

**MINISTRY OF COMMERCE
UNCTAD
Sunway Hotel – Phnom Penh
November 11-13, 2003**

**Cambodia National Workshop
on Environmental Requirements
in Major Export Markets
for Leather & Footwear Sectors**

**Focus: Footwear Sector
Cambodia**

Year	FOOTWEAR EXPORTS		
	EU (Germany - Bulk)	Non-EU (Japan - Bulk)	Total Exports
1999	\$ 10,420,490.00	\$ 5,508,570.00	\$ 15,929,060.00
2000	\$ 17,772,543.00	\$ 8,260,811.00	\$ 26,033,354.00
2001	\$ 17,608,510.00	\$ 10,506,844.00	\$ 28,115,354.00
2002	\$ 24,913,979.00	\$ 13,344,483.00	\$ 38,258,462.00
3Q-2003	\$ 13,833,050.00	\$ 2,215,428.00	\$ 16,048,478.00

Major Export Markets

- *EU – 57%*
– *Germany, France, Netherlands*
(Strong emergence of Green Consumerism)
- *Japan – 34%*
(No specific Environmental Requirements)

Cambodia Capacity

- ❖ *Present Production: 13.6 million pairs*
- ❖ *Potential Capacity: 24 million pairs*
- ❖ *Lead time to EU market:*
 - *Cambodia 3 – 4 months*
 - *Vietnam 2 months*
 - *China 1.5 month*

Cambodia Capacity

--Cont'd --

- ❖ *Higher Cost due to:*
 - *No vertical integration*
 - *Full imports of raw materials (tax free) & accessories (not tax free)*
 - *Restrictive Labor Law allowing only 2 hours O.T. per day maximum –suppressing competitiveness--*

QUALITY CONTROL FOR SHOES

	FORCE	STRESS	ELONG.	STRAIN
	(KG)	(KG/CM2)	(CM)	(PERCENTAGE)
PEAK POINT	32.7050	0.32705	41.2600	41.2600
BREAK POINT	5.5550	0.05555	336.5230	336.5230

CAMBODIA ENVIRONMENTAL REQUIREMENTS

MINISTRY OF ENVIRONMENT – SUB-DECREES –

06-Apr-99	WATER POLLUTION CONTROL
27-Apr-99	SOLID WASTE MANAGEMENT
10-Jul-00	AIR POLLUTION CONTROL & NOISE DISTURBANCE



European Commission – DG ENV



THE EU ECO-LABEL



The EU Eco-label Helpdesk – Green Week – 3 June 2003



What is the Flower?



- Created in 1992
- Voluntary
- Valid across EU, Norway, Iceland, Liechtenstein
- Covers goods and services (not food and drugs)
- Public label: certified by independent third party, not a self-claim
- Transparent process: multi-stakeholder



The Flower...



- ... distinguishes environmentally friendly, high quality products
- ... helps consumers to find green products easily
- ... guarantees reliable information
- ... offers competitive advantage to producers of eco-labelled products



Wider policy background



- **Jo'burg Plan of Implementation:**
 - "Adopt on a voluntary basis effective, transparent, verifiable, non-misleading and non-discriminatory consumer information tools to provide information relating to sustainable consumption and production"



Wider policy background



- **Integrated Product Policy (IPP)**
 - Is based on Life Cycle Approach to minimise environmental impacts
 - Requires participation of stakeholders
 - Includes services
 - Provides for a variety of tools to be used

The eco-label is one such tool




Who is in charge?

- European Union Eco-labelling Board
 - European Commission
- Member State level: Competent Bodies
 - Criteria development
 - Award
- Interest groups: environmental NGOs, consumers' associations, SMEs...
- Industry

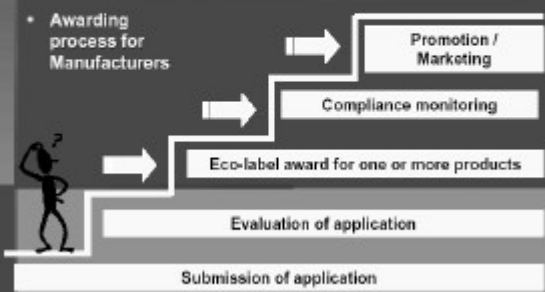


How does it work?

- Criteria development
 - Defined for each product group
 - Multi-criteria
 - Participation of interested groups
 - Based on Life Cycle Considerations
 - Formal adoption by the European Commission (Decision)



How does it work?



- Awarding process for Manufacturers



Achievements

- 2000
 - 15 product group criteria established
 - 37 companies
 - 17 million articles bearing the Flower
 - 38 million euro ex-factory sales
- 2003
 - 21 product group criteria established
 - 142 companies



Achievements

- Criteria defined for 21 Product Groups

Household appliances (4)	Bed mattresses
Detergents (4)	Personnel Computers
Indoor paints & varnishes	Portable computers
Light bulbs	Televisions
Soil improvers	Hard floor coverings
Textiles	Tourist Accommodation
Footwear	Tissue paper
	Copying paper



Achievements

- In the pipeline
 - Furniture
 - Camp sites
- Planned developments
 - Lubricants
 - Retail service



Achievements: awards per Product Group



• Textiles	49
• Paints&varnishes	34
• Soil improvers	11
• Tissue paper, All purpose cleaners	8
• Dishwashing and Hand dishwashing detergents	6
• Footwear	5
• Bed mattresses	4
• Laundry detergents	3
• Refrigerators	2
• Dishwashers, Copying paper, Light bulbs, Hard floor coverings	1
• Portable computers, Personal computers, Washing machines	0



Achievements: awards per country




• Italy	34
• France	30
• Denmark	28
• Spain	13
• Greece	10
• Sweden	9
• Portugal, Germany	4
• Austria, Belgium, UK	2
• Finland	1
• Ireland, Luxembourg, Norway, Iceland, Liechtenstein	0




Marketing / Promotion



- **Eco-label Campaign 2004**
 - Phase 1: contact new potential manufacturers to apply for the eco-label
 - Phase 2: European Flower Week in October 2004
 - Coordinated by Danish Competent Body




The EU Eco-label




The Flower label excludes usage of substances harmful to Environment & Health such as:

- Pentachlorophenol (PCP)
- Tetrachlorophenol (TCP)
- Certain Azo Dyes & Chloralkanes
- Limits residues of Formaldehyde & Metals as Chromium (VI), Arsenic, Cadmium & Lead in final product



The EU Eco-label



Cont'd ...

- **Limits Water Pollution & Reduces Emissions of Volatile Organic Compounds during Production**
- **Only Recycled PVC to be used in Outsoles**
- **Packaging made from recycled material**

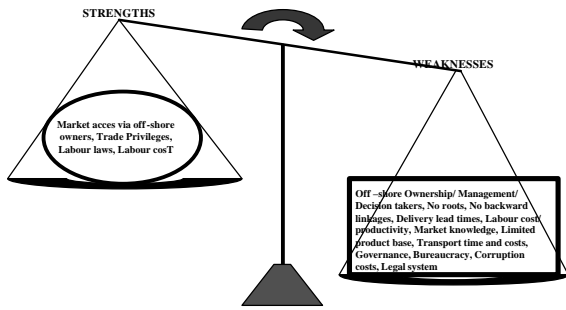


The EU Eco-label



- **Increasing demand for Footwear labelled with The Flower expected**
- **Demand for Footwear closely linked to Clothing sector**
- **Increasing demand seen in Retail Trade for eco-labelled Textiles to be similar on Footwear**

**FOOTWEAR INDUSTRY- CAMBODIA:
STRENGTHS & WEAKNESSES**



Solutions for Improvement

- Do a thorough SWOT analysis for the industry
- Improve regional sourcing alternatives in line with ASEAN political will for faster integration and boosting intra ASEAN trade
- Network with regional Footwear Associations to seek common voice/strategy to address environmental issues in major common markets
- Seek TAs to hook on various ASEAN-EU and ASEAN-UNDP joint programs for better understanding of growingly complex environmental requirements