



Labor – Identification of Labor Contractors (Sub-Contractors)

Ministry of Labor and Vocational Training (MLVT) – Notification No. 068 dated 21 February 2020 on the Identification of Labor Contractors (Sub-Contractors)

Following the Industrial Relations Working Group meeting on 14 March 2019, the Labor Inspection Department of the MLVT issued notification No. 068 dated 21 February 2020 to the President of Cambodian Federation of Employers and Business Associations (CAMFEBA) on the Identification of Labor Contractors (also known as Sub-Contractors).

According to Article 45 of the labor law, Labor Contractors are Sub-Contractors who contract with entrepreneurs to recruit workers necessary to perform work or to provide services to the entrepreneurs for an all-inclusive price or fee. The work or services offered by the Labor Contractors to the workers are the same as or similar to the work or services required by the entrepreneurs.

This notification provides two examples to clarify the nature of Labor Contractors as follows:

Example 1:

If garment factory “A” has signed a contract with garment factory “B” to assign garment factory “B” to produce clothes in order to fulfill the large purchase orders of garment factory “A”’s buyers, the workers/employees of garment factory “B” are treated as workers/employees under the labor conditions of sub-contractors as stated in chapter 2, section 8 of the Cambodian labor law.

Example 2:

If garment factory “A” has signed a contract with a private security company to provide security services, the security guards shall not be considered as the staff of garment factory “A”. Therefore, the owner of garment factory “A” does not have obligations to secure the working conditions including wages of the security guards because these security guards are under the management of the security company and they are not the staff of garment factory “A”. However, the owner of the garment factory “A” shall have the obligation to check that those security guards are of the legal age for employment. The same case also applies for other contracts such as contracts with garden design services, repairing equipment services and food supply services, etc.

Note that Chapter 2, Section 8 of the labor law provides as follows:

- Exploitation by the labor contractor/sub-contractor is prohibited.
- The labor contractor/sub-contractor is required to observe the provisions of the labor law in the same manner as an ordinary employer and assumes the same responsibilities as the latter.
- The labor sub-contract must be in writing.

- The labor contractor is required to indicate his status and the name and address of the entrepreneur, by affixing them to a place that is clearly visible in each workshop, storeroom, or work site where work is performed.
- The entrepreneur shall maintain and make available a list of labor contractors with whom he has contracted. This list, indicating the name, address, and status of the labor contractor as well as the situation of each workplace, must be sent to the Labor Inspectorate within seven days following the date of signing the labor contract. This period is extended to fifteen days for agricultural enterprises or businesses.
- In case of insolvency or default by the labor contractor/sub-contractor, the entrepreneur or the manager of enterprise shall substitute for the contractor to fulfill the contractor's obligations to the workers. The harmed workers, in such case, may file a case directly against the entrepreneur or manager.

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