

Report of Assessment Survey on Myanmar Garment Industry 2021

- *Workers' perspectives*



Workers' perspectives on the situation in Myanmar's garment industry, conducted in October 2021 by the Market Research Association (MRA), commissioned by the Myanmar Garment Manufacturers Association (MGMA).



Myanmar Garment Manufacturers Association

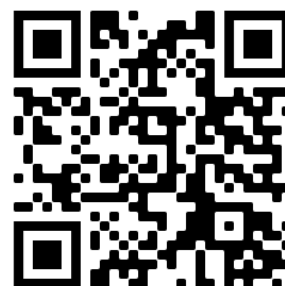
ABOUT US

The Myanmar Garment Manufacturers Association (MGMA) is the main private sector body covering the Myanmar garment industry. It was founded in 2002 and currently has 485 functioning members employing 453,000 employees as of September 2021.

MGMA facilitates responsible foreign investment in the sector. With the best sectorial knowledge available, MGMA is well-positioned to provide expert advice regarding your business development plans. Whether to launch a garment factory, supply for one or source from one, MGMA can help your business engage with one of Myanmar's most crucial export and job creation sectors.

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ACRONYMS

CATI	Computer-assisted telephone interview
CMP	Cut-Make-Pack
CVET	Continuing Vocational Education and Training
EU	European Union
FOB	Free-on-Board
GSP	Generalized Scheme of Preferences
LLL	Life-long Learning
MGHRDC	Myanmar Garment Human Resource Development Center
MGI	Myanmar garment industry
MGMA	Myanmar Garment Manufacturers Association
MMK	Myanmar Kyat
OBM	Own-Business-Manufacturing
ODM	Own-Design-Manufacturing
OEM	Original Equipment Manufacturing
PPE	Personal protective equipment
SSB	Social Security Board
UNDP	United Nations Development Programme
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
USD	United States Dollars



Executive Summary

The garment sector plays a vital role in Myanmar's socio-economic development and in creating jobs, especially for single, young women who have migrated from rural to urban areas. Being able to work in the formal, mainly urban-based garment industry presents the best option for people with a limited level of secondary education to transition towards a more stable income, a physically less demanding trade compared to agriculture or manual labor, and a chance at upward mobility for the workers' offspring if not themselves.

The Myanmar garment industry (MGI) mainly operates on a Cut-Make-Pack (CMP) system. At its high-water mark in 2019 just before the COVID-19 pandemic, the garment sector employed over 700,000 workers across over 700 factories and associated establishments, many of which are concentrated around Yangon. Since the pandemic began in early 2020, an estimated 150-200,000 jobs have been lost from the garment sector. This major drop is linked to the pandemic, global supply chain crisis, as well as recent political developments, its economic impact and uncertainty.

The current study focuses on workers' perspectives of the current situation in Myanmar's garment industry and was conducted in October 2021. The survey was commissioned by the Myanmar Garment Manufacturers' Association (MGMA) to the Market Research Association (MRA). It used computer-assisted telephone interviewing (CATI). Information related to more than 2,000 workers from 67 factories in 14 industrial zones that include those in Hlegu, Bago, Naypyitaw, Pakokku, Patheingyi and Yangon provided by MGMA was used as the sampling frame, and potential respondents were stratified into three levels.

A total of 868 persons were phoned randomly to ask of their willingness to participate in the survey. From this, 525 staff and workers completed the quantitative interviews that lasted 15 minutes on average. In addition, in-depth interviews were conducted with 20 of them who expressed their willingness to participate in further qualitative research.

Most (78%) of the respondents were aged 34 and younger and 56% reported being single. Almost all (99%) reported spending or sharing their salaries for others such as immediate family members and relatives. Almost half claimed 1 to 3 persons relied on their incomes while 45% said 4-6 persons were dependent on their salaries. More than 80% of the respondents said that their households earn less than MMK 600,000 per month. This could be interpreted as lower income groups spending at most MMK 20,000 (USD 11.35) per day that has to be shared among 4.4 members, based on average Myanmar household size.

Respondents are currently employed but almost 75% said they had recently not worked for up to a period of three months. Stay-at-home orders were imposed to contain the spread of COVID-19, and many factories shut down after the political changes that occurred in early 2021. 43% of respondents said they earned the same salary as before, but their real incomes should be affected by rising commodity prices. Only 40% said their factories employed the same number of workers as before the outbreak of the COVID-19 pandemic while 44% said their factories had reduced the labor force. 87% said they believed they received wages in accordance with the law, but 9% said they believed they were paid slightly less.

As high as 78% chose "income loss" as the major challenge they are currently facing, followed by 57% selecting "food insecurity". Concerning job security, there were also high concerns reported among respondents: 88% had fears about their factories shutting down; 65% were worried that foreign buyers would stop or cancel orders; and 64% saw the imposition of broad economic sanctions as negatively affecting their job security.

In order to cope with reduced incomes, two-thirds (67%) said they would spend less on food while 60% said they would spend less buying non-essential items. If they were to lose employment, 29% said they would seek self-employment and sell food or snacks while a same portion would try to find a position in the garment industry. 14% said they would return to their hometowns or villages.

AT A GLANCE

525 respondents from **67** factories in **14** industrial zones across **4** administrative regions.

Key findings

- **75%** had not worked for up to 3 months since COVID-19
- **55%** working fewer hours than before
- **44%** said their factories had reduced labor force

- **99%** had dependents reliant on their garment sector salaries
- **78%** facing income loss
- **57%** facing food insecurity
- **46%** had reduced disposable income

- **88%** feared factory closures
- **83%** worried of foreign firms no longer placing orders
- **80%** concerned about reduced orders
- **69%** "extremely worried" about their job security
- **64%** concerned about the impacts of broad economic sanctions on their jobs
- **59%** worried about salary cuts

- **67%** would spend less on food to cope, should they lose employment
- **60%** would spend less on non-essential items

1. BACKGROUND

1.1 The garment sector

The garment sector plays a vital role in Myanmar's socio-economic development and in creating jobs, especially single, young women from rural areas who have migrated to urban areas in search of greener pastures to improve their lives and support their families. In Myanmar's context, being able to work in the formal, mainly urban-based garment industry presents the best option for people with some secondary education. While garment industry workers do not constitute the most vulnerable group, many of them come from agricultural households whose incomes are seasonal and exposed to various risks, including climate change and highly unpredictable market trends. Employment in the garment sector presents an opportunity to transition towards a more stable income, a physically less-demanding trade and a chance at upward mobility for their children, if not themselves.

The Myanmar garment industry (MGI) mainly operates on a Cut-Make-Pack (CMP) system and is highly dependent on the import of raw materials. Large factories operate either on joint-venture agreements between local and foreign companies, or are wholly owned by foreign companies. In 2019, of the 533 registered garment factories in Myanmar, 74% were either small or medium-sized enterprises: 42% were small-sized or with less than 500 workers; while 32% were medium-sized, employing between 500-1,000 employees. And among locally-owned factories, 70% were small-sized while 20% were medium-sized. (1)

The private garment sector began in 1993-1994 with 25 factories commencing operations with around 6,000 employees. The industry gradually expanded in the 1990s, topping at over 300 factories and 300,000 employees between 1999-2003. Boycott campaigns began to take shape in the late 1990s, with various accusations of poor working conditions as well as justifications as to how crippling the garment sector would bring about political change. Finally, the United States passed the Burma Freedom and Democracy Act in 2003 in response to the Depayin incident. Within a span of two years, the sanctions wiped out over 250,000 jobs or around 80% of the sector. By 2005, there were only 90 factories and over 85,000 workers left. The impact was mainly on local private firms and small subcontractors who had to cease operations. While some tried to justify or trivialize the fallout as overblown (2) the impact was obvious with thousands of young women left jobless who were forced into prostitution, human trafficking, unsafe or undignified work, and illegal migration to make up for their ruined livelihoods. (3)

The garment sector worked hard to regain its footing in 2009, with orders from Japan and other East Asian countries helping to kick start the then-moribund industry. The Myanmar Garment Human Resource Development Center (MGHRDC), established with Japanese assistance, also opened in 2009. The MGI grew rapidly after 2013, with the removal of international sanctions in response to Myanmar's political and economic reforms. It took the MGI 15-16 years to recover back to earlier levels.

(1) Myanmar Garment Manufacturers' Association, 2021

(2) Samantha Green, "Garmenting Games," Irrawaddy, July 2004, 12 (7)
https://www2.irrawaddy.com/article.php?art_id=3797

(3) Geoffrey Goddard, "Trade sanctions? The EU needs to learn from 2003," Frontier Myanmar, November 1, 2018
<https://www.frontiermyanmar.net/en/trade-sanctions-the-eu-needs-to-learn-from-2003/>

The garment sector saw further growth following the ushering of a democratically elected civilian government in 2016. Notably, the European Union's reinstatement of Generalized Scheme of Preferences (GSP) status in 2013 contributed to rapid and robust growth of the sector, with European countries accounting for 45% of Myanmar's total garment exports for 2016-2019. During the same period, Japan, Korea and the US accounted for 30%, 13% and 9% respectively of total garment exports. For the 11-month period of the 2020-2021 Financial Year, the MGI exported around USD 3.24 billion worth of garments, and was the single largest export sector for Myanmar. And between 2016 and 2019, the garment sector created an estimated 100,000 new jobs a year. (4)

1.2 The garment worker

Between 85-90% of Myanmar's garment sector employees are female migrant workers mostly between the ages of 19-27. A 2017 baseline survey painted the profile of a prototypical Yangon-based garment worker as a young woman aged 19-21 who had recently migrated and is most likely from the Ayeyarwaddy and Bago regions, and Rakhine state. (5) Most had received only up to middle schooling and an overwhelming majority were single. Many have had their current job for up to three years, and nearly 60% were in their first ever job in the sector.

The profile of the average Myanmar garment worker is influenced by a cataclysmic natural disaster. In May 2008, Cyclone Nargis devastated the Ayeyarwaddy delta and killed more than 84,000 people with more than 53,000 unaccounted for, according to the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA). In its aftermath, a large number of people from the delta migrated to Yangon, especially to informal settlements in the city's environs and joining a growing population of migrants from all over Myanmar who had flocked to the country's commercial capital in search of greener pastures. Yangon's population grew from a combination of rural push factors such as lack of opportunities and low income, alongside urban pull factors such as higher wages, essential services and facilities.



(4) Quote by Ambassador Ranieri Sabatucci, Ambassador of the European Union to Myanmar. In John Liu, "Garment workers face a fresh threat: a boycott" Frontier, October 7, 2021, <https://www.frontiermyanmar.net/en/garment-workers-face-a-fresh-threat-a-boycott/>

(5) Andaman Research & Advisory, and Enlightened Myanmar Research Foundation, 2017.

Many women and girls among the new urban migrants have been absorbed by the Myanmar garment industry, as the sector contains many jobs that do not require much skills or formal education for those willing or forced to start from the lower rungs of the socio-economic ladder. At its high-water mark just before the COVID-19 pandemic, the garment sector employed over 700,000 workers across over 700 factories and associated establishments, many of which are concentrated around Yangon.

The MGI currently employs around half a million workers, with an estimated 2 million people being directly supported by workers' income based on the average household size. As bread winners or supplemental earners, garment sector employees are a crucial pillar that has helped families climb out of poverty as well as a vital safety net preventing families from sinking into destitution.

Furthermore, the garment worker occupies a crucial nexus in a broad economic web, intertwined with the livelihoods of many people. These include hawkers, transport providers, hostel operators as well as money lenders and other micro and small-scale service providers. Thus, any impact or stress incurred upon the garment worker will have broader ramifications far beyond the sector. And due to a wide variety of factors underpinned by gender as a cross-cutting issue, garment workers more often than not are both more exposed to and lack resilience to external shocks. In response to mass factory closures and job losses in the early 2000s, a large number of female garment workers were forced to resort to prostitution, lower paid jobs including manual or daily wage labor, human trafficking and illegal migration. This intersectionality has been exacerbated by the COVID-19 pandemic as well as the current political crisis. The COVID-19 pandemic had forced garment workers onto the prostitution route, and this lamentable trend is only set to worsen as the sector's situation deteriorates further. (6)

1.3 Current challenges

Since the COVID-19 pandemic began in early 2020, an estimated 200,000 jobs have been lost from the garment sector. This major drop is linked to the pandemic as well as recent political developments and uncertainty.

COVID-19 initially caused widespread disruption as authorities imposed stay-at-home orders to contain and mitigate the spread of the pandemic. Supply chain bottlenecks in China due to its own COVID-19 measures also caused significant disruptions early on, followed by weakened demand from major markets. By mid-2020, the situation had begun to improve, though weak global demand and local economic challenges forced some factory closures. The Myanmar garment sector played a role in both the local and global COVID-19 response efforts, such as producing PPEs that were air-lifted to countries such as South Korea and the United Kingdom, as well as PPEs and cloth masks for local use.

Recent political developments since February 2021 and the ensuing situation caused further disruptions to the garment industry as well as other sectors. Factories had to close again due to security concerns and migrant workers left Yangon's main manufacturing hubs such as Hlaingtharyar and Shwepyithar townships due to the then deteriorating situation, while

(6) Lorcan Lovett and Nay Chi Nway, "I have to do this": Myanmar garment workers forced into sex work by Covid", Guardian, October 22, 2020. <https://www.theguardian.com/global-development/2020/oct/22/i-have-to-do-this-myanmar-garment-workers-forced-into-sex-work-by-covid>

international clients paused orders in response. Hundreds of factories had to shut down while others cut their operations, resulting in the laying off of hundreds of thousands of workers. Some enterprises also went bankrupt.

On top of these challenges, there have been reported calls for the annulment of the GSP or broad economic sanctions as punitive responses to accusations of domestic human and labor rights violations, with the European Union said to be reconsidering its position. Labor activists and unions were also making similar calls citing factories allegedly not following labor standards, and for foreign-owned firms to close shop and pull out. Some voices have claimed that garment sector jobs and livelihoods were worth sacrificing and even dismissed workers' concerns. (7)

While a majority of workers are still maintaining their garment sector jobs, many now earn less due to reduced working hours, especially for overtime. Garment workers have become worse off amid rising commodity prices, currency fluctuations and difficulties in cash fluidity. The Myanmar Kyat saw its value drop from around K 1350 to the US dollar, to nearly K 2600 in late September before stabilizing at around K 1800 since early October. Basic commodities such as rice, cooking oil, onions and pulses, as well as industry-related commodities such as diesel fuel, have risen notably since February. For example, diesel, the main fuel source for transport rose 2.4-fold from around K 850 per liter to K 1400 per liter. Compounding this are static minimum wages, which are currently at K 4,800 (US 2.67) a day, one of the lowest in the region.

The World Bank reported that the initial economic impact of the political situation was severe, though May and June saw early signs of easing constraints in certain areas. (World Bank, July 2021) Garment manufacturers received orders from several international buyers again, and logistics challenges subsided. Industrial zones saw the return of migrant workers from rural areas as some stability was restored in the manufacturing zones. Lack of opportunities back at the rural areas as well as final calls to return to work may have been reasons as well.



In May 2021, a number of major brands resumed orders (8) and the European Chamber of Commerce in Myanmar stating that the garment sector provided few direct benefits to the State Administration Council and that the exiting of firms will adversely affect the livelihoods of hundreds of thousands of workers, many of whom have few other livelihood options. The withdrawal of European brands will definitely result in a severe turning back of the hard-won progress gained in labor rights, improved environmental, social and governance practices, and industrial relations.

(7) Matt Blomberg, "As Myanmar unions demand sanctions, garment workers fear for their jobs," Reuters, December 13, 2021. <https://www.reuters.com/article/us-myanmar-crisis-workers/as-myanmar-unions-demand-sanctions-garment-workers-fear-for-their-jobs-idUSKBN2IS012>

(8) John Reed and Patricia Nilsson, "H&M and Primark resume Myanmar orders for first time since coup," Financial Times, May 21, 2021 <https://www.ft.com/content/ad3be030-6882-40da-81b6-39e04bb4fd6d>

2. METHODOLOGY

Market Research Association (MRA) was commissioned by the Myanmar Garment Manufacturers' Association (MGMA) to conduct a survey employing both qualitative and quantitative research. The survey utilized computer-assisted telephone interviewing (CATI). Qualitative questions were developed based on literature review and input from MGMA in order to better hone in on the issues.

MGMA requested its member factories that were functioning, on their willingness to participate in the survey, and compiled the list of factories that replied expressing their interest. This yielded a list of 67 factories in 14 industrial zones located in Hlegu, Bago, Naypyitaw, Pakokku, Patheingyi and Yangon, with more than 2,200 potential respondents who were actively employed.

MGMA guaranteed that the potential respondents were not given any instructions, guidance or materials to influence the responses and that the process would remain confidential and anonymous.

Potential respondents were stratified into three levels.

Level 1 included senior and mid-level management staff:

Manager; deputy manager; human resource manager /executive/officer, chief accountant/ accountant, interpreter/translator, chief supervisor/all supervisor/in-charge and senior supervisor.

Level 2 included junior-level management staff:

Assistant human resource officer / merchandise officers / others of similar rank, office clerk, line/group/team leader, training group leader, supervisors and quality controllers.

Level 3 included main operations and associated staff:

Designers, sewing operators/staff, packers, warehouse staff, mechanics, drivers, recorders, helpers and others employed in the production line.

Stratified random sampling was conducted of the available population, with 868 persons from all three levels randomly called to ask if they were willing to participate in the study, with the interview proceeding if they agreed to do so. Stratified sampling was conducted to ensure that respondents from the three levels are proportionally represented to reflect the average composition in factories, as well as the gender ratio of the overall sector. 7-10 respondents per factory were conducted as interviewees.

Altogether 525 respondents participated in the survey questionnaire with the following breakdown: 385 persons (73.33%) from Level 3; 86 persons (16.38%) from Level 2; and 54 persons (10.29%) from Level 1. The gender breakdown of the respondents were: 444 females (84.57%) and 81 males (15.43%).

From the 525 survey respondents, 20 then participated in key informant interviews. Of the 20 participants, 14 were male. The key informant interview consisted of 13 qualitative and quantitative questions to garner more comprehensive information on the garment industry, especially from the workers' perspective.

Respondents were explained the purpose of the survey and assured of the confidentiality and anonymity of their participation. No identifiable information was collected from the respondents as well and ensured such that no individual or firm involved to the data collection, process and analysis would have access to the information collected.

They were also interviewed only during non-working days, or to call back the interviewer at their time of convenience in order to prevent disruption to their work, minimize external influence on responses, and ensure that the survey was confidential. Interviewers, field supervisors and affiliated persons involved in the data collection and processing were trained to adhere to established research ethics and guidelines.

Secondary sources of information were used to reflect facts and figures about the industry. They include research reports on the industry, publications of international organizations on the nation's economy and media reports.

Limitations

Given the overall situation in country, as well as the closure of a large number of garment factories, as well as time constraints, absolute randomization was not possible. The sample size was limited by the number of factories provided by the MGMA. Although MGMA is the main industry body that includes the majority of garment factories operating in Myanmar, there is a substantial portion that are not members. Therefore, the sample population cannot reflect the entire workforce employed by the Myanmar garment industry.

This survey was limited to garment factory employees. Emphasis was given to their experiences and perceptions on their socio-economic conditions. Other key stakeholders such as the government, civil society organizations, garment factory owners or employers, and that of labor unions were not involved to contribute their perspectives.

3. FINDINGS

3.1 Products being manufactured and working environment

Key informant interviews with 20 respondents who had taken part in the qualitative interviews stated that the following included among items produced by their factories. Among parallel are men's shirts, blouses, boiler suits, men's jackets, children's jackets, duck feather coats, warm clothes, trousers, women's underwear, and gloves. Some apparel could be categorized as value-added products which are destined for more competitive markets.

In responding to the question about their working environment (Question #2), the most common answers from the respondents were "friendly"; "worked like sisters or members of a family among colleagues"; "worked as a team"; "cooperated with one another"; "one jumps in when someone is in need of help", "some workers wanted to outdo others by finishing their tasks earlier but with no unfriendly attitude"; and "there was no discrimination against anyone". Despite their friendly working environment, hierarchical structures still applied, and one had to report to one's immediate supervisor first if one wanted to take leave or lodge a complaint.

For newly recruited workers, respondents said that experienced people mentored them till they learned their required skills. In this way, skills are developed at different levels such that if one has the potential or is keen to learn, one is transferred the skills and gets promoted in due course. Some gave examples by saying they believe their skills are developed as they work on new designs or new types of apparel.

In the event that mistakes were made, shouts were sometimes heard and persons responsible for having done mistakes are scolded for their deeds. These were meant to improve the quality of work and to finish their assigned tasks on time, with no personal bad feelings. A few respondents talked about some people had biases in such as a way that they treated people whom they favored differently. However, no serious issues such as discrimination at workplace, having few chances to get promoted, lack of complaint mechanism or incidents of harassment were reported by the respondents.

As mentioned earlier, qualitative interviews were conducted by two female interviewers and utmost care was taken to ensure respondents get the highest privacy as much as their environment allows.

In the in-depth interview, most respondents answered that their current jobs were their best option (Question #3). They said that they enjoyed decent salaries/wages; received regular income; were able to support their family; could send money home; worked in a friendly atmosphere; gained professional confidence as time passed by; had opportunities to develop skills; did not have a lot of pressure; the work was not physically demanding (tiring); and could not possibly do other types of jobs, among others.

"I send money home. They live in Thararwaddy and there are four family members – my parents and two younger siblings: the younger is in his kindergarten."

Respondent #4

Sewing Operator, 30-year-old single female
working in a garment factory in Shwepyithar Industrial Zone, Shwepyithar Township, Yangon Region

"I now receive decent salary around 300,000 kyat compared to 400,000-450,000 kyat in the past. I don't work overtime; transport is provided to all workers. I've been working here for the past four years and have been promoted to a supervisor now. I live with five other family members here."

Respondent #5

Button/ Labeling Worker, 35-year-old single female
working in a garment factory in Thardukan Industrial Zone, Shwepyithar Township, Yangon Region

A few respondents answered that their current jobs may not be the best options for them. The reasons provided are: their wages barely covered their expenses; they couldn't make ends meet with their salaries and this job might be vulnerable to political change.

"I don't think I am doing well. My salary barely covers the kitchen expenses. Transport is provided to only one-third of the workers. Others have to commute to work by themselves."

Respondent #1

Sewing Operator, 49-year-old married female
working in a garment factory in Naypyitaw Union Territory

"I am not sure how secure our job is. I now earn regular income. If sanctions are imposed and commodity prices rise, people like us who work in the CMP business will be affected and we will become worse off. At work, skills are developed whenever we work on a new design. I can support seven family members."

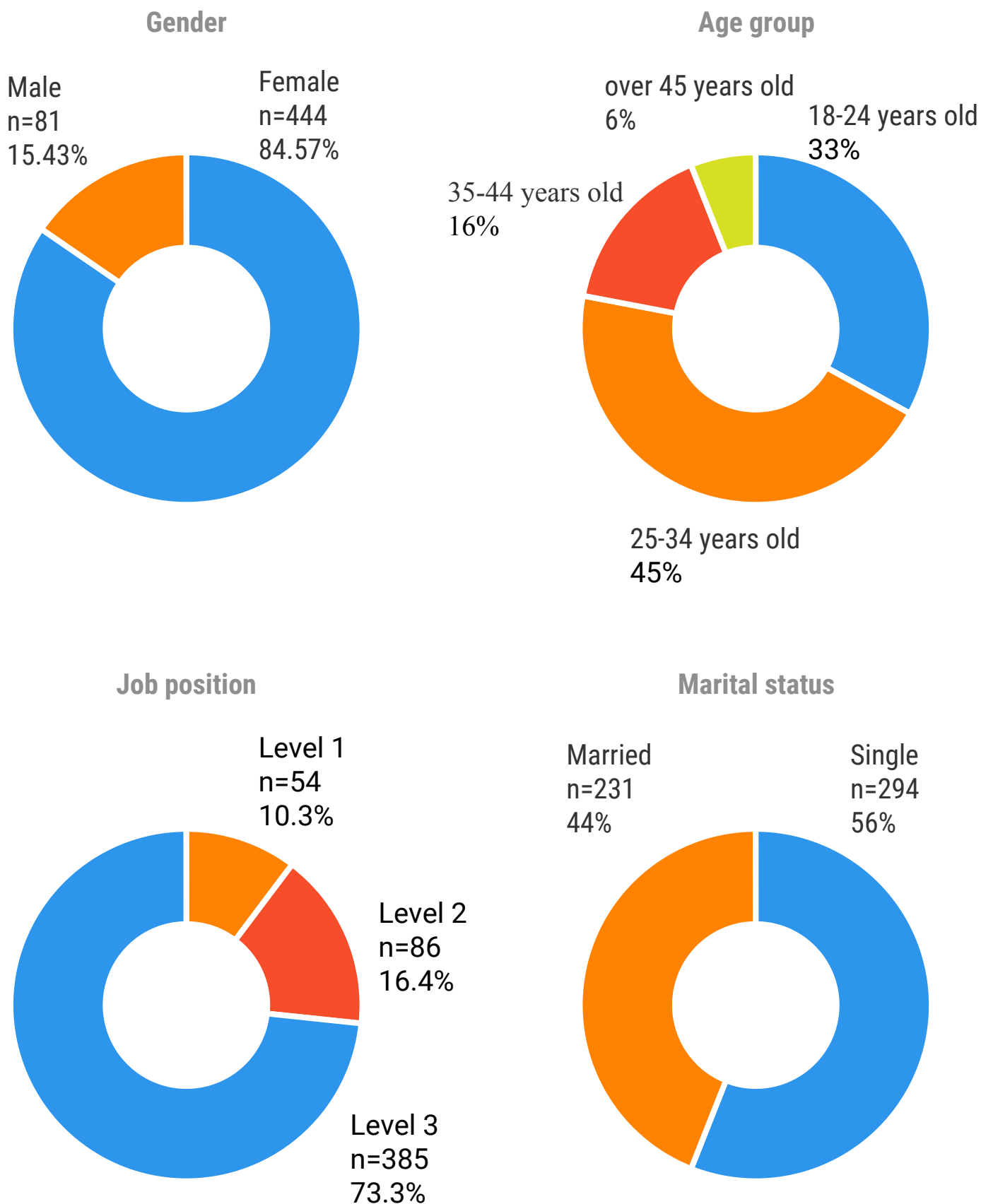
Respondent #9

Skilled Operator and Supervisor, 32-year-old single female
working in a garment factory in Hmawbi Township, Yangon Region

None of those who said their current jobs were not their best options were able to identify alternatives they believed were better options, which indirectly suggest their present jobs are their best choices.



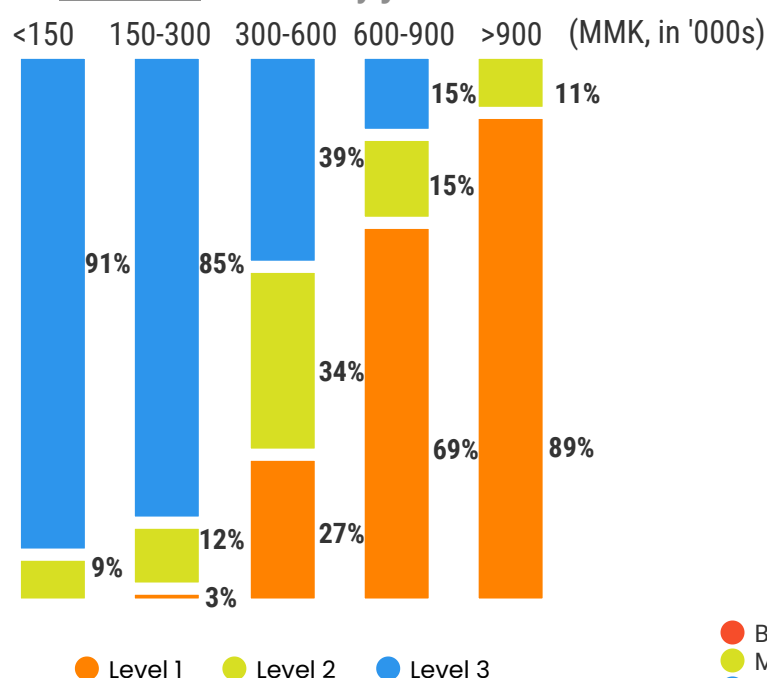
3.2 Demographic characteristics



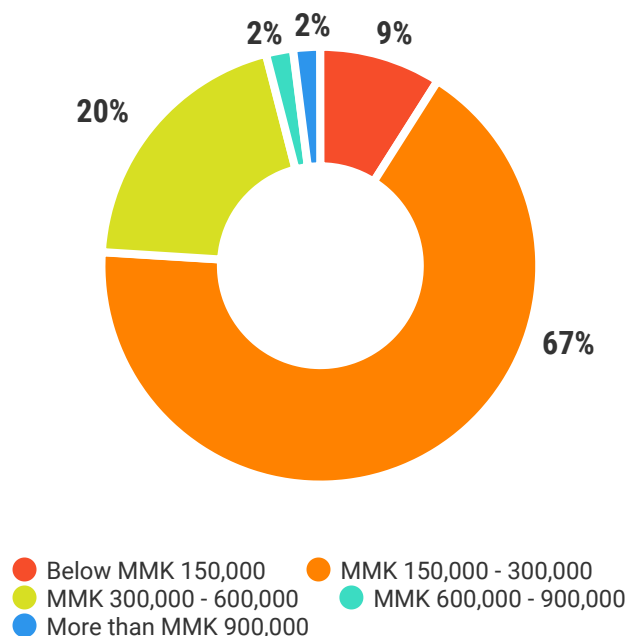
Base: total respondents working in the garment industry

Figure 1. Sample distribution by gender, age group and job position

Personal income by job level

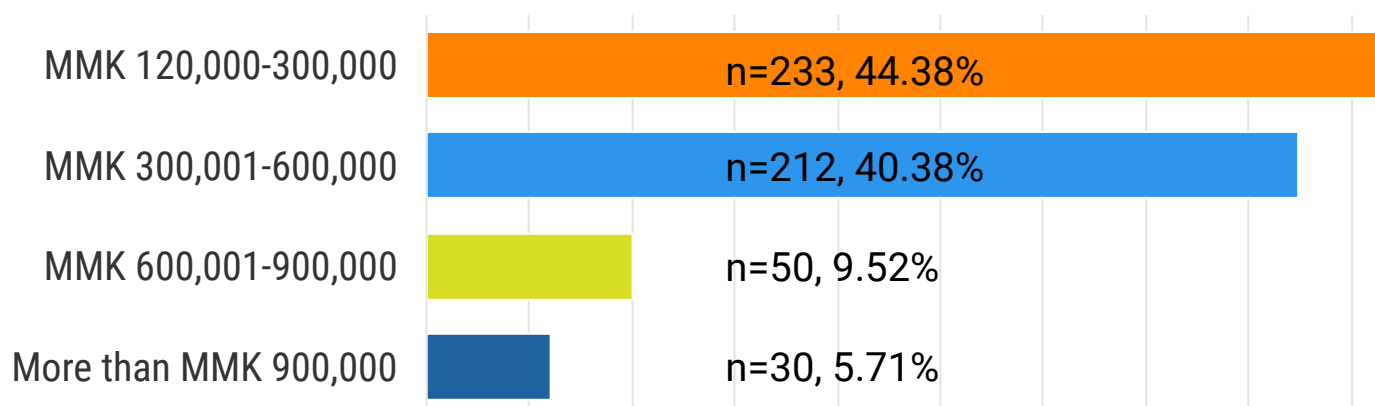


Personal income of respondents



	Mean	Mode	Minimum	Maximum
Total	MMK 289,700	MMK 250,000	MMK 75,000	MMK 2,000,000
Level 1	MMK 572,950	MMK 500,000	MMK 180,000	MMK 2,000,000
Level 2	MMK 334,750	MMK 250,000	MMK 148,800	MMK 1,000,000
Level 3	MMK 239,950	MMK 250,000	MMK 75,000	MMK 750,000

Monthly household Income



Base: total respondents working in the garment industry

Figure 2. Demographic characteristics based on personal income

The vast majority of the labor force in the garment industry is young. Those who were 34 and younger made up almost eighty percent (78%) of all respondents, while the 35-44 age group accounted for sixteen percent. There is almost an equal-equal split between married and unmarried people in the current study, with fifty-six percent of respondents reported to be single. Similarly, a 2021 ILO report on the industry found that over two-thirds their respondents are single. (9)

The respondents said that their incomes are shared with other members of the family who maybe their spouses, parents, siblings and/or other relatives. Only one percent of the respondents said that they spend their salaries alone and do not have to share them with anyone else. Most of them belong to the working class or lower mid-income group. Their monthly household earnings are reported to fall within the ranges of MMK120,000-300,000 and MMK 300,001-600,000 for forty-four and forty percent respectively. An average household size in Myanmar is 4.4 at national level. Accordingly, at most MMK 10,000 (10) or MMK 20,000 or USD 5.68 or 11.36 per day in absolute value has to be shared among more than four family members in the households. That could be interpreted as USD 1.30 or 2.60 daily per person for the former and latter households respectively. Accordingly, nearly half (44%) of the respondents have their incomes just above absolute poverty level even with their jobs in hand.



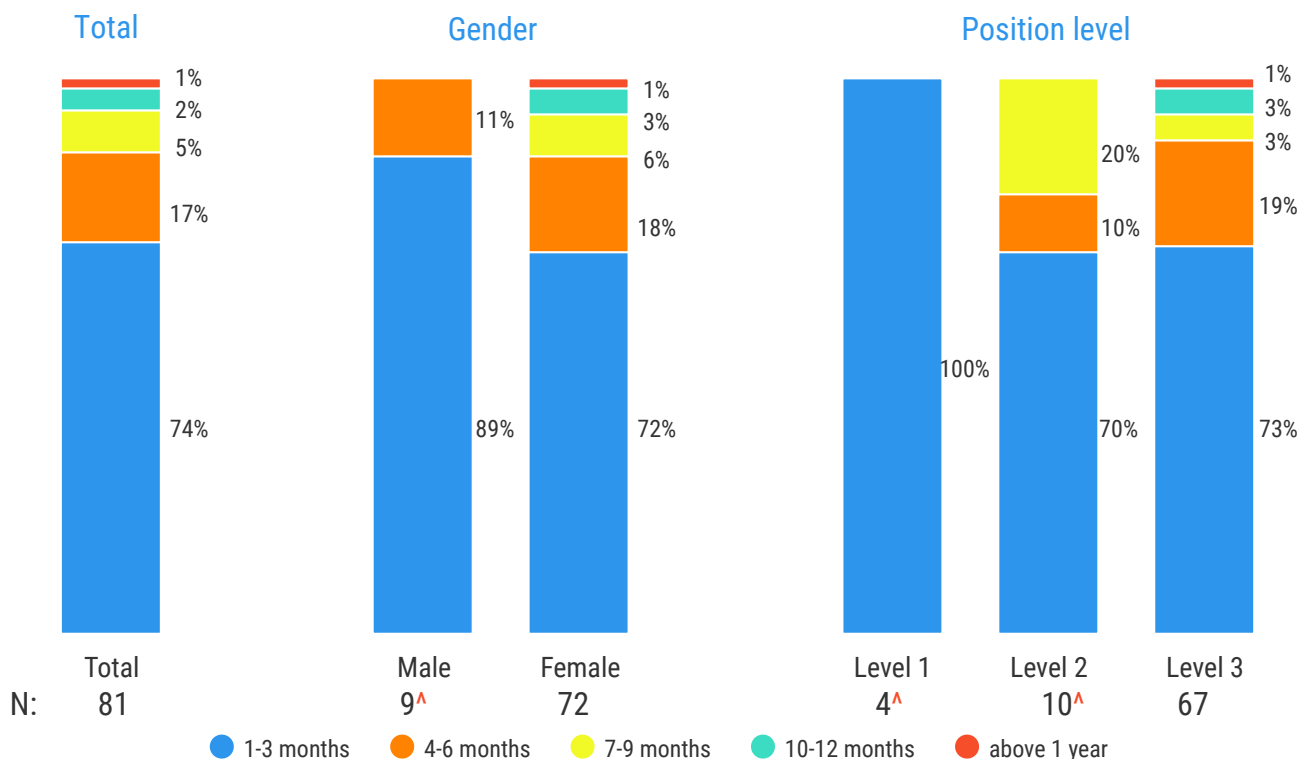
(9) ILO Liaison Office in Myanmar, "The impact of Covid-19 in Myanmar: a study of workers laid-off in the garment sector", July 27, 2021. https://www.ilo.org/yanmar/publications/WCMS_815349/lang-en/index.htm

(10) US\$ 1 = 1,760 kyat [Exchange rate on 3 November, 2021 from "Kyemon", state-owned vernacular daily.]

3.3 Job loss and income change

Almost three-fourths of the respondents reporting losing their job / being unemployed for up to three months. About seventy percent each of workers who held Level 2 and 3 positions said so. There are people who held similar positions that lost jobs for longer periods. No worker who held a higher position in the industry lost their job for a longer period. Their position was less vulnerable in the industry, and they also could have a chance of moving to other factories or industries in similar positions if required.

Number of months respondents lost their job



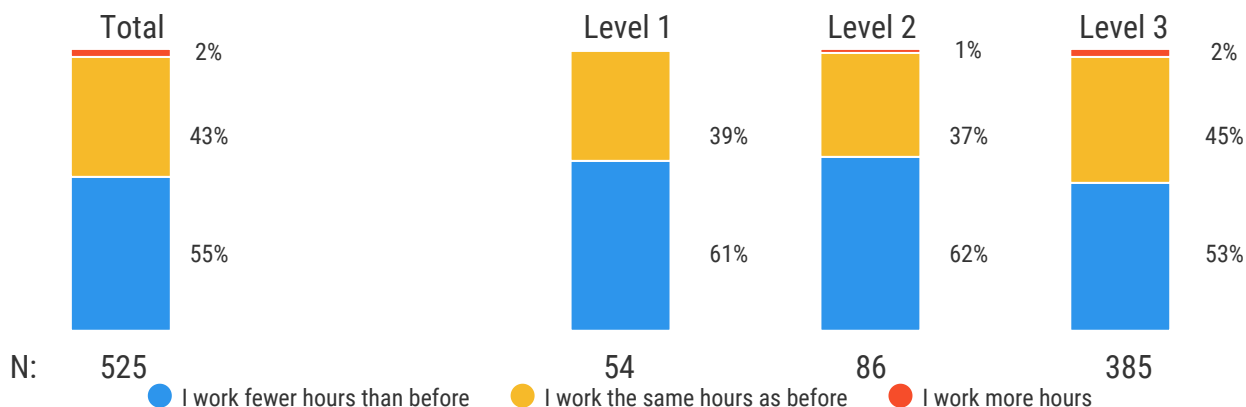
Base: Respondents who experienced job loss in the garment industry

[^] Caution: Small base.

Figure 3. Sample distribution by gender, age group and job position

Fifty-five percent of the respondents stated that they work fewer hours compared to pre-Covid period while forty-three percent responded that they work the same hours. Only two percent reported to be working more hours. No significant difference was found in the responses from various levels of workers.

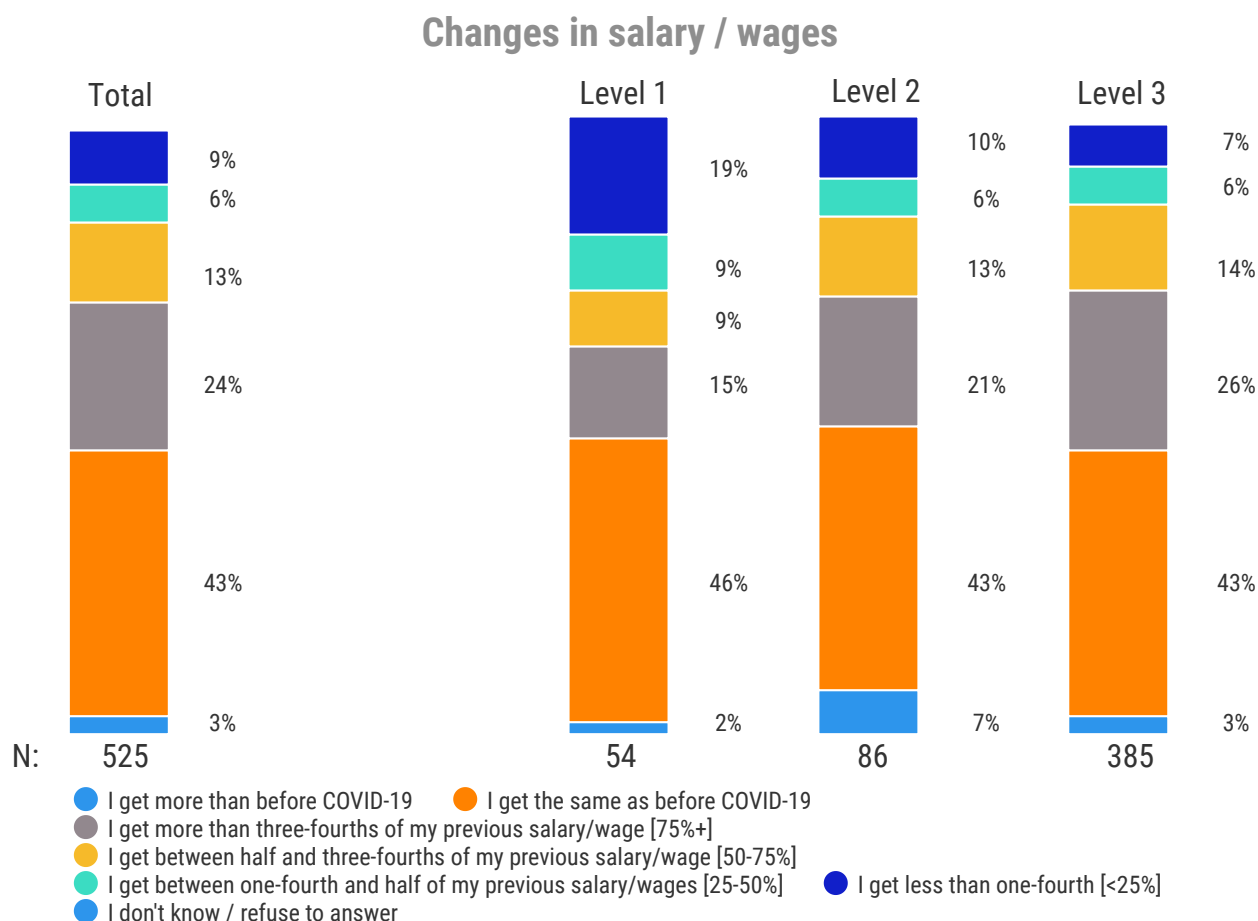
Current working hours



Base: total respondents working in the garment industry

Figure 4. Changes in working hours

Forty-three percent of respondents stated that they earned the same salaries or wages as before COVID-19. This response is consistent with that of the earlier question on working hours: those who worked the same hours maintained their earlier salaries or wages. This indicates that wage levels remained the same for workers in the aftermath of the outbreak of the COVID-19 pandemic or the political developments of 2021, but their total earnings reduced as they work fewer hours compared to the pre-COVID-19 period. However, those who earned less account for slightly more than half of respondents. Those who earned more than three-fourths of their previous earnings and between half and three-fourths made up twenty-four and thirteen percent respectively. About fifteen percent of respondents reported earning less than half. No significant difference was found in terms of gender, age group or position. Therefore, it could be said that relevant impacts occurred at the factory level and not on an individual basis.



Base: total respondents working in the garment industry

Figure 5. Changes in salary / wages

In the qualitative interview, all the respondents said that they had become worse off than before the COVID-19 pandemic (**Question #4**) though the extent of lost earnings differed. Some said that they spent less on non-essential items such as less cosmetics or toiletries, ate out less frequently, or stated that all their savings were gone but they were still out of debt. One person said that she became money minded and now kept detailed records of all her expenses.

The situations facing some others are worse. They said that they remitted less money home; spent less on food; ate less meat and more vegetables; allowed elder members of the family to have three meals but that they ate less or skipped meals; had to borrow money from relatives and pay interest or took loans from money lenders.



"I don't buy new clothing or cosmetics. So far, I don't eat less not to compromise our immune system. I can support less to my parents."

Respondent #15

Quality Controller, 24-year-old single female
working in a garment factory in Thardukan Industrial Zone, Shwepyithar Township, Yangon Region

"I spend less on food but have the same number of meals. In the future it might reach a point when we have two meals a day. I am now in debt due to having to spend more on food."

Respondent #4

Sewing Operator, 30-year-old single female
working in a garment factory in Shwepyithar Industrial Zone, Shwepyithar Township, Yangon Region

"I no longer buy non-essentials such as cosmetics for me. My parents still have three meals but we younger members of the family have forgone our morning snacks. We fall into debt in certain months."

Respondent #2

Sewing Operator, 23-year-old married female
working in a garment factory in Hmawbi Township, Yangon Region

"When we spend more than we've earned for the month, we borrow money with interest. We eat more vegetables now. We don't have to forgo a meal up till now."

Respondent #20

Ironing operator, 25-year-old married male
working in a garment factory in Shwepyithar Industrial Zone, Shwepyithar Township, Yangon Region

"In the past, we three sisters worked. My two sisters have lost their jobs. I support my parents with my salary. We eat more vegetables and less meat."

Respondent #5

Button/Labeling Worker, 35-year-old single female
working in a garment factory in Thardukan Industrial Zone, Shwepyithar Township, Yangon Region

"In my family, I now earn less. My husband lost his construction job. We eat less. We are in debt as we borrowed money for our daughter's medical expenses. We aren't in a position to pay it back. We just pay interests."

Respondent #14

Sewing operator, 41-year-old married female

working in a garment factory in Hlaingtharyar Industrial Zone, Hlaingtharyar Township, Yangon Region

3.4 Level of employment

Altogether forty percent of respondents said that their factories were employing the same labor force size as before the COVID-19 pandemic while forty-four percent stated that their establishments had reduced the number of workers. A total of eighteen and twelve percent of respondents reported that their factories were operating at than seventy-five percent and between fifty and seventy-five percent respectively, of their pre-COVID employment levels. Those who retained their original work force may have customers who have honored their order commitments; received orders diverted from factories that closed down or suspended operations, or customers who paused orders, reconsidered their position and resumed businesses again. The reductions in work force could have been in responses to overall reduced market demand of apparel and footwear, pause or stoppage of orders for Myanmar garment industry as they went elsewhere.

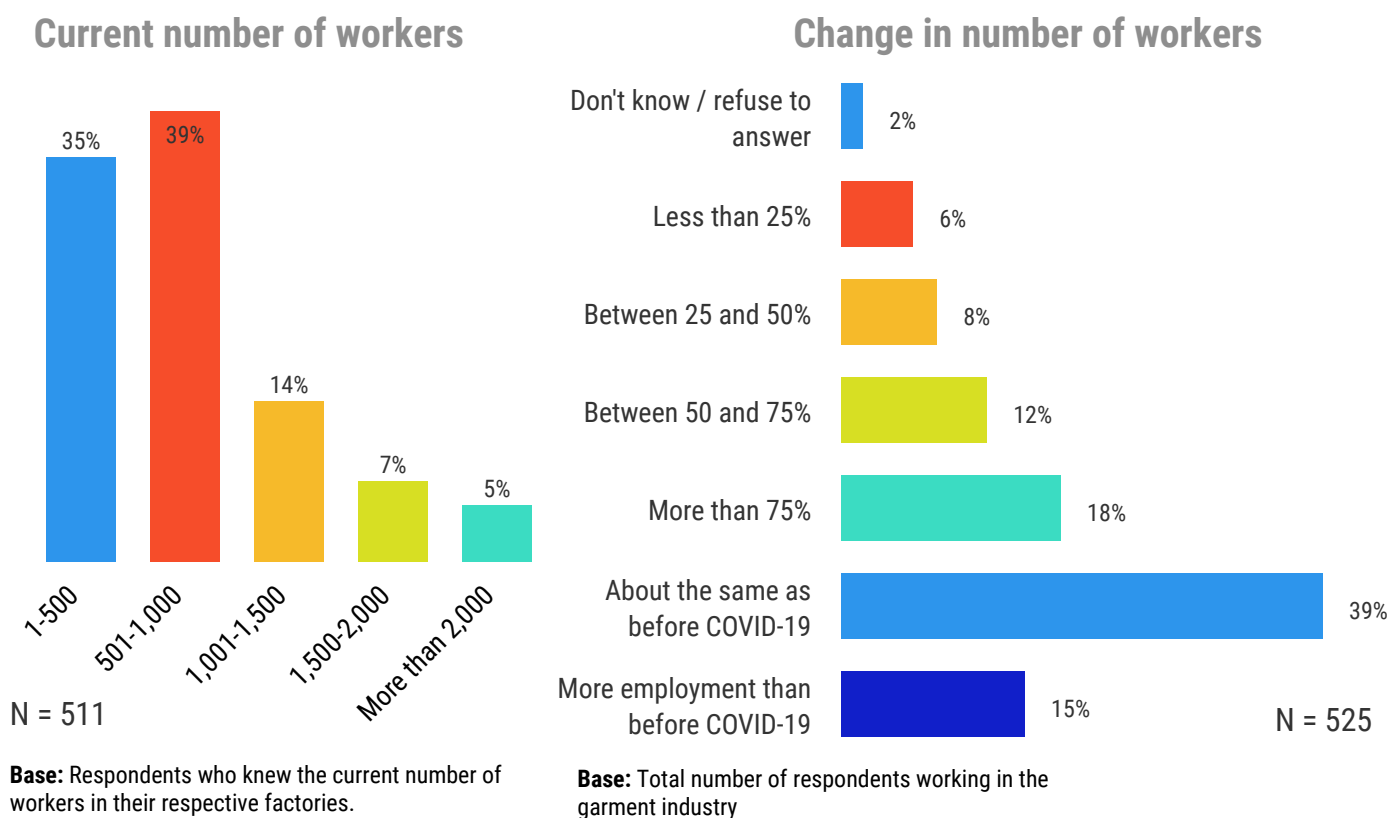


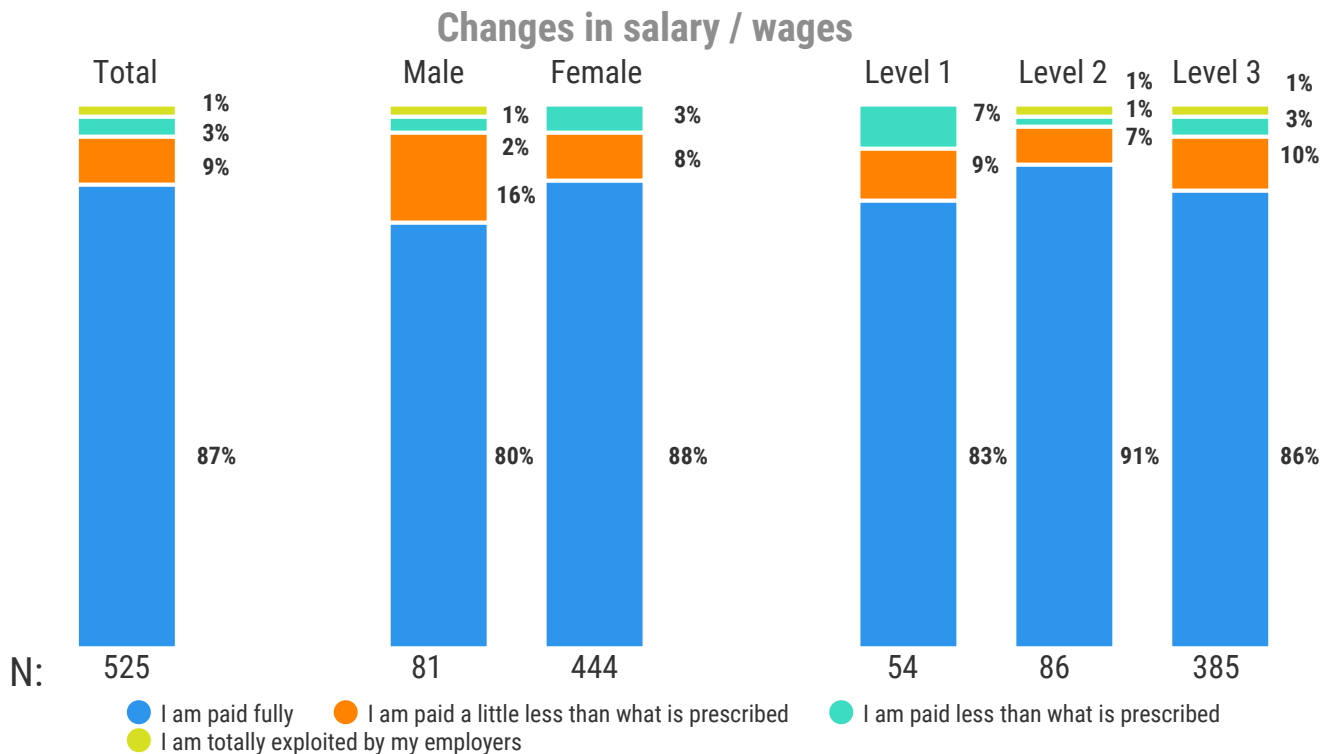
Figure 6. Changes in the number of workers

Fifteen percent of respondents answered that their factories currently employed more workers than before. This could be due to the factories receiving more orders in place of factories in Myanmar that had shut down or suspended operations or were accepting assignments diverted from factories that suspended operations due to COVID-19 cases, especially during Myanmar's third wave driven by the Delta variant, as well as other countries such as in Viet Nam. (11)

(11) Sapna Maheshwari and Patricia Cohen, "Retailers' Latest Headache: Shutdowns at Their Vietnamese suppliers," New York Times, September 29, 2021. <https://www.nytimes.com/2021/09/29/business/supply-chain-vietnam.html>

3.5 Receipt of wages in accordance with the law

Eighty-seven percent of respondents believed they were paid according to what has been prescribed under existing laws and regulations while nine percent (16% male and 8% female) believed they were paid slightly less. Only three percent stated that were paid far less than prescribed. A higher percentage of male workers thinking they should be paid more might stem from the fact once they gain some experience with the work given, they are usually assigned tasks that require certain technical skills or more demanding physical labor. Many of them are also more likely to be married. One percent of respondents said that they felt totally exploited by their employers regarding their wages.



Base: total respondents working in the garment industry

Figure 7. Receipt of wages in accordance with the law

Q. A7. To what extent do you believe you are paid what is prescribed under laws and regulations?

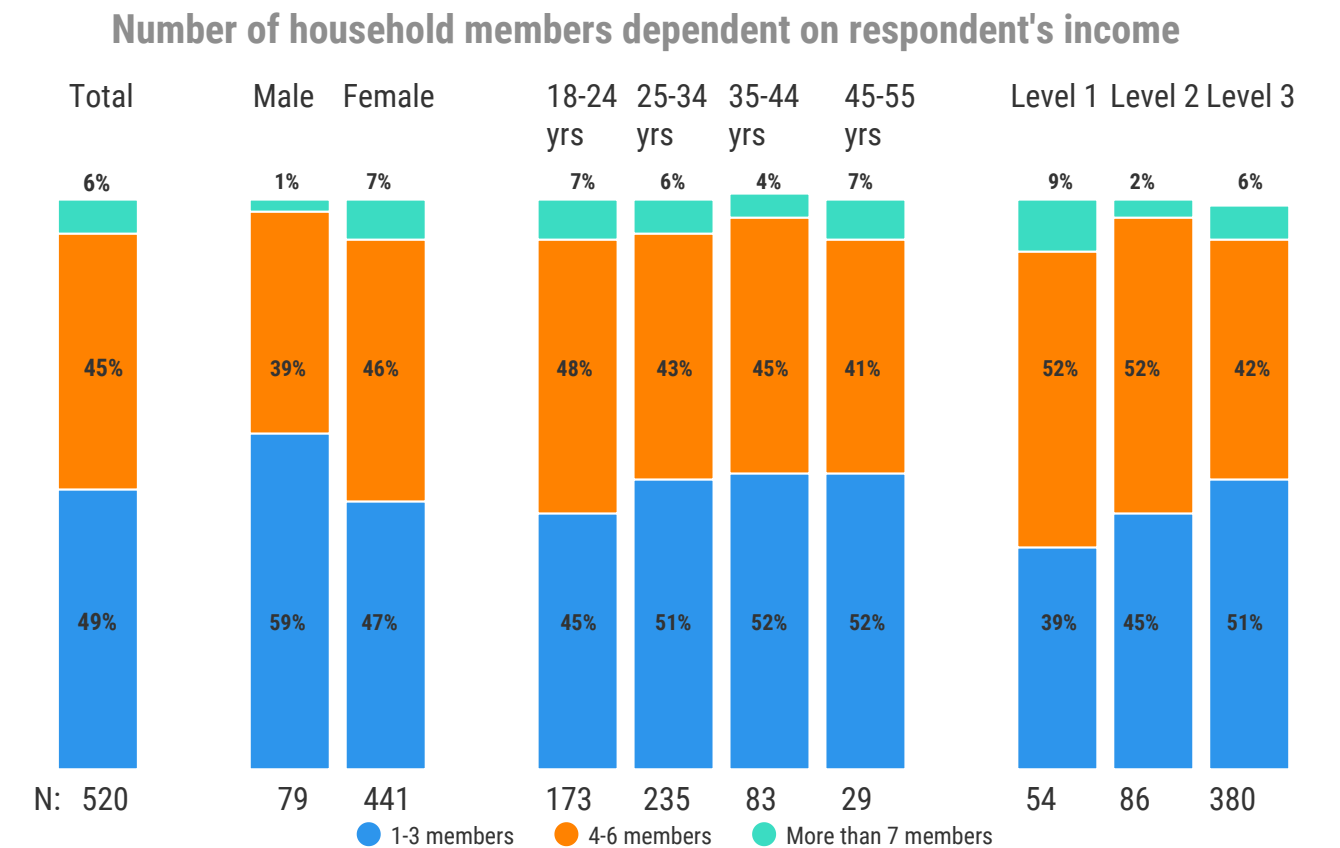
3.6 Sharing income with others

Almost all respondents (99%) said that they shared their salaries with others that may be their spouse, parents, children, siblings or relatives. Almost half said one to three persons depended on their incomes. No significant variation was found among different age groups. Almost half of the respondents who said they had dependents received monthly incomes less than MMK900,000, whereas only thirty percent of households belonging to the higher income group said of having dependents.

An almost similar percentage (45%) of respondents reported having four to six persons dependent on their salaries. In the same manner as described above, no significant variation was found among different age groups. Around fifty percent the respondents who reported having monthly household incomes less than MMK 600,000. About thirty-five percent of households earning MMK 600,001 - 900,000, and sixty percent of households belonging to the higher income group stated to being the case. A higher portion of respondents who belong to

the highest income group reported sharing their incomes with more household members. Fifty-two respondents, accounting for six percent of the sample, said they shared their salaries with more than seven people.

Qualitative question # 10 explored if respondents sent remittances to families back home. Many said that they sent money home to support their parents, spouse and children, and younger siblings as well.



Base: Respondents with dependent household members

Figure 8. Household members dependent on respondent's income (based on gender, age and position)

"I surrender my salary to my parents. There are six members in my family. Spending a little less on food, I keep some savings for a rainy day."

Respondent #5
 Button/Labeling Worker, 35-year-old single female
 working in a garment factory in Thardukan Industrial Zone, Shwepyithar Township, Yangon Region

"I give about MMK 200,000 or 220,000 per month to my mom. We are an agricultural family and we don't have to buy rice. Money received from the sale of rice during harvest is saved for medical expenses. I try extremely hard to make ends meet."

Respondent #6
 Line in-charge, 28-year-old single female
 working in a garment factory in Shwe Lin Ban Industrial Zone, Shwepyithar Township, Yangon Region

"I send home money to my wife regularly. My wife also spends carefully so that we have enough money to spend on our children and her medical expenses."

Respondent #20

Ironing Operator, 25-year-old married male
working in a garment factory in Shwepyithar Industrial Zone, Shwepyithar Township, Yangon Region

"I don't send remittances because my family lives with me. The bulk of my salary is spent on food. I have enough savings to pay private tuition fees for my daughter. I always try to save some money each month."

Respondent #11

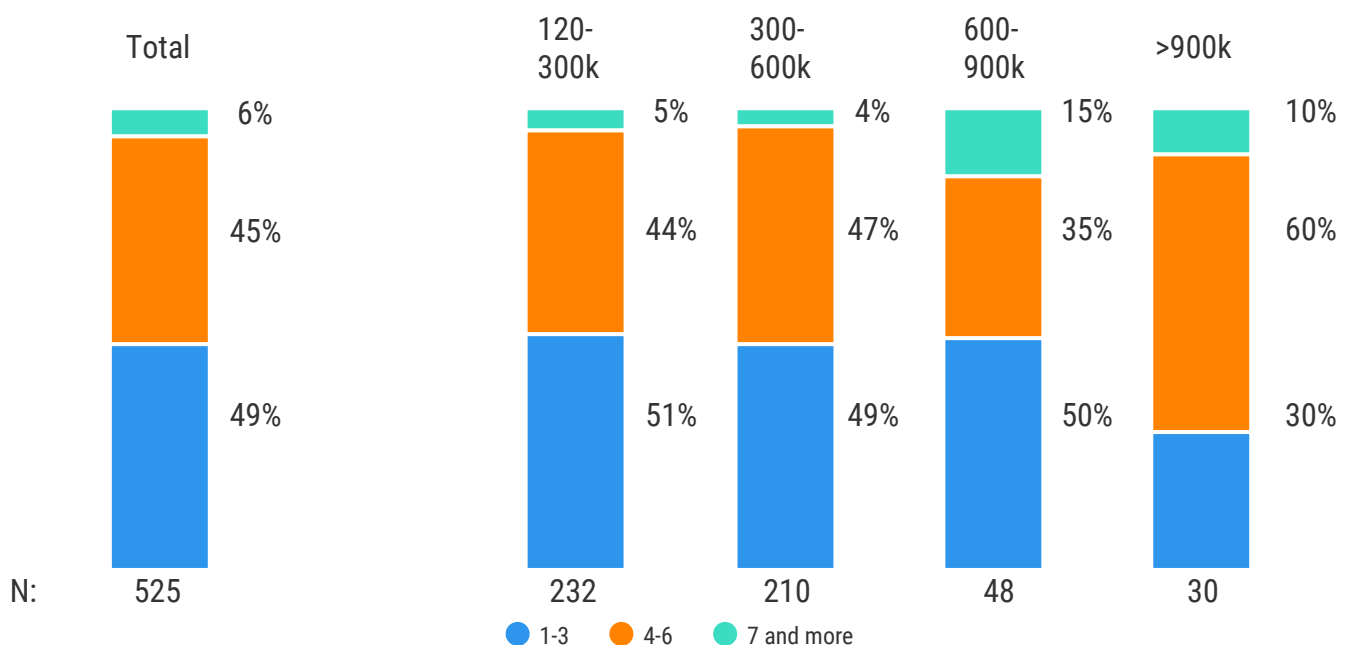
Cutting Worker, 40-year-old married male
working in a garment factory in Shwepyithar Industrial Zone, Shwepyithar Township, Yangon Region

"I have relatives back home but I can't send them any remittances. We are on the same boat. All of us are struggling to eke out our living."

Respondent #14

Sewing operator, 41-year-old single female
working in a garment factory in Shwe Lin Ban Industrial Zone, Shwepyithar Township, Yangon Region

Number of household members dependent on respondent's income



Base: total respondents working in the garment industry

Figure 9. Household member dependency based on income level

3.7 Major challenges

As respondents currently employed in the garment industry and thus with jobs at hand, job losses or loss of livelihoods were not the greatest concern for them. The most common challenge from almost four-fifths (78%) of the respondents was “income losses”. No significant variance was found in terms of gender, age group or position level. A lower percentage of respondents belonging to higher income groups identified it as a challenge. Although they had retained their jobs or have been rehired after a period of retrenchment, almost half of the respondents reported working fewer hours, which translated to earning less during the survey period. Combined with rising commodity prices and services, they have definitely become worse off.

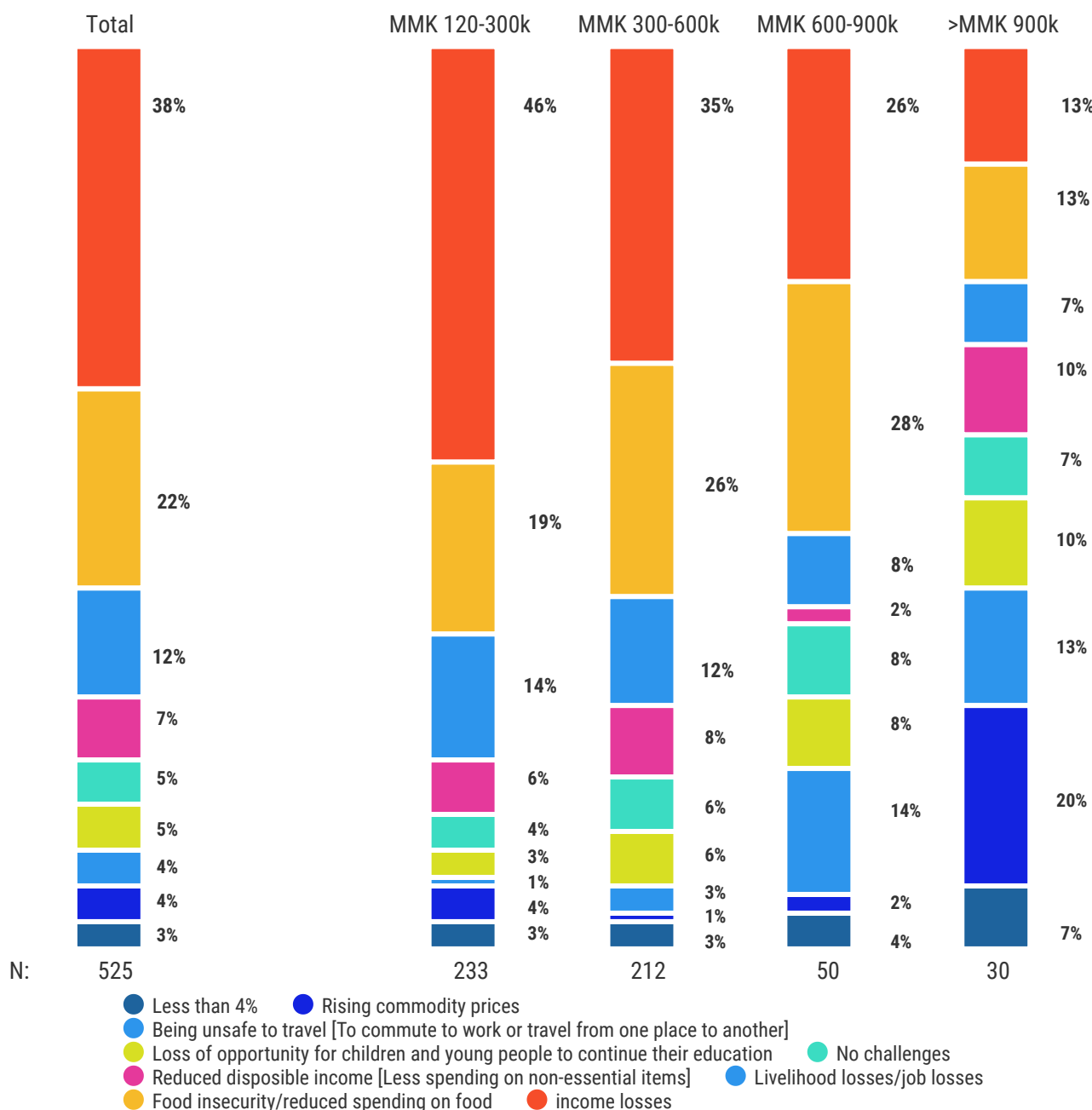
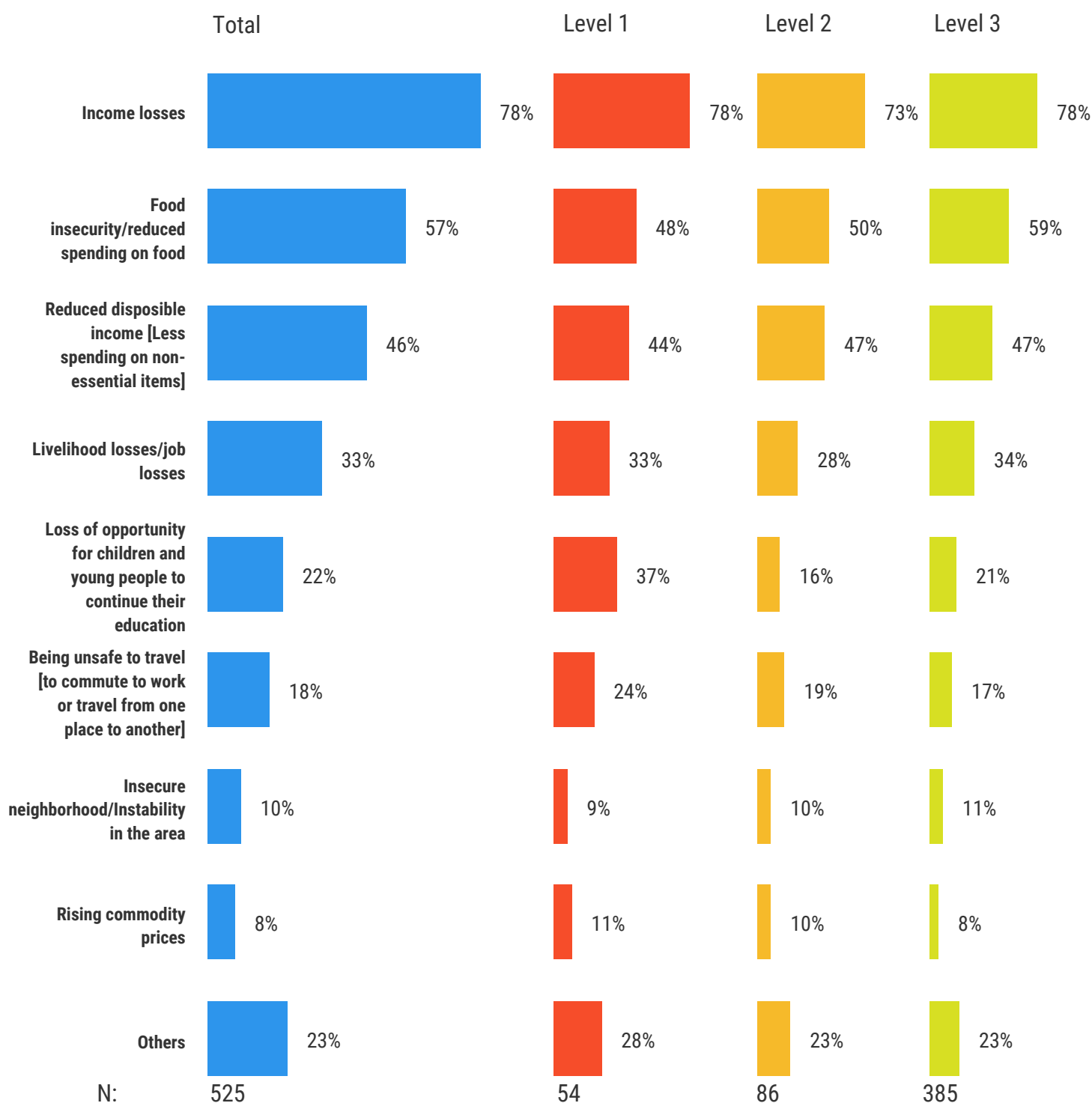


Figure 10. Greatest challenges being currently faced since the outbreak of COVID-19 by respondent and respondent's family, stratified by income



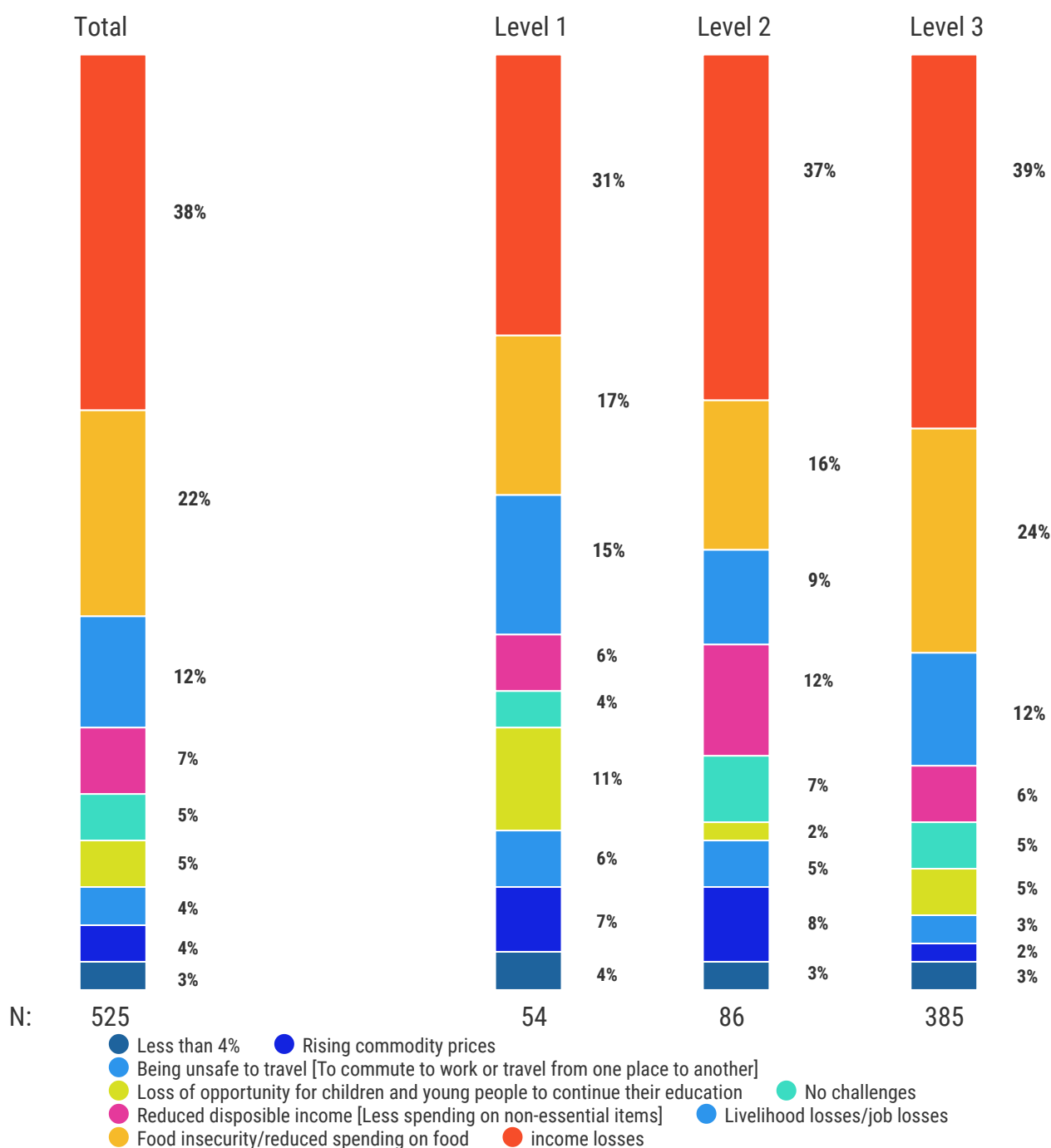
Base: Respondents with dependent household members

Figure 11. Major challenges being currently faced by respondents and their respondents since the outbreak of COVID-19

The second most common challenge mentioned by 57% of respondents is that they are facing food insecurity or spending less on food. Gender, age group or position level do not show much difference. Food insecurity is followed by reduced disposal incomes or having to spend less on non-essential items, stated by almost half (46%) of the respondents. Less common challenges in descending order are: livelihood losses/job losses (33%); loss of opportunity for children and young people to continue their education (22%); and being unsafe to travel – either to community to work or travel from one place to another (18%).

3.8 Greatest challenges

Respondents were asked to select a single answer to this question. The most common challenges described in descending order are: income losses (38%); food insecurity/reduced spending on food (22%); livelihood or job losses (12%); and reduced disposable income (7%). Since the respondents have jobs now, it is possible that those who selected the livelihood of job losses option could be referring to job losses by their household members, friends or community members.



Base: Total respondents working in the garment industry

Figure 12. Greatest challenges being currently faced since the outbreak of COVID-19 by respondent and respondent's family, stratified by work position



3.9 Job loss concerns

Respondents were asked to select a single answer to this question. The most common challenges described in descending order are income losses (38%), food insecurity/reduced spending on food (22%), Livelihood losses or Job losses (12%) and reduced disposable income (7%). Since the respondents have jobs now, a little more than 10 percent (12%) of them must be referring to the job loss of their household members.

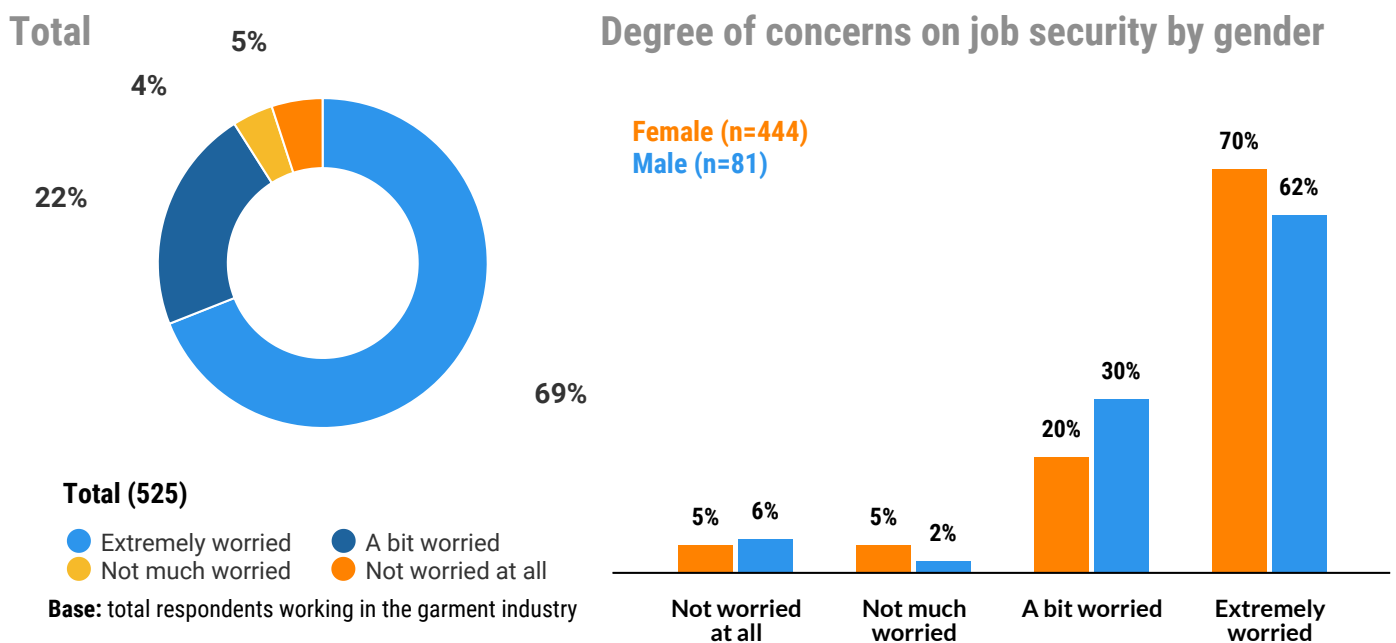


Figure 13. Degrees of concerns on job security

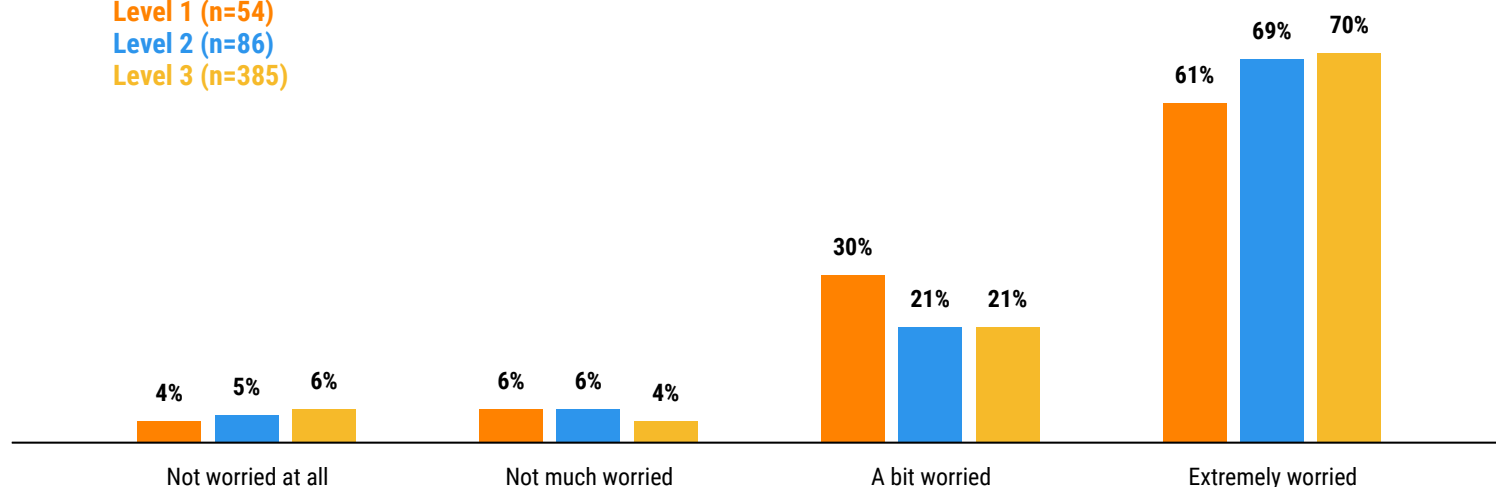
No significant difference of anxiety is noticed among respondents on account of their gender, age group or position level. However, among respondents whose household incomes are higher less percentage is found having such concern.

Degree of concerns on job security by job position

Level 1 (n=54)

Level 2 (n=86)

Level 3 (n=385)



Degree of concerns on job security by income level

MMK 120,000-300,000 (n=233)

MMK 300,000-600,001 (n=212)

MMK 600,000-900,000 (n=50)

More than MMK 900,000 (n=50)

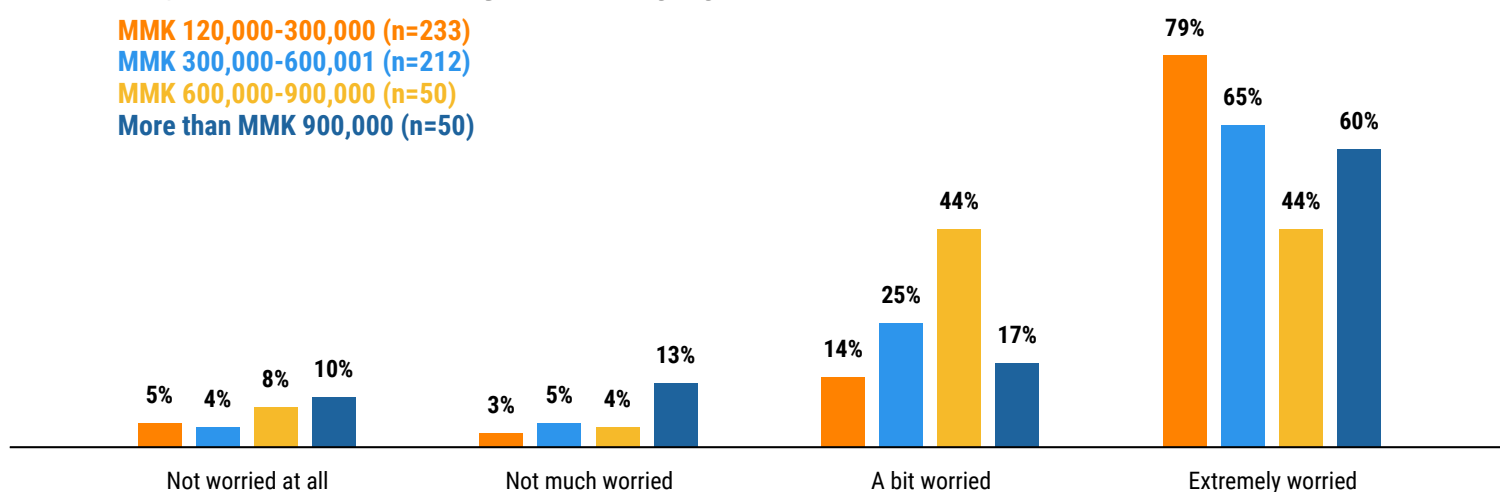
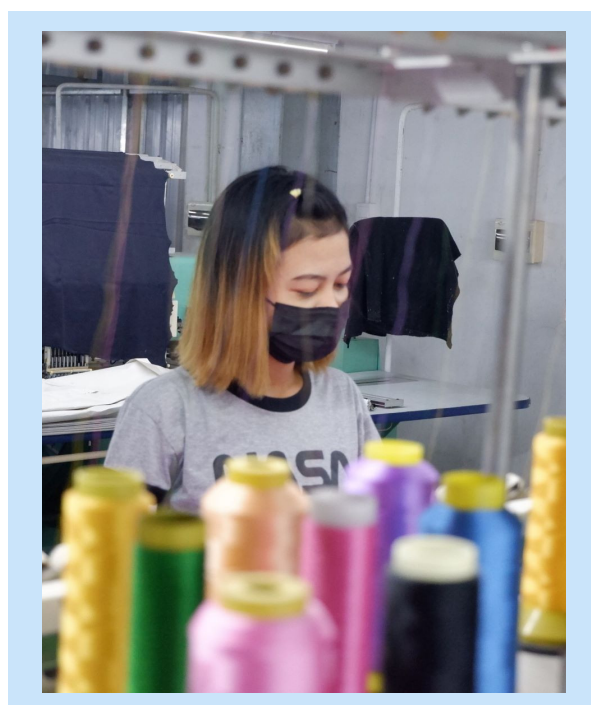


Figure 14. Degrees of concerns on job security based on job position and income level

3.10 Concerns on job security

The most common concern expressed by the respondents was the shutdown of their factories. Eighty-eight percent mentioned it. It was followed by “Certain countries/organizations stopping orders for the garment industry in Myanmar” and “imposing economic sanctions on the country” which almost two-thirds of respondents (65% and 64%) chose respectively. The proportions among respondents who perceived the anxiety did not differ irrespective of their gender, age group, household income group or position level. Notably, one hundred percent of single mothers, who are more vulnerable to external shocks, professed the anxiety.



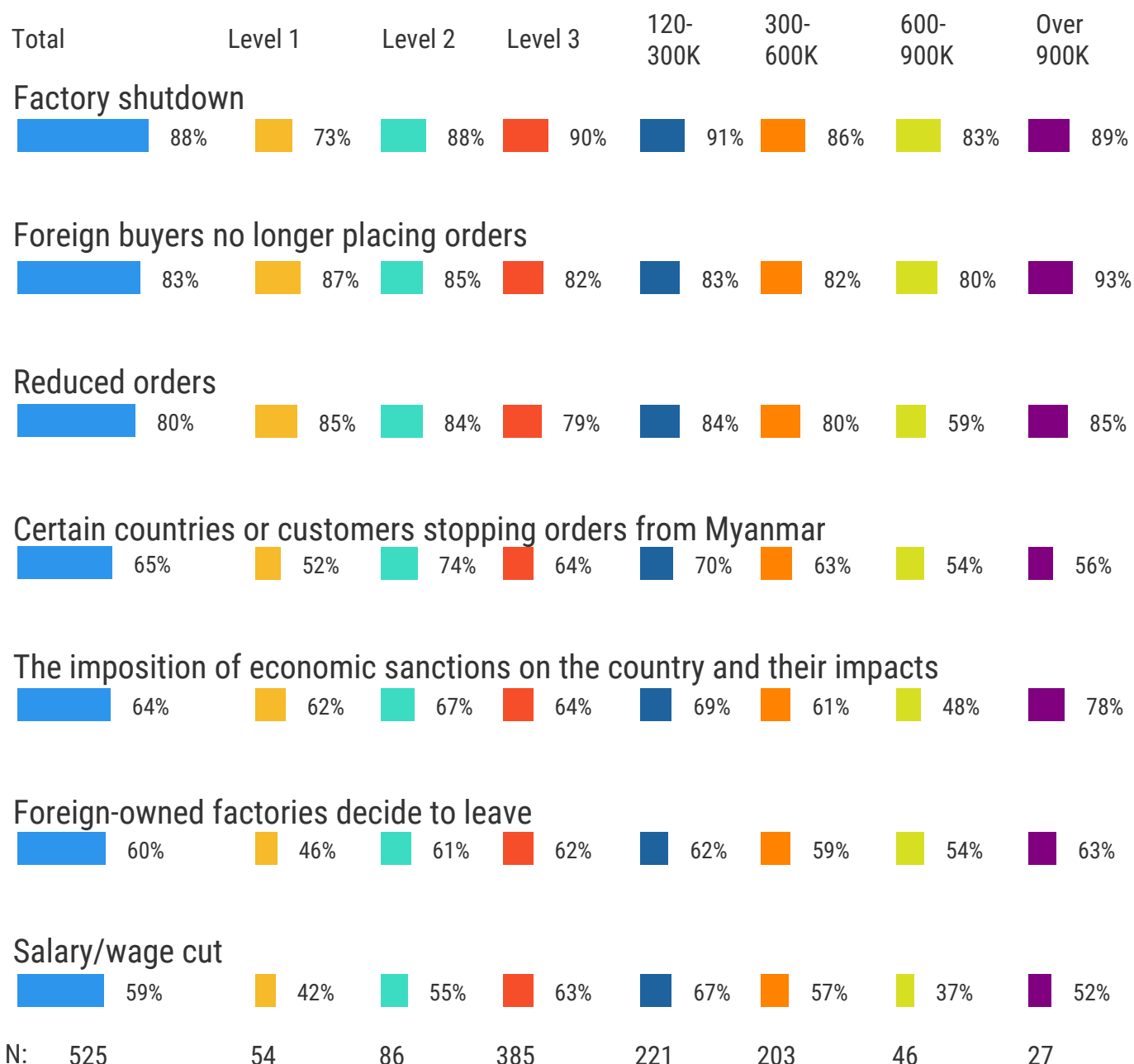


Figure 15. Main job security concerns under the current situation

As mentioned earlier, a high percent of respondents belonged to the working class or lower middle class in the context of Myanmar. Most of them were migrants. Many of them had tried to escape the troubles of their village life while some others were seeking greener pastures. They hoped for upward mobility once they set their foot in urban areas. However, they were more vulnerable and less resilient to external shocks. Therefore, one of their great concerns was losing their jobs and having to return to their own villages.



Qualitative question – How secure you believe your current job is Question #7

In responding to the question about how secure they believe their current job is, some of the respondents talked about their confidence in their skills, the quality control system that is being put in place and the quality of their finished products. However, they still expressed their concerns about external factors such as the closure of their factories in the midst of political turmoil, the lockdowns to be imposed in response to the possible surge of the pandemic and the possibility of foreign employers deciding to end their businesses here. They also explained what impacts they could face should they lose their jobs if their factories shuttered.

"I have no worries. I have full confidence in our factory. We have good quality control and practice... Our factory compound has no open space as it is being filled with containers (of raw materials). I don't have a slightest doubt that our factory will shut down."

Respondent #12

Sewing Operator, 28-year-old single mother
working in a garment factory in Myaungtakar, Hmawbi Township, Yangon Region

"I believe my position is secure. I have confidence in my work skills. Nevertheless, I am worried that the orders will stop coming and the factory will come to a close."

Respondent #13

Finishing supervisor, 26-year-old married male
working in a garment factory in Mingalardon Township, Yangon Region

"I am worried that foreign owners decide to close their businesses and return to their countries. We constantly make inquiries if we are receiving new orders."

Respondent #3

Quality controller, 42-year-old widow
working in a garment factory in Thanlyin Township, Yangon Region

"I can't say with confidence about that although the factory owner said that he would not leave his business. If I lose my job, I will face difficulty in paying for my younger brother's education. I have no worries about where to live. I will just build a hut in the rice field. I am worried about how to get food"

Respondent #8

Cutting worker, 21-year-old single female
working in a garment factory in Bago Township, Bago Region

"I don't believe our position is secure. Nowadays, it is the employers' market. There are more people who are seeking jobs than the number of jobs available. As a human resource officer, we sometimes get into a difficult situation playing a coordinating role between management and workers. Employers treat workers less favorably now. We are put in a somewhat difficult position."

... "If there is no more order, the factory has to stop. I am worried that there will be a lot of unemployed people. Currently, I think many girls and women in Myanmar depend on having jobs at these garment factories. Non-garment factories are not so large in Myanmar and they can't employ as many people as the garment industry. And since the largest source of labor force is absorbed by the garment industry, it is likely that the largest number of people will be affected if the garment industry comes to a stop or discontinues. If I lose my current job, it will be very difficult for me and my family. There is no other source of income at home."

Respondent #9

Skilled operator and Assistant HR, 32-year-old single female
working in a garment factory in Hmawbi Township, Yangon Region.

3.11 Impacts and coping strategies for job loss

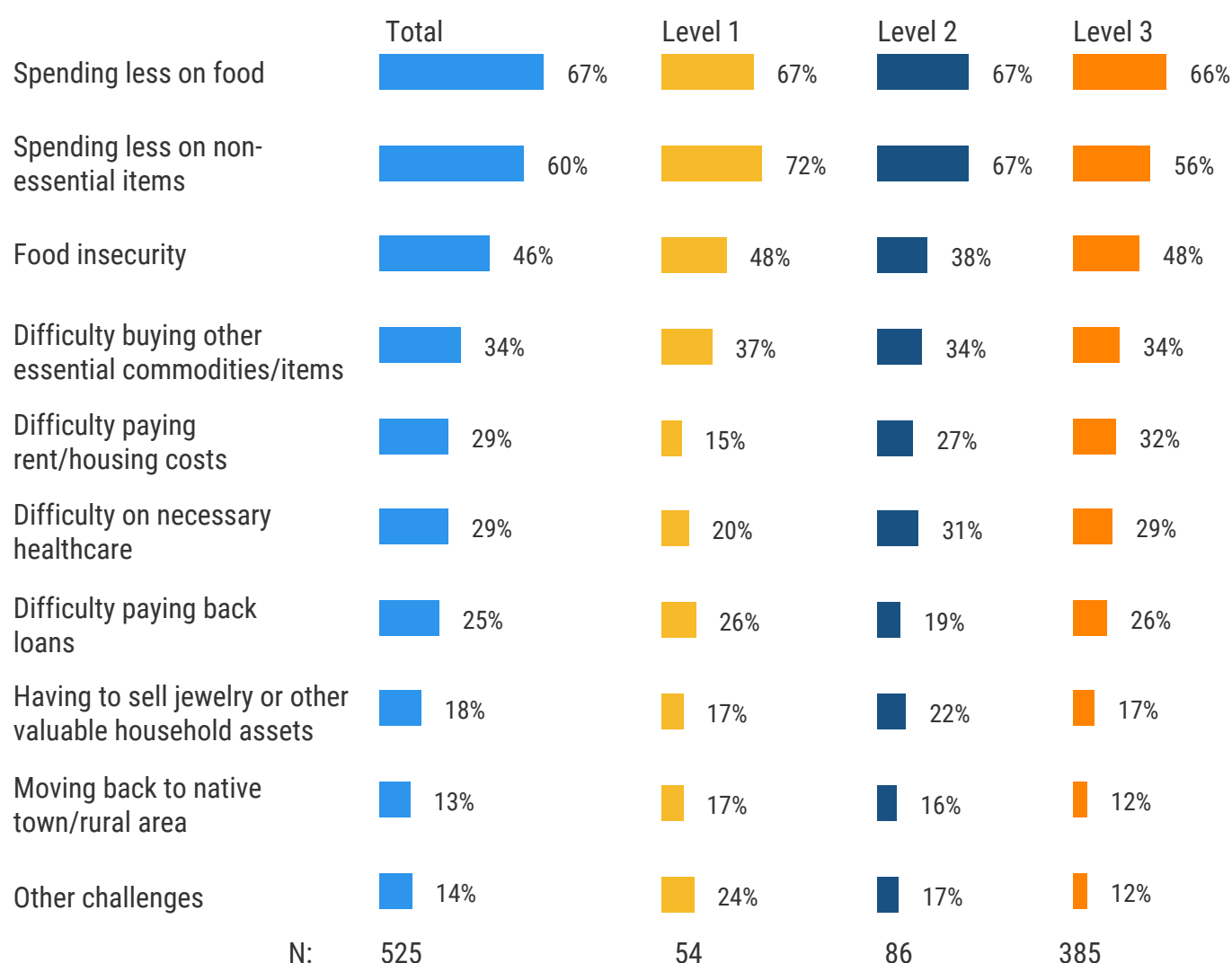


Figure 16. Impacts on garment workers and their family if salary decreased significantly, or if they lose their current job

This question allowed respondents to select more than one option. The most common coping strategy mentioned by respondents was “*spending less on food*”, with two-thirds (67%) of respondents choosing it. Segregation of the data by gender, age group, household income, marital status or position level did not show any significant difference in the proportions about their intention to adopt the strategy. Altogether sixty percent of the respondents stated that they would spend less on non-essential items as part of their coping strategy. In the same manner as the most common strategy, proportions who stated so remain similar irrespective of their gender, age group, or position level. However, fewer percentages of respondents with lower household incomes talked about using the strategy. In the same manner, fewer percentages of respondents who were either widows/widowers or single mothers described to adopting the coping strategy. They might be living on modest incomes and they would opt for the ones which require more sacrifices.

The other issue is related to expressing some form of serious concern. About half of the respondents (46%) stated that they could face food insecurity problem following their job loss. As it can be expected, less than one-fifth (17%) of respondents who belong to the highest household income group stated having such anxiety. Respondents described such measures as eating more vegetables and less meat, having fewer curries during meals or eating out less often during the qualitative interviews but nobody mentioned forgoing a meal. In the quantitative study, more serious measures described by respondents include having a problem to buy other essential items (34%); facing difficulty to spend on necessary health care (29%); encountering a problem to pay rents/housing costs (29%); facing difficulty to pay back loans (25%); having to sell jewelry or other valuable household items (18%); and moving back to native town/rural areas (13%), among others.

3.12 Alternatives should they become unemployed

What is the best alternative you can do if you lose your current job? In responding to the question, the greatest number of participating workers and staff said they would work as self-employed like selling food or snacks (29%). In the qualitative interview, some stated that they would work as a seamstress receiving orders from customers while some others described running a small shop. The latter seems to be a good option for older workers who have fewer chances of getting a job in the industry and for those who belong to higher income groups as they could have the means to start a business. Altogether twenty-three percent of respondents said that they would take up a similar position within the garment industry while a much smaller percent (4%) stated that they would take up a similar position in a different industry. As mentioned earlier, remaining in the same industry is a less of a choice for older workers while those who belong to the highest income groups have more to choose rather than staying in the sector in the event of the loss of their current jobs. Many workers in the garment have a rural origin. They have left their villages through the support of their friends, neighbors or relatives who have set foot in urban areas earlier. They would try to remain in towns where they no longer feel strange as they have been able to adapt themselves to the urban life. Now, they have electricity in their dwellings, they themselves or younger members of their families or other relatives have better access to education and they can earn money with less difficulty compared to being in a village or a smaller town. Going back to rural areas is their last option and they would do it only when all other options fail.

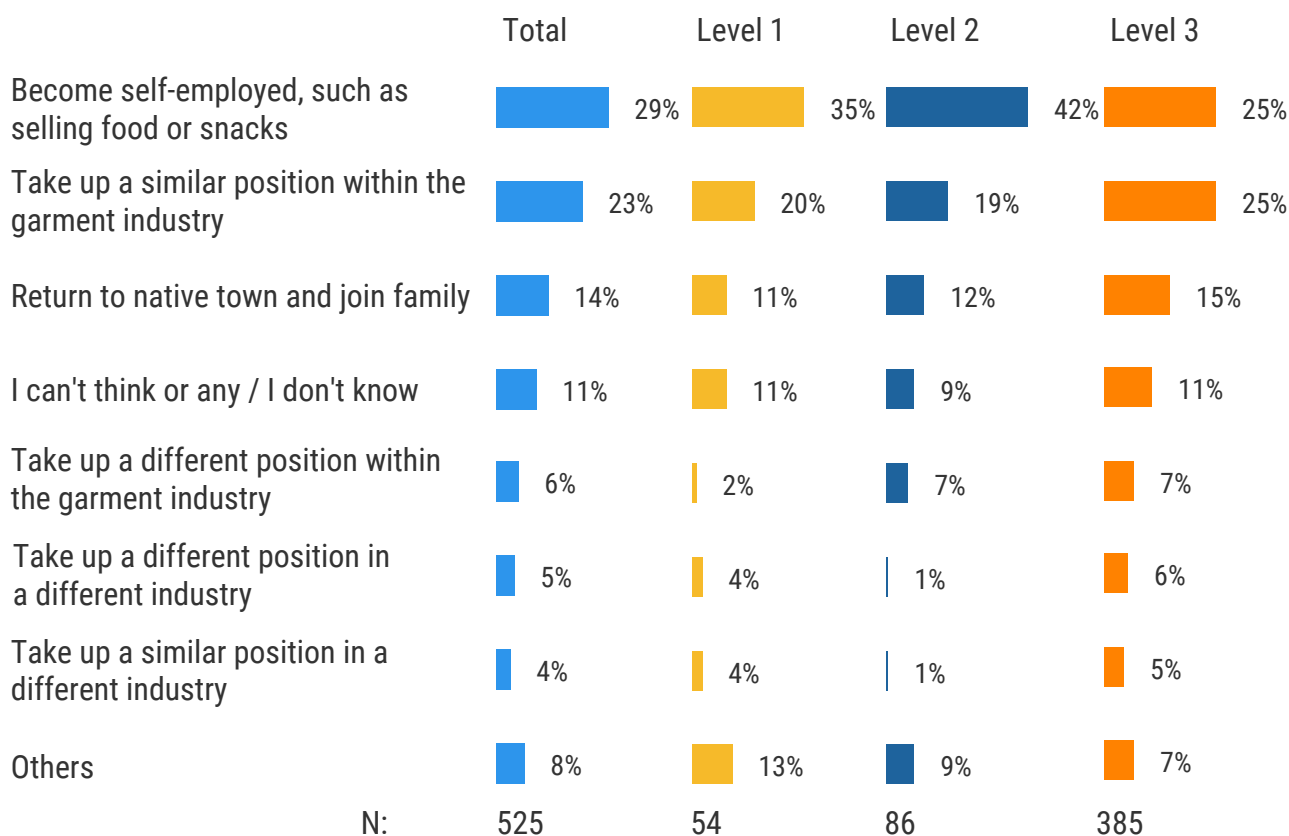


Figure 17: Best alternatives for garment workers if those lose current employment

Fourteen percent of respondents said that they would return to their native towns or villages and join their family there. Smaller percentages of two oldest age groups described that as an option because they could have a lesser chance of survival there: Many jobs in rural areas or smaller towns require physical labor and they may not necessarily be working under a roof. In addition, they could have younger siblings/relatives or younger generation living with them. Their decision to return could disrupt the pursuit of education of younger family members and they would have to give up their hope of attaining upward mobility altogether. Fewer percentages of those who belong to higher income groups said so. They have more options to continue to live in town and they might no longer have rural contacts as they have been to the cities for quite some time.

During the qualitative interviews, some respondents said that they would continue to stay in town and seek other types of jobs. For those who have had several years of experience in the garment sector, they have confidence in their skills. They will try to seek a similar job in the garment industry. Some others who had rural backgrounds, opted for going back to their native villages and work on the farm. They felt that it would be too costly to stay in town without a regular and decent income.



"If I lose my job or my salary is significantly reduced, it will have a great impact on my family. With my current salary, my siblings can live fairly well. I will have to take up a job which could bring me only 1,000 kyat per day. The work is to shell beans and it's very tiring."

Respondent #10

Sewing operator, 23-year-old married female
working in a garment factory in Pakokku Township, Magway Region

"I will try to get a better job. I know how to do quality control work well. I will seek a similar job in the garment industry."

Respondent #15

Quality controller, 24-year-old single female
working in a garment factory in Thardukan Industrial Zone, Shwepyithar Township, Yangon Region

"Using my savings, I will open a general store or a dry goods shop."

Respondent #7

Sewing operator, 32-year-old single female
working in a garment factory in Shwepyitar Township, Yangon Region

"If I lose my current job, I will work as a painter at construction sites. That is something I have got good skills." I might become better off if I take up a painting job in the construction sector again. Daily, I could earn 15,000-20,000 kyat. My family will be worried about me doing that job because I have to work on a scaffold. I will earn more money but it carries a lot of risk."

Respondent #13

Finishing supervisor, 26-year-old married male
working in a garment factory in Mingalardon Township, Yangon Region

"I belong to an agricultural family. I will work on the farm again. I will help my mother in her daily chores such as preparing food. In transplanting season, I could get as much as 5,000 kyat per day."

Respondent #6

Line in-charge, 28-year-old single female
working in a garment factory in Shwe Lin Ban Industrial Zone, Hlaingtharyar Township, Yangon Region



"I don't think I will become a hawker. I have a rural background. Since we don't have a paddy farm of our own, I will work as a farm laborer back home."

Respondent #14

Sewing operator, 41-year-old married female
working in a garment factory in Hlaingtharyar Industrial Zone, Hlaingtharyar Township, Yangon Region

"First I try to seek a job in another garment factory. Should that not work, I will return to my village and grow beans, tomatoes, chili or sesamum. I will work on my own farm. If I am to work as a farm laborer for others, I get paid 3,000 kyat per day."

Respondent #16

Quality controller, 24-year-old single female
working in a garment factory in Shwe Thanlwin Industrial Zone, Shwepyithar Township, Yangon Region

3.13 Impacts on garment workers should they lose their current job

In responding to questions about what impacts would follow if you lose your current job and find an alternative job, many of them said they would become worse off, face difficulty making ends meet; live on irregular income or return to villages. However, nobody talked about the worse scenario of going hungry. A few of them said positive things like having more time to spend with the family.

"Working on a farm, I can spend more time with my family. Here in Yangon, I go to work at 7.30 in the morning and return from work at 3.30 in the afternoon. That is if I don't have to work overtime. Bulk of the time is spent at work. Back home in the village, fewer hours are spent at work."

Respondent #1

Sewing operator, 49-year-old married female
working in a garment factory in Naypyitaw Union Territory

"My earnings will be significantly reduced. Income won't be regular. I have to be more frugal. I won't expect significant changes in my life, though."

Respondent #12

Sewing operator, 28-year-old single mother
working in a garment factory in Hmawbi township, Yangon Region

"My family will return to the vicious cycle of debt: borrowing money during cultivation season and returning it when crops are harvested. We grow cotton on our two-acre family farm. Only single cropping can be practiced as it can't be irrigated. We borrow money from the government with an annual 5% interest but if we need more money that has to be borrowed from a money lender, the loan carries 20% interest per month"

Respondent #16

Sewing operator, 24-year-old single female
working in a garment factory in Shwe Thanlwin Industrial Zone, Hlaingtharyar Township, Yangon Region

"What we get from the factory is our net income. We are paid what we deserve. When I return and do farming again, I am making an investment but I can't say for sure if I will gain profits from it. Many things are at play—my own efforts and some other external factors."

Respondent #19

Merchandising manager, 36-year-old married male
working in a garment factory in Hmawbi Township, Yangon Region

The qualitative question explored who would suffer in addition to the factory staff/workers and their families if the garment factories shut down. The garment factories boost the local economy as the industry and its workers and staff buy goods and services from people who operate hostels, food sellers, means of transport and logistic operators, and money lenders. Their businesses will surely be affected.



"Many people from whom we seek services will suffer. Food sellers will lose their sources of income; transport operators will have to give up their current job and hostel owners will definitely have a hard time. Money lenders who are our colleagues will lose their extra source of income too. Their interest rate is lower than the market rate which carries 20% interest per month without collateral. I also feel sorry for those who sell trinkets, textile and clothing."

Respondent #1

Sewing operator, 49-year-old married female
working in a garment factory in Naypyitaw Union Territory

"The business of hostel owners will be greatly affected. Majority of the garment factory workers come from rural areas or smaller towns and they, especially junior staff, stay at hostels even for those who have families here. Ferry (transport) operators will also have a difficult time."

Respondent #5

Button/Labeling worker, 35-year-old single female
working in a garment factory in Shwepyithar Township, Yangon Region

"As our factory no longer allows food sellers from outside coming into our compound, wife of our factory security staff is selling rice and curry, cold drinks and coffee now. The family is dependent on combined income of both husband and wife. The closure of the factory will have a great impact on them."

Respondent #7

Sewing operator, 32-year-old single female
working in a garment factory in Shwepyithar Township, Yangon Region

Logistics operators will lose their jobs. The business of transport operators who ferry workers will come to a stop.

Respondent #19

Merchandising manager, 36-year-old married male
working in a garment factory in Hmawbi Township, Yangon Region

"Money lenders don't usually have their own financial capital. They usually pawn their gold jewelry to lend money with much higher interest than they pay to the pawn shops or their own money lenders. Should the factory come to a close, those who have borrowed from them won't be in a position to pay back their loans. The money lenders will lose their jewelry altogether."

Respondent #10

Sewing operator, 23-year-old married female
working in a garment factory in Pakokku Township, Magway Region

3.14 Perceived job losses in the garment sector

More than two-fifths (42%) of the respondents believe that a quarter to half (25-50%) of their counterparts could have lost their jobs up till now since the outbreak of the pandemic in early 2020. A little more than one-fourth (26%) said that a greater proportion of workers and staff, most probably half to three-quarters (50-75%) in the industry could have been deprived of their garment work.

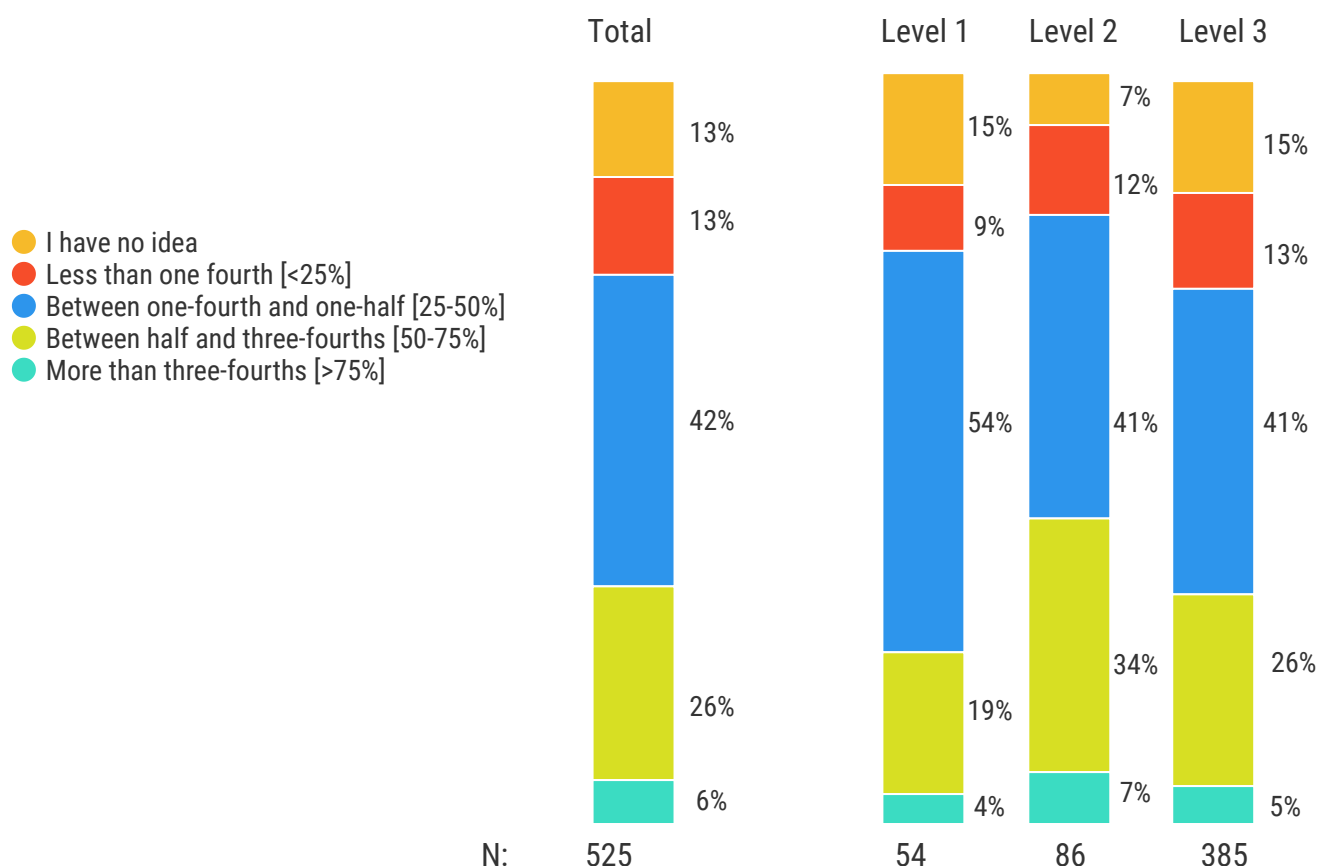


Figure 18. Respondents' opinion on the number of garment sector workers who might have lost jobs

In responding to the question about if they heard anything about their friends or former colleagues who lost their jobs, many of them said that they had heard about them and only a few said that they had not heard about those people. Those who said some of their friends or acquaintances had lost their jobs, they said they have returned to their villages as they can no longer afford to live in town; they do farming work again and help in their family business. Some of them have tried to get jobs in other industries without any success. Some of them are working as a seamstress at home.

"I haven't heard any of my friends having lost their garment jobs."

Respondent #10

Sewing operator, 23-year-old married female
working in a garment factory in Pakokku Township, Magway Region

"Some garment factories in our area laid off some workers. They were not given jobs at other factories as there were not many orders there. They were not accepted at juice or biscuit factories either as there were no vacancies. Many of them went back to their villages."

Respondent #8

Cutting worker, 21-year-old single female
working in a garment factory in Bago Township, Bago Region

"Some of my friends are now working as a seamstress home. Their incomes become irregular. They couldn't find jobs in the garment factory."

Respondent #9

Skilled operator and supervisor, 32-year-old single female
working in a garment factory in Hmawbi Township, Yangon Region

"Some of my friends who lost their garment jobs were given jobs in other factories, but they are the very lucky few. Many others couldn't afford staying in town as there are food costs and hostel fees. They had to return to villages doing weeding at sesamum fields. They earn MMK 3,000 per day without lunch and 2,000 with lunch provided."

Respondent #16

Sewing operator, 24-year-old single female
working in a garment factory in Shwe Thanlwin Industrial Zone, Hlaingtharyar Township, Yangon Region



4. RECOMMENDATIONS

The following are a list of recommendations based on survey findings supplemented by background research into the Myanmar garment sector. These recommendations are aimed at aiding factories to continue operations and remain internationally competitive, as well as fostering a mutually respectful and beneficial operating environment that in turn can give job security to the employees, guarantee their legal rights, and improve their earning potential. As expanded below, these recommendations are important by themselves, but will help realize greater benefits if they could be implemented in concert with each other.

4.1. Creating a safe and conducive working environment

A fundamental issue for both employers and employees is to have a proper working environment that safeguards the health, safety and wellbeing as well as the dignity and rights of all those involved in the worksite. Creating such an environment will involve the participation of all three key stakeholders – the government, employer and employee, to realize and maintain the following: improved tripartite industrial relations, including better and transparent communication from all stakeholders; the enforcement of updated laws in line with the domestic context and laws as well as in coordination with global standards and best practices; and collaboration on health, safety and security as well as tackling issues such as misinformation. Recent incidents of arsons, threats from unspecified actors as well as the threat of politically motivated disinformation and rumors highlight the need for the stakeholders to work together to foster a conducive working environment.

4.2. Investing in reskilling and upskilling

A large portion of employees in the labor-intensive sector have limited formal education and most also lacked the required skills upon first joining the industry. As seen in the survey findings, these skills are developed through on-job training, often undergoing a mentorship program with colleagues who commenced work earlier, or supervisors until their 'mentors' believe that they can handle their assigned tasks competently, though skills development is often an ongoing process for many. This highlights the need for both the government and industry to allocate resources on Continuing Vocational Education and Training (CVET) and Life-long Learning (LLL) programs. Such programs will serve to improve labor force productivity as well as the earning potential of the employees. It will also support the sector's efforts to shift from Cut-Make-Pack (CMP) contracts towards more value-added modalities. (See 4.5)

4.3. Improving and updating existing laws and regulations

Existing laws and regulations should be revisited and updated to align to the current context inside the country as well as global standards, norms and practices to ensure a safe and conducive working environment; the rights and benefits of both the employer and employee are protected; and disputes or complaints settled professionally, impartially and in a timely manner. There is also a key need for the proper dissemination of these laws and regulations

and their respective updates if any, to ensure that different government departments, employers, employees, unions and other stakeholders are informed for improved implementation and compliance, as well as to reduce misunderstandings and miscommunications.

Industry sources voiced their wish to see the Social Security Board (SSB) becoming a more effective body, and that reforming it to become an independent fund managed by an independent board will help improve its performance, expand enrollment across sectors, and increase the benefits enjoyed by insured employees.

4.4. Disseminating knowledge on labor regulations and standards, and advocacy on responsible business practices

Some respondents complained of seeing little benefit of paying their social security contributions, and even said that their wages were being cut instead of seeing it as a contribution. Under the SSB's social security insurance scheme, an employer contributes an amount equivalent to 3% of an employee's wage while the employee contributes 2% of his or her salary, with enrollment conferring health or social support for the insured employees. As with the need to disseminate laws and regulations and their updates, the dissemination of relevant knowledge to employers and employees will help them better understand their rights and responsibilities, what recourse they can seek to rectify disputes or complaints, and the proper channels to do so.

Combined with a safe and conducive working environment, effective and impartial dispute settlement mechanisms, and the support from partners and stakeholders, this will contribute to the overall improvement of the garment sector. Advocacy on corporate social responsibility and responsible business practices, including sharing experiences on innovative approaches and partnerships, would also help cultivate a corporate management culture that will serve as a multiplier for the other transformative factors.

4.5. Moving up the value chain

Most Myanmar garment factories operate Cut-Make-Pack (CMP) contracts, which generally straddle the lower end of the global standards ladder. A more favorable investment climate, increased labor force productivity, improved working conditions and supportive policies will enable the MGI to move up this ladder to sign Free-on-Board (FOB), Own-Design-Manufacturing (ODM), Original Equipment manufacturing (OEM) or Own-Business-Manufacturing (OBM) contracts. These modalities will allow businesses to have more control over the supply and value chains and be more competitive globally, which will translate into better pay and more benefits for their employees. Crucially, improved competitiveness for businesses will ensure that they can maintain their current workforce, or even expand it if conditions are favorable. Given that securing a reliable flow of international orders form the pillar for many MGI enterprises regardless of which contract nature they take on, it is imperative for employers to abide by national labor standard laws and regulations as well as international best practices and regulations, and implement responsible business practices in their operations.

5. CONCLUSION

This survey provides evidence-based knowledge on the sentiments and issues currently facing Myanmar garment workers. An overwhelming ninety-nine percent of respondents reported sharing their salaries with family members, and nearly ninety percent said they were extremely worried of losing their jobs. Reasons cited for these concerns include calls by some labor unions for brands to stop placing orders with Myanmar manufacturers, and for the imposition of broad economic sanctions and divestment against the country.

Due to both the COVID-19 pandemic and recent political developments, the MGI is facing a very uncertain future. The pandemic had severely impacted the country's overall economy, with the United Nations Development Programme (UNDP) estimating that it could lead to poverty increasing 6-12 percentage points from around 25%, to a range of 31-36%. The political situation is projected to contribute another 8-12 percentage points on top of the COVID-19 pandemic, with the country possibly seeing around 48% of the population in poverty by 2022 in the worst possible scenario. A large number of garment workers had lost jobs since the beginning of the COVID-19 pandemic, compounded by the turmoil and uncertainty following the events of February 2021.

On top of these challenges, there have been reported calls for the annulment of the GSP or broad economic sanctions as punitive responses to the domestic human and labor rights situations, with the European Union said to be reconsidering its position. Labor activists and unions were also making similar calls citing factories not following labor standards, and for foreign-owned firms to close shop and pull out. There have also been news articles spotlighting rights violations and intimidations in some factories.

The fact of the matter is that these incidents are the exceptions rather than the rule. Over the past decade, the MGI, its stakeholders, partners and the clients themselves have actively worked to improve the conditions, lay down stipulations and regulations, and have instilled a degree of responsible business practices that are not perfect but nonetheless will not be so quickly and easily undone in such a manner. In a 2021 survey of 1200 garment workers by SMART Myanmar, 85% of employees reported feeling that their employers respected their rights. (12)

Given its nature as a major employment generator for young women, the MGI has gone through a more robust evolution of labor rights, benefits, industrial relations and other mechanisms than other sectors in Myanmar and has also enjoyed strong collaboration and input from development partners to enable such an ecosystem.

Clients and stakeholders are aware that the incidents and occurrences of rights violations do not represent the entire nor the majority of the sector. Garment manufacturers in Myanmar have to operate in strict compliance with EU regulations as well as assurances of continued adherence, in order for EU buyers to place their orders, and with the EU being the main export destination for the MGI, this creates a very strong incentive for factories to abide by such regulations. EuroCham Myanmar's statement in May 2021 that European brands would resume their orders

(12) SMART Myanmar, Twitter Post, October 7, 2021, 4:57PM
https://twitter.com/SMART_Myanmar/status/1446059681315577861

their orders and honor their commitments with garment factories in Myanmar to keep jobs reflects this system created to ensure labor rights, safe working environments, and responsible business practices.

If garment factories can continue their operations with momentum, factory workers' jobs will be assured, those dismissed can be rehired, and people seeking jobs can find gainful work. These can only occur in a conducive environment through tripartite collaboration and coordination, with the government needing to take the lead for the benefit of the garment sector employers, the employees and the many more people who are linked directly and indirectly to the sector.



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