



NEWSLETTER

MYANMAR GARMENT MANUFACTURERS ASSOCIATION

NEWSLETTER

MARCH 2018

MGMA AGM



MGMA held its Annual General Meeting on 10th March 2018 in Mingalar Hall, 2nd Floor, UMFCCL. The meeting was attended by Ministry of Commerce Deputy Minister U Aung Htoo, UMFCCL Chairman U Zaw Min Win, MGMA Election Commissioners, Yangon Region Hluttaw MPs and other dignitaries. MGMA Chairman U Myint Soe opened the event by his speech. He said this is hard time for manufacturers because of new minimum wage and

poor industrial relations. The Deputy Minister U Aung Htoo mentioned his appreciation for garment industry in his opening speech. Chairman of UMFCCL U Zaw Min Win also gave a speech. The AGM announced that all previous EC Members quited and newly elected EC Members are appointed. Then Secretary General of MGMA Daw Khine Khine Nwe reported previous fiscal year's activities, financial account and current budget. CEC, EC members and their positions elected in MGMA EC Election on 24th Feb 2018, were officially appointed for next 3 years in AGM. After photo session and tea break, the AGM was followed by "Launching Fully Online License System".





NEWSLETTER

MYANMAR GARMENT MANUFACTURERS ASSOCIATION

NEWSLETTER

MARCH 2018

The newly elected of MGMA Executive Committee members are as follow:

No.	Name	Position
1	U Myint Soe	Chairman
2	Dr. Aung Win	Vice-Chairman
3	U Kyaw Win	Vice-Chairman
4	Daw Khine Khine Nwe	Secretary General
5	Daw Aye Aye Han	Joint-Secretary General (1)
6	U Sai Maung	Joint-Secretary General (2)
7	Daw Htay Htay Aye	Treasurer
8	U Kyin Tun	Accountant
9	U Tun Aung (B) U Tun Tun	Central Executvie Committee
10	Dr. Khin Maung Aye	Central Executvie Committee
11	U Aung Myo Hein	Central Executvie Committee
12	Daw Yin Yin Moe	Central Executvie Committee
13	Daw Win Ei Khine	Central Executvie Committee
14	Daw Khin Khin Kyi	Central Executvie Committee
15	Dr. Min Gaung Oo	Central Executvie Committee
16	Daw Phyu Phyu Sein	Executive Committee
17	U Maung Maung	Executive Committee
18	Daw Yin Yin Htay	Executive Committee
19	U Zaw Linn Lat	Executive Committee
20	U Thein Phay Win	Executive Committee
21	Daw Kyin Aye	Executive Committee
22	U Kyaw Soe Linn	Executive Committee
23	Daw Nan Ngway Kyu	Executive Committee
24	Daw Li Li San	Executive Committee

Launching Fully Online License System

MGMA launched Fully Online License System on 10th March 2018 after its AGM. Joint-Secretary General U Sai Maung explained advantages and benefits of using online system for import/export license application. He presented how the system started and mentioned his appreciation for factories' cooperation. In the presentation, he played a video clip that shows recommendation and suggestions from two factories which have been actively involved in testing period of the system. MGMA will provide the training to all member factories.





NEWSLETTER

MYANMAR GARMENT MANUFACTURERS ASSOCIATION
NEWSLETTER MARCH 2018

Factory names are sorted out by alphabetically and divided into 6 groups as following training series:

Batch	Factory Name (Alphabetically)		Training Date	Online System starting date
	From	To		
1	Aaa	Fij	2018-03-15	2018-03-19
2	Fik	Hzz	2018-03-22	2018-03-28
3	Iaa	Mrz	2018-04-02	2018-04-04
4	Msa	Nkz	2018-04-20	2018-04-23
5	Nla	Slz	2018-04-26	2018-04-30
6	Sma	Zzz	2018-05-03	2018-05-07



The three batches of fully online license system training were conducted in MGMA on 15th, 22nd March and 2nd April 2018. It is compulsory that member factories which have completed the training must use the online system for their import/export applications.

2018 Union Tax Law

Pyidaungsu Hluttaw enacted 2018 Union Tax Law on 30th March 2018. PDF version of the law can be downloaded here: <https://pyidaungsu.hluttaw.mm/laws/lawno103032018>.

Exemptions for CMP in 2018 Union Tax Law

5% Commercial Tax Exemption for CMP Services

“Services performed under a system in which raw materials are provided and finished goods are taken” are granted exemption from 5% commercial tax in accordance with the section (14) (D), No. (11) of the 2018 Union Tax Law.



NEWSLETTER

MYANMAR GARMENT MANUFACTURERS ASSOCIATION

NEWSLETTER

MARCH 2018

5% Commercial Tax Exemption for CMP (Raw Materials, Accessories, Tools, Machines, etc...)

“Raw materials, goods which can be used directly as part of production or product and packing materials sent by business client living abroad for the production of processed goods on CMP basis, machines, machinery tools, tools and spare parts imported by businesses performing on CMP basis in needs of production, not for reselling” are granted exemption from 5% commercial tax in accordance with the section (14) (A), No (78) of the 2018 Union Tax Law.

Note: Translation is not official and referred to www.lincolnmyanmar.com. It is recommended to download 2018 Union Tax Law from the link above and read relevant sections.

Therefore CMP (Cutting-Making-Packing) factories are entitled to the exemptions for their raw materials imported with purpose of re-export and machines, tools and spare parts imported with purpose of using in production. MGMA's recommendation is required for those imports to enjoy the exemptions from 5% commercial tax.

MGMA Chairman is a member of Myanmar CMP Supervision Committee which was formed to conduct inspections on businesses to ensure that they are following existing rules and regulations. As part of the committee, on behalf of CMP Import/Export License Application Inspection Group which was formed under the committee, MGMA gives recommendations for import license and CO (Country of Origin) for export of CMP garment factories. For more information, please contact to hot lines +95 9 443399441 and +95 9 443399442.

100% Export-oriented Investments can apply for tax exemptions or reliefs

Myanmar Investment Commission issued Notification No. 87/2017 on 20th Nov 2017 describing 100% export-oriented investments. In exercising of the power conferred under section 100(b) of the Myanmar Investment Law, the Myanmar Investment Commission has prescribed investment activities as **100% export-oriented investments if the investors supply all of their finished goods and semi-finished goods manufactured locally to investment businesses which are 100% export-oriented without supplying the domestic market.**

The announcement is therefore made that such **100% export-oriented investments can apply for tax exemptions or reliefs in accordance with the section 77(b) of the Myanmar Investment Law.**

Please contact to MGMA at +95 9 2314829, 2300253 for assistance with such application for tax exemptions or reliefs in accordance with the section above.

National Minimum Wage Committee Confirmed Minimum Wage Rate at 4800

National Minimum Wage Committee held its 5th meeting for setting minimum wage on 5th March 2018 in Nay Pyi Taw. During the meeting, the national committee on minimum wage decided to set average daily wage at 4800/- MMK. This rate has been set after 60 days period of public objection and inspection. Regional Minimum Wage Committees inspected on objections on the proposed minimum



NEWSLETTER

MYANMAR GARMENT MANUFACTURERS ASSOCIATION

NEWSLETTER

MARCH 2018

wage rate 4800/- MMK announced on 2nd January and submitted documents to the National Committee.

Now the committee confirmed minimum wage as 4800/- per day and is going to submit it to the cabinet. After some time for that process, according to section (40) of Minimum Wage Rule 2013, the National Minimum Wage Committee shall prescribe with the approval of the union government minimum wage rate and the rate will legally effect then. Commencement date of the new minimum wage rate will be mentioned in that announcement of the National Minimum Wage Committee. How long it will take from now to then remains unknown.

Dismissal in Probation Period

One of MGMA member factories employed a worker for QA position and dismissed the worker on 9th day with reasons of working performance and disobedience. The real reason behind the scene for dismissal was notorious background heard from neighboring factory. The employer set probation period in employment contract which was signed on the first day of service. The employer paid wages for 9 working days and one month salary for one month notice but the worker did not accept and complained dismissal to arbitration body after conciliation. Yangon regional arbitration body decided on the dispute that the employer shall re-employ the worker and pay compensation for interval. The factory did not proceed the case by going to arbitration council and abided by the decision. Later the employer and the worker agreed employment termination. In the agreement, the employer had to pay the worker lump sum of money including compensation for interval, one month salary for one month notice and extra fee which was enforced by the worker and his representative.

In that case, definition of probation period should be considered. It is applied in common sense to watch his/her character, behavior, obedience, working performance and so on. It is understandable that probation period is testing employment. No one can be verified who he/she is in two or three days. Testing means “not permanent” therefore both parties should be entitled to the right of dismissal or resignation without any reason.

It is not surprising that possibility of decision for reinstatement with interval-compensation is too high. It is being suggested by the Section (25) of The Settlement of Labour Dispute Rules (2012) saying that;

25. The Arbitration Body or Tribunal may carry out as follows in passing decision in accord with the provisions of existing labour law by quoting the decisions and precedents to be fair for the employer and worker:

- (a) Cause to reinstate the worker by the employer at the former designation or at any other suitable designation;
- (b) Cause to pay damages for the suitable interval period relating to the matter of reinstatement decision;



NEWSLETTER

MYANMAR GARMENT MANUFACTURERS ASSOCIATION

NEWSLETTER

MARCH 2018

Setting probation period is good practice but not in employment contract. It is more flexible to dismiss worker in probation period before signing employment contract. Employer can stipulate training and probation periods before appointment without signing employment contract in accordance with the following sections of Employment and Skill Development Law 2013;

5. (a) (1) If the employer has appointed the employee to work for an employment, the employment agreement shall be made within 30 days. But it shall not be related with government department and organization for a permanent employment.

(2) If pre training period and probation period are stipulated before the appointment the said trainee shall not be related with the stipulation of sub-section (1).

MGMA hired labour officer and implemented employer services to assist member factories with such cases. The member factories can contact to +95 9 257313341 for further advice.

MGMA expands MGHRDC

MGMA's MGHRDC (Myanmar Garment Human Resource Development Center) is a full-time training facility in north Yangon. MGHRDC is offering two regular courses of basic sewing training and supervisor training free-of-charge for garment sector workers. Sewing machine tuning techniques are also being taught by experts from Juki, twice a month on Saturdays.

In effort to expand MGHRDC, MGMA has been working with the help of ministries and international organizations. Ministry of Education granted MGMA to use a whole floor of a building in Insein GTI School. MGMA is planning to move there and exploring to introduce additional regular courses.

MGMA is also one of assessment centers of NSSA (National Skill Standard Authority). NSSA was formed in 2007 to set skill standards, conduct assessments and issue workers certificates of the standards. NSSA's Assessor Groups conduct assessments on workers in assessment centers across the country. From Aug 2017 to Mar 2018, the assessor groups conducted assessments on 1386 workers for garment sector.



MGMA Secretary General Daw Khine Khine Nwe giving opening speech at TVET



Sewing Machine Tuning Techniques training's practical session



NEWSLETTER

MYANMAR GARMENT MANUFACTURERS ASSOCIATION

NEWSLETTER

MARCH 2018



Basic Sewing Training Class



Site Visit to Garment Factory

European Parliament Delegation Visited to Garment

European Parliament delegation led by Chairman of the European Parliament's Subcommittee on Human Rights Mr. Pier Antonio Panzeri visited to Myanmar to evaluate human right conditions. Delegation accompanied by MGMA and Smart Myanmar also visited to Unique HTT Garment, member of MGMA to see growth and development of the sector. MGMA Secretary General Daw Khine Khine Nwe gave a presentation of current situation and how people benefits from EU GSP. She explained that over 400,000 jobs in the sector will be at risk if EU suspend GSP for Myanmar.



EU Delegation, MGMA and Smart Myanmar at Unique HTT Garment



MGMA GS Daw Khine Khine Nwe presenting current situation to EU Delegation

Membership Update

New 4 factories entered into the association in March 2018. All of them are Chinese owned factories. Total number of MGMA members as of 30th March 2018 is **561**. But list of active member factories and number of workers are as follow:



NEWSLETTER

MYANMAR GARMENT MANUFACTURERS ASSOCIATION NEWSLETTER

MARCH 2018

Active Member		
Country	No. of Factories	No. of Workers
Myanmar	174	59,692
Chinese	101	84,740
Korea	65	89,633
Japan	24	19,381
Others	101	91,112
JVs	41	31,302
Total	506	375,860

MGMA Members	Garment Factory		Non-Garment		Total
	Active	Inactive	Active	Inactive	
Myanmar	174	55			229
Chinese	101				101
Korea	65				65
Japan	24				24
Others	101				101
JVs	41				41
Total	506				561

MGMA Staffs' Retreat in Chaung Tha Beach

MGMA staffs' retreat was organized in Amazing Chaung Tha Hotel at Chaung Thar Beach on 24-27 March 2018. Organizational Development Training program for staffs' capacity building, facilitated by Mr. Tien from Bangkok. This retreat program was supported by AVE – Foreign Trade Association of German Retailers.

