary information was collected and drawn from reliable sources such as UNCTAD, ICFTU, ILO, WTO, and the AGOA websites and some information was provided to us directly such as in the case of SACTWU. Due to time constraints and variables being analysed it would be impossible to have collected this information ourselves. Using the secondary information a comparative analysis is conducted in the final section comparing the salient features of the TC industry in each country.

There are five sections of which the in the second we briefly discuss the background to the MFA/ATC, Bilateral Agreements and AGOA. In section 3 we discuss the supply chain outlining key trends in general. The final section focuses on a comparative analysis summarising the salient features which shows how these two countries are on the opposite ends of the impact of Post MFA. We draw the paper to a closing by providing key policy recommendations.

2. Preferential Agreements

2.1 The Multi-fibre Agreement (MFA)

It all started with the Long Term Agreement Regarding International Trade in Cotton Textiles (LTA) being signed in 1962 under GATT policies whereby certain countries[2] agreed to have quotas introduced. The quota system constituted a major departure from the basic rules of GATT. Over time the agreement was re-negotiated several times with some countries which signed earlier abandoning and newer countries signing on to be part of this agreement. In 1974, the Multi-fibre-Agreement (MFA) was signed and had extended quota restrictions on trade of wool and man-made fibres in addition to cotton thus affecting practically all fibres.[3] . The MFA was supposed to be a temporary agreement and comprised mainly of trade between developing countries and US and EU. By 1981, 80% of imports of textiles and clothing going into the US was covered by bilateral quota agreements covering 20 countries. The agreement was renegotiated four times and in 1991 it was decided that it would expire in 1994. During the final years of the agreement, six countries[4] applied quotas which had applied exclusively to imports from developing countries.

2.2 Agreement on Clothing and Textile

The Agreement on Textiles and Clothing (ATC) followed the MFA at the time when the World Trade Organisation (WTO) was established in 1995. Four out of the six countries that was involved in the MFA continued to apply quotas as per the ATC: Canada, Norway, the EU and the US (Nordas, 2004). The ATC was to last for 10 years whereby a progressive increase would be implemented over this period of time (the process of trade liberalization). Nordas' report (2004), assessing the impact of the phase, emphasises that a low share of clothing in the volume of integrated products suggests extensive back loading and the most sensitive products and products with the highest

[2] Hong Kong, China, Pakistan, India and the US. (Nordas, 2004)
[3] United Nations Conference on Trade and Development Report (2005) further referred to as the UNCTAD Report, 2005
[4] EU, US, Canada, Finland, Norway and Austria. (Nordas, 2004)

value-added was left to the final stage of integration (for phasing out of quotas). This meant that liberalisation was kept to a bare minimum.

Table 1: Phasing out of ATC: Integration of Products over time.

Year	Integration of TC products (%)
1995	16%
1998	17%
2002	18%
2005	49%

Source: Hayashi 2005

A point that has to be emphasised here is that during the MFA, various countries started to invest in this industry to the extent where the TC sector became a main driver stimulating investment. This is why there was a move for a slow phase out of the quotas which once protected vulnerable developing countries. However this slow phase out could hurt the vulnerable industries even more.

2.3 Bilateral Agreements

Bilateral Agreements were already established in the form of MFA and ATC agreements, which as stated were representing fundamental breach of GATT principles. Ferenschild et al (2004:15) notes that parallel to the multilateral negotiation within the framework of GATT and the WTO, the nation states increasingly negotiated regional and bilateral agreements, which was intended to simplify trade and not put up barriers. By the end of 2002, around 250 trade agreements had been registered with the WTO with a further 70 in effect by 2005. (Ferenschild et al 2004.

2.4 African Growth and Opportunities Act.

The reason why we include a description and discussion on AGOA is because it applies to one of the case studies i.e. South Africa

The details of AGOA and how it works are extracted from the AGOA website. The African Growth and Opportunity Act (AGOA) was signed into law on May 18, 2000 as Title 1 of The Trade and Development Act of 2000. The Act offers tangible incentives for African countries to continue their efforts to open their economies and build free markets. President Bush signed amendments to AGOA, also known as AGOA II, into law on August 6, 2002 as Sec. 3108 of the Trade Act of 2002. AGOA II substantially expands preferential access for imports from beneficiary Sub-Saharan African countries.

The Act provides for duty-free and quota-free access to the U.S. market without limits for apparel made in eligible Sub-Saharan African countries from U.S. fabric, yarn, and thread. It also provides for substantial growth of duty-free and quota-free apparel imports made from fabric produced in beneficiary countries in Sub-Saharan Africa. Under AGOA I, apparel imports made with regional (African) fabric and yarn are subject to a cap of 1.5% of overall U.S. apparel imports, growing to 3.5% of overall imports over an 8 year period. AGOA II doubles the applicable percentages of the cap.

The criteria, processes, advantages and incentives affect the supply chain of each of the country's TC industry, locally and globally. The next section gives a bit of the supply in general.

3. The Supply Chain

This part of the paper discusses the clothing and textile supply chain specifically, (a detailed summary on supply chain theory can be found in the full paper- Aprill et al: Unpublished).

The structure of the global clothing and textile chain is driven by certain factors, such as cost, location, actors(e.g. trade unions), social clauses, preferential agreements and regulations such as the MFA/ATC to name a few.

In addition to these forces, the supply chain in itself is very complex in that it consists of different segments, at the top of the chain there are fibre producers using either natural or man-made (synthetic) materials. In the second segment of the supply chain raw fibres are spun, weaved into fabric, done by textile milling factories. These processed fibres are then used by apparel producers thus the third segment in the chain and finally the last segment is the retailers and branded merchandisers that make the finished apparel and other textile related products available to the end consumer (Sen, 2004, OECD 2004).

This review on supply chain theory in our research paper (2006) posits some interesting conclusions that may contribute for further studies on the industry. As there are lots of “doomsayers” predicting that the end of quota regime in the clothing and textile sector will drastically altered the face of the global supply chain, there is a propensity for large buyers to consolidate their supply base and concentrate their suppliers in large companies in smaller number of countries, a general review on the trend is sufficient and if possible an analysis using simulation model can be done to explore the possible implication of the post-quota regime.

4. Winners and Looser of Post MFA era: A Comparative analysis of South Africa & Cambodia

It is crucial to note that the case studies presented in Aprill et al (2006, unpublished) represent a very detailed account of what is happening in these respective countries. It is the aim of this section to highlight critical differences and similarities of the various aspects discussed in these case studies.

4.1 Socio-Economic and Political Context

We found that in both cases there has been power struggles and violence in the political sphere and in both countries (under colonisation). Democratisation only occurred very late, for South Africa in 1994 and for Cambodia in 1991. However the fact that the labour movement was at the core of power struggles in South Africa therefore leading to a more labour friendly kind of democratisation makes its case unique to Cambodia.

The modern market economy has already been jump started for Cambodia in the late 1980's, whereas South Africa they only began to open up its markets (too rapid) after democratisation in 1994. Cambodia has a population of 14 million compared to South Africa which has a population 48 million in.

A comparison of economic growth in the two countries is presented in table 2.

Table 2: Real Gross Domestic Product growth rates: Cambodia vs. South Africa

Year	Cambodia Real GDP	South Africa Real GDP
2002	6.2	3.7
2003	8.6	3.0
2004	10.0	4.5
2005	13.4*	4.9

Source: ICFTU Report (2006, p1 &2):
http://www.icftu.org/www/pdf/namanegotiationsinWTO.pdf

Table 2 illustrates that there has been a much higher GDP growth for Cambodia compared to South Africa, however the two countries have very diverse backgrounds contributing to these different growth rates.

Both countries had trouble attracting FDI for different reasons. In Cambodia, this is because of unreliable legal government and in the case of South Africa due to its volatility of its currency.

4.2 The Garment Industry

Even with its troublesome history, South Africa has had a long history of clothing and textiles industry which stagnated in the 1970's, declined in the 1980's due to sanctions, and grew with the opening up of markets after the apartheid regime. In Cambodia, though the garment industry has been considered as the initial step for industrialisation for the country, whereas for South Africa mining kick started it the industrialization era. In Cambodia, the relative growth of the sector has been attributable primarily to its preferential access to major markets. In South Africa, relative growth of the TC sector is attributable to a combination of preferential agreements and the presence of a strong domestic market. In Cambodia, almost 75% of its garment exports goes to the US and EU market whereas for South Africa it is much lower as a lot of focus seems to be on producing for the domestic market.

4.3 Ownership and Size of the Industry

Majority of ownership of the TC firms in Cambodia is of foreign origin, whereas in South Africa with a few exceptions most manufacturing companies are owned by South Africa. In South Africa, there was however Asian (Malaysian) owners of a company called Ramatex Berhad. However it closed down in 2003. Currently one of the main foreign owned companies in South Africa is the Daun Group owned by a German investor. In Cambodia, there are three top investors Taiwan (owning 63 firms), Hong Kong (owning 58) and China (owning 28 firms). Hence the Cambodia is more foreign ownership driven than South Africa.

In Cambodia, there are about 292 firms operating in the TC sector of which 270 are producing clothing, and on average these firms employ 1000 workers. South Africa however has about 2000 active firms in the Clothing, Textile, Footwear and Leather firms of which 80% are found in the clothing and textile industry (approximately 1600). Although South Africa has more firms than Cambodia, the firms in the former employ on an average less than (20-200) people.

4.4 Employment Patterns, Wage system and unionisation.

Drawing the statistics from the respective case studies which both have high rates of female employment (SA- 66.7% and Cambodia 85%), Table 16 below shows clearly that whilst employment has been increasing in Cambodia there has been a sharp decline of 37.4% between 1996 and 2005 for South Africa. Hence the observation made here is that when the phasing out of MFA quotas started, South Africa began to drastically lose out and Cambodia gained, not only in internal growth (employment) but also external as well (globally via exports). This is apparent in the section on Job losses in South Africa's case. The figures show that 67 000 workers were estimated to have lost their job from 2003 to June 2006. It is important to note here that with regards to Cambodia there has big jump in numbers from 1995 to 2004 as seen in table 3 below. This could be a result of more accurate recording mechanisms by the ILO better factories program.

Table 3: TC employment with year in brackets

South Africa	Cambodia
228 053 (Mar 96)	18 700 (1995)
142 863 (Mar 05)	245 600 (2004)
144 924 (Dec 05)	300 000 (2006)

The wage system in South Africa differs in categories and to a slight extent depending on which categories are referred to, amount, when compared to Cambodia. In South Africa there are metro (urban) and non- metro(rural) areas and when we compare the rural areas average wage rate of a machinist (US$47.57) to the minim wage set by the government of Cambodia (US$45), the wages are higher in South Africa. As mentioned in the South Africa's case one cannot just draw clear cut conclusions on wage rates as there are lots of factors to consider. Significant here to mention is that social security systems and living standards vary in these two respective cases.

As mentioned in the first section of chapter, South Africa has had a long history of labour militancy. The labour movement was present throughout the Apartheid regime. The largest Confederation (COSATU) forms part of a tripartite alliance, with the ruling party ANC and SACP. This means that labour policy and enforcement is heavily influenced by the voice of labour. However in Cambodia unions only started to thrive in 1995 and enforcement of labour laws remains to be problematic due to the lack of political will, resources and technical capabilities by the labour inspectorate. A key difference is that in Cambodia there are 15 federations whereas in South Africa there are only 3 confederations of which COSATU is the biggest.

4.5 Investment and Technology

It seems that in both cases Investment and Technology plays a major role but is to a larger extent present in Cambodia compared to South Africa. Investments lead to revitalisation of the industry and also increase the quality of production being made because of new modern machinery acquired. Investment is much needed in South Africa to result in a shift away from the industry being concentrated in the less sophisticated CMT sector.

Both countries are experiencing lack of skills and training pertaining to operators on the shop floor level, mid management- line supervisors and management skills in General. A stark difference between these two case studies is that, as a result of the inequality present before the SA government has implemented a highly organised skills and training initiative run by SETA. This initiative does however require more funding and investment.

4.6 Trade Agreements

Under AGOA and under the US-Cambodia Bilateral Agreement SA and Cambodia are exporting to the exact same locations i.e. the US. These different preferential agreements used by each of these countries were both signed in 1999. The Cambodian Agreement ended expired early than the AGO agreement. The latter ends in 2015 and the former ended in 2004. The main difference is that in Cambodia's case the main condition qualifying them for a quota bonus is that Cambodian factories had to comply with internationally recognized labour standards and the national labour law. The US and Cambodia sort the ILO to help implement and monitor the specified conditions. Within the Better Factory program (outlined in detail in April et al 2006), international monitors were given access to factories in Cambodia. In the case of South Africa, AGOA was a kind of bi-lateral agreement that required the state to abide to certain criteria, one of which involving labour compliance. The only form of enforcement or monitoring is based on country reports submitted annually. There are no incentives involved in the agreement that specify, that if more factories become compliant a bonus quota would be the result.

Rule of Derogation

Another important highlight that stems from this agreement is that South Africa does not qualify for the rule of derogation, meaning they cannot use imported fabric from a third country (which could be Cambodia) at low cost, whereas most of the other African Least Developing Countries are taking full advantage of this rule. This means that Cambodia is at an advantage point where this is concerned. Cambodia is involved in this triangular manufacturing scheme that Gereffi (1994) refers to.

4.7 Impact of Post MFA

To asses the impact, we looked at two main indicators, trade and employment In terms of employment, Cambodia is now 16 times bigger when comparing the years 1995 to 2006, whereas South Africa has had a 37% decrease in employment.

In terms of trade, Cambodia posted a positive result in the first year of quota abolition. Statistical evidence presented by the Better Factories Cambodia shows that the value of garment export increased to US$2.175 billion in 2005, an increase of 9.66% compared to 2004 figure. In the case of South Africa, the result has been the opposite. Table 4 shows how these two cases are on opposite ends of the Post MFA era and this is only a snapshot of what is happening as it only looks at trade taking place in the first 11 months after quotas have been phased out.

Table 4: Clothing and Textiles Exports to the US:

Percentage change January to November 2004vs 2005

Country	**Clothing**	**Textiles**
Cambodia	18.2%	14.6%
South Africa	-52.0%	-11.6%
China	72.4%	28.9%

Trade under AGOA

The section on South Africa focuses very much on trade under AGOA and it is very interesting to find data that sums up trade under AGOA versus trade in East Asia of which Cambodia forms part of.

The post MFA era has resulted in a lot of changes of various variables of the clothing and textile industry all over the world. The table below highlights the changing dynamic for "better or worse".

Table 5 SA vs. East Asia, Top 5 SA Clothing and Textile exports to US, 2004 vs. 2005 (Cambodia, Vietnam, Hong Kong, Malaysia, Indonesia, Taiwan and Korea)

Item	Value Change (%)		Unit Price Change (%)		SA Market Share %			E Asia Market Share %	
	SA	E Asia	SA	E Asia	2001	2004	2005	2004	2005
Total	-45	-2			0.37	0.25	0.13	21	20
1	0.1	31.7	-7.3	-12.7	1.3	1	0.9	12.5	15.1
2	-70.3	9.0	-14.1	-3.8	0.3	1.3	0.3	7.4	7.2
3	-66.9	44.9	13.1	-2.3	1.2	0.2	0.1	20.6	28.2
4	-86.8	-0.6	9.5	-6.3	0.4	0.5	0.1	15	15.1
5	-73.2	-9.8	8.7	-2.9	0.1	0.9	0.2	30.9	28.5

Source: Kaplinsky et al 2006, p84: from http://dataweb.usitc.gov data accessed on 10th January 2006.
1: Men's or Boy's other pullovers, and similar garments of cotton, knitted or crocheted containing less than 36% of flax fibres
2: Men's trousers and breeches, not knitted of cotton, blue denim
3: Women's or girl's other pullovers and similar garments of cotton, knitted or crocheted containing less than 36% of flax fibres.
4: Women's trousers and breeches, of synthetic fibres, not knitted
5: Men's trousers and breeches not knitted or cotton, other.

South Africa has had a 45% decrease in value change compared to countries such as Cambodia in East Asia which had a 2 % decrease- minimal but significant for the Industry.

When taking Unit Price Change in account and looking at all five categories chosen, prices of garments in particular the five categories mentioned above, has decreased more in countries in East Asia compared to prices in South Africa. The table also indicates that market share for Cambodia has remained more or less constant but has decreased for South Africa.

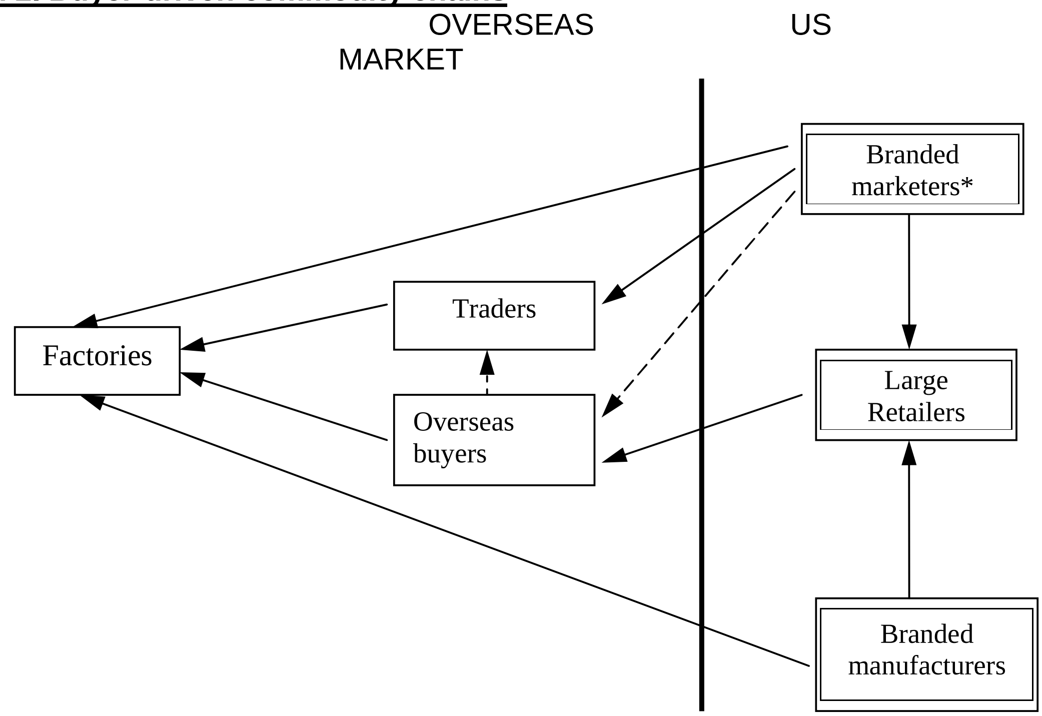
4.8 Supply Chain.

When looking at the various dynamics of the supply chain both countries supply their products to large retailers and branded manufacturers, and a huge chunk of export goes to developed countries such as US and EU. Industrial upgrading seems to be more likely to be taking place in South Africa because the supply chain is so vertically integrated. Raw materials in the production of garments are readily available in South Africa whereas with Cambodia most of the materials are sourced from other countries.

Quota allocation primarily drives the TC industry of Cambodia to be globally integrated. As Nam (2005) stresses out, quota forced overseas manufacturers to diversify or consolidate their location not only to scout for cheaper production locations but in considering other factors such as price, quality and time. This has also reinforced Hopkins and Wallerstein's paradox of commodity chain "boxes" that a box as a production processes may be consolidated (where there were two, there comes to be one) or subdivided (where there was one, there comes to be two) (Hopkins and Wallerstein 1994:18). This was evidently right in Cambodia as majority owner of garment firms are of foreign origin mostly from East-Asian who have contract production orders from Multinational retailers, as these east Asian contractors are quota constrained in some clothing categories they tend to reallocate their contract to other garment producing countries.

South Africa's development of the TC industry has to be seen within a broader context. Historically in South Africa the trajectory of the clothing and textile industry develops in phases. First, the level of early development of the industry which focuses on the domestic market was characterised as a highly protective industry. Second phase comes before democratisation and finally South Africa's integration into the world trading system when the country joined the World Trade Organization in 1994. The depreciation of South Africa currency, the Rand, in the early 2000s however paved way for its clothing and textile industry to expand and eventually its export rise (Vlok 2006: 227).

Diagram 2. Buyer-driven commodity chains



Source: Gereffi 1994
Notes: Solid arrows are primary relationships: dashed arrows are secondary relationships
* These design-orientated, national brand companies, such as Nike, Reebok and Liz Claiborne typically own no factories. Some, like The Gap Inc. and The limited, have their own retail outlets that only sell private label products

In the figure above taken from Gereffi's depiction of a typical garment supply chain, factories that produce the garments are involved in contract manufacturing[5] relationship with the buyers. As in the case of Cambodia and South Africa, orders come from intermediaries typically sourcing agents/traders who are multinational companies in their own right, such as Li & Fung in Cambodia and Li & Fung and Linmark Westman International in South Africa.

What could be the supply chain looks like post-MFA?

The elimination of quota regime gives uncertainties for both countries, given the different pattern of industry development changes that vary according to the trade advantage they possessed with their major trading partners and their relationship with the lead firms.

[5] Contract manufacturing refers to the production of finished consumer goods by local firms, where the output is distributed and marketed abroad by trading companies, branded merchandisers, retail chains, or their agents.

Lead firms as cited by Henderson et al differ in terms of their strategic priorities, their attitudes to labour relations, the nature of their relations with suppliers (Henderson et al., 2002 p453). In addition firms diverge in deciding where to invest or establish supplier and subcontractor connections.

Seemingly, the elimination of quotas will most likely consolidate production into larger companies in a smaller number of supplying countries (Speer, 2002 as cited in Appelbaum 2005:11) because of economies of scale that can be achieved and its strategy to improve performance (Kaplinsky et al, 2006). This implies that lead firms have on their sleeves to decide where to source their products. However, this would still rely on the relationship with the intermediaries in the supply chain as to whether what could be their considering factors to maintain transactions with their supplier firms.

4.9 Industry response

Comparing both countries, Cambodia looks more optimistic in responding to the effects brought out by the end of quota. Compared with other competing countries such as Sri Lanka, Bangladesh and Pakistan, the garment industry in Cambodia is vying for Foreign Direct Investment (FDI) in order to bring technical knowledge and market access. This could be one of the key issues for the survival of the industry in Cambodia in addition to increasing productivity levels and to make backward linkage. However, in contrast with the same competing countries, Cambodia does not have sufficient investment in textile production in order to have greater self-sufficiency in fabric suppliers to the garment industry. In addition still the industry vies on their position as supplier of choice in terms of labour standards and quality (AccountAbility: 21).

While in South Africa distinct options have been deduced from the perspective of the local producers, as enumerated by Kaplinsky et.al (2006), key elements of which are the concentration on the local market and upgrading on the value chain which the South African producers has great potential.

4.10 Trade Union Response

Trade unions for the sector in South Africa led by South African Clothing and Textile Workers Union (SACTWU) tend to be vibrant in addressing the challenges confronting the industry. Under the tripartite approach key stakeholders move to tackle the internal and external factors that might sustain the industry on the long run. A detailed four point proposal containing twelve programmatic areas has been submitted by SACTWU to the government concerning significant approaches by the trade union to address the competitiveness of the industry. In comparison, Cambodia trade unions are divergent in their approach in response to the shock caused by the end of quota. While there are some trade unions maintaining their collaboration with the industry leaders on strengthening their competitive advantage on labour rights compliance, other union groups are calling the garment industry major markets such as US and EU to find a solution on the future result of quota free environment (Mills, 2004:2).

5. Conclusion and Recommendations

The post Multifiber Arrangement (MFA) era changes the face of the textile and clothing industry. This creates different outcomes for South Africa and Cambodia. The two cases presented in this paper give us a clear view in understanding the different path and outcome of their T & C industry post MFA.

The growth of the clothing and textile industry in both countries relies closely on preferential access to major markets. Preferential access was facilitated by agreements, the AGOA for South Africa and US and EU-Cambodia bilateral agreements. Binded by different agreements, South Africa and Cambodia clothing and textile industry performed distinctively under quota rules inherent to the agreement.

Cambodia's remarkable performance in its garment export at the stages of the agreement boosted foreign currency earnings and created employment for mainly women who comes from rural areas. The spill over of the industry also creates small and medium garment sub-contractor enterprises and informal businesses, not directly associated to garment industry but generates income and job opportunities for its population. The same is true in South Africa that considerable amount of its T&C export contributes largely to its economy and therefore is expected to generate employment as well. However, South Africa had a huge decrease in employment in the last 10 years.

Both countries have been beneficiary of trade preferences accorded by major exporters. The T&C industry was driven by large retailers and branded merchandisers in the global supply chain which are headquartered in industrialized countries and facilitated by intermediaries mainly of East-Asian origin. In this sense, decisions where to locate or source production lies at the behest of intermediaries who opt to maximize advantages. Thus in a post-quota regime the ability of suppliers to provide full-package production is likely to be of choice. There are efforts to support the T&C industry for South Africa and Cambodia but the efforts remain to be overshadowed by market forces spelled out in the new global trading regime which both countries embraced. The removal of quota premium post-MFA withdraws one of key advantage both countries possessed, severely hurting South Africa's garment exports. However Cambodia export remains stable and even went up in the first year of the quota end. However, in the absence of quota, one thing is certain that both countries need to be cost-competitive in order for them to survive.

South Africa seems to be more prepared in confronting the challenge of the new regime in T&C industry, gearing to move up in the ladder of the value chain key stakeholders including the trade unions´ systematically defined platform for improvement of the industry and in identifying niche market. Cambodia on its part while vouching for its "High Road" approach is also exerting efforts to attract more foreign direct investments in order to address the issue of lack of technological capability and low productivity level, incapacities coupled with other hindrances mentioned earlier.

We further emphasised in our findings that post-MFA era produces different results and implications for both countries, positive and negative results. On the one hand positive results are seen in Cambodia as evident in the upward garment export trade and steady rise of employment, while on the other hand negative results in South Africa due to its consistent record of textile and clothing export decline and sharp decrease of employment. Nevertheless, as we argued, these early years after the quota has been removed and integrated in the WTO rules. Predictions and trends would not suffice in looking at the picture of post-MFA world. We believe that strengthening established relations within the global players in the global supply chain and normalized trade relations within the major markets will harmonize the flow of trade between countries. As for South Africa and Cambodia, relevant questions to be addressed is whether both countries' readiness to adopt policy coherence relative to the new global trading system and putting in place necessary contingency measures to mitigate the impending implications of the post-MFA to industry, communities, workers and economy in general.

In the light of the above, this study proposes the following recommendations:

1. To increase and attract more investments, there is a need to stabilize the local currency in the case of South Africa and minimize the rate of dollarisation in the case of Cambodia;
2. Seriously consider an industrial development strategy that focuses on institutional strengthening, maintaining and improving market access, reducing transaction cost, shortening of lead times, improving business operations, enhancing labour productivity and empowering women;
3. For employers to engage in competitiveness enhancing activities such as active tracking of industry and regional trends, promotion of the garment industry overseas, proactive management of training centres and close cooperation with trade unions; and
4. Trade unions have a role to play in strengthening and maintaining socially-responsible sourcing and production practices as proven in the case of Cambodia. In the post-MFA regime, unions can play as “whistle-blowers” to sustain social compliance of employers in the industry.

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