



Myanmar garment workers travel home after their shift in Hlaing Thayar, an industrial zone in Yangon. Photo: Dr Kaung Thet/Oxfam

MADE IN MYANMAR

Entrenched poverty or decent jobs for garment workers?

In Myanmar, the garment industry is booming thanks to an upsurge in investment by international brands, but garment workers are facing tough conditions. According to new research from Oxfam and labour rights groups in Myanmar, garment workers are working up to 11 hours a day, six days a week, but remain trapped in poverty. Following decades of economic isolation, political reforms have seen global retail heavyweights like GAP, H&M, Primark and Adidas starting to source from Myanmar factories. With the garment industry growing quickly, companies need to act now to ensure that workers making their products can access their fundamental rights and provide a decent living for themselves and their families.

FOREWORD

Workers who are powering the economic growth of their countries too often remain trapped in poverty.

Myanmar is one prominent example. The country is on the precipice of embracing wholesale democratic reform, and the garment sector in the country is booming. But Oxfam's research shows that this promising growth is failing garment workers, who are working up to 11 hours a day, six days a week on very low wages, often in dangerous conditions.

Rising extreme inequality keeps many garment workers in Myanmar locked away from opportunity and the benefits of growth. Caught in a cycle of low wage poverty and debt, workers are often forced to borrow money to pay for basic needs like food and accommodation. Many of these workers are young women, supporting several family members with their income. This is unacceptable.

Governments and the private sector have a pivotal role in helping people break free of poverty and inequality and together they must take responsibility to avail decent work for the poorest and marginalized. That means providing a fair wage, decent working conditions and upholding basic rights. Secure jobs on a living wage must become the norm, not the exception.

When you earn a good wage you can afford decent housing, you can afford to send your children to school and, in a country with no formal social protection systems, you can afford to support elderly parents. When employers fall short, the consequences can be devastating – leaving people in precarious work without a secure contract, without freedom of association and without the benefits of collective bargaining.

This paper, based on survey findings across 22 factories in industrial zones in and around Yangon, places a spotlight on overwhelmingly poor working conditions. It urgently calls on international companies buying garments from Myanmar, as well as their supplier factories, to improve transparency and monitoring of the industry and address these unsafe and exploitative conditions.

Myanmar has the opportunity to break away from the path of inequality which so many other low income countries have gone down. Global brands and local employers in Myanmar must seize this moment of political and economic change – and place dignity and decency at the heart of work.

Winnie Byanyima

Executive Director, Oxfam

SUMMARY

This report presents the findings of research carried out by Oxfam in June and July 2015 on the wages and conditions of garment workers in Myanmar. Despite working six days a week and doing an average of 10.5 hours overtime each week, garment workers are not earning enough to adequately support themselves and their families. In September 2015 a new minimum wage (\$83 a month) was introduced. Whilst the setting of a minimum wage is an important benchmark for Myanmar, the results of this report suggest that this amount will not be enough for workers to look after themselves and their families.

Access to decent work is a fundamental pathway out of poverty. Oxfam has been working on labour rights in the garment and sportswear sector since 1995, supporting workers' campaigns for decent conditions and fair wages. Oxfam engages in dialogue with sourcing companies that are often global brands to ensure that workers can access their basic rights.

In collaboration with labour groups in Myanmar – the Cooperative Committee of Trade Unions (CCTU), Action Labor Rights (ALR), 88 Generation, and Labour Rights Defenders & Promoters (LRDP) – Oxfam conducted a survey with garment workers in and around Yangon. It revealed that even though workers earn an average of \$98 a month (with overtime), they are unable to cover the cost of basic needs like food, medicine and transport. Almost half of all workers surveyed (43 percent) are trapped in debt, reporting that they borrowed money to pay for basic items. While some workers have been able to negotiate improvements with factory managers (such as access to clean drinking water and small pay increases), the survey found that often, factory managers do not listen to workers when they raise problems.

Safety was a big concern. More than one in three workers reported that they had been injured at work. Many were afraid of factory fires, explaining that building exits were often blocked or even locked.

Workers reported that they sometimes face verbal abuse by factory supervisors, who often pressured them to work faster. Almost one in four workers reported doing forced overtime and several reported doing unpaid overtime. A number of respondents reported working through lunch breaks and into the night to meet high production targets.

'Last month we had to do overtime until dawn (the next day). We had to do this overtime for one week continuously... It harms my health. I don't want to work all night until the next morning. We also regularly don't receive all of our overtime wages.'

Swe Swe Hlaing, interviewee

'They think that we are like animals. I know I have no rights to make a complaint so I have to bear it. I have been working here so many years and we try our best to meet the production targets so that we won't be told off, but sometimes it [the shouting] is unbearable.'

Ei Yin Mon, interviewee

'There is a fire brigade, but just only for show.'

Mar Mar Ywe, interviewee

Given poor conditions inside Myanmar factories, the weak rule of law, poor regulation and lack of respect for basic workers' rights, sourcing garments from Myanmar must not be business as usual for international companies. Taking the low road (see Box 1) on sourcing garments in Myanmar could lead to industry accidents, social unrest and human rights violations.¹ For workers employed in the country's garment factories, rather than benefiting from growing investment, they are likely to face greater exploitation and remain trapped in poverty.

I want to be a good leader so usually I do not go [to the toilet].

Pan Ei Khine, interviewee

Myanmar is at a turning point in its recent history. Decision makers and business leaders have two clear choices: they can either allow the country to join the race to the bottom by becoming the next low-cost, exploitative and unstable manufacturing market; or they can learn from tragedies like the Rana Plaza collapse in Bangladesh and from industrial unrest as a result of poor working conditions in Cambodia and Indonesia, and implement better sourcing practices.²

Oxfam puts forward the following recommendations for international sourcing companies and factories to help them protect garment workers' rights so that they can lift themselves and their families out of poverty.

Recommendations

International sourcing companies should:

- Publish locations of supplier factories to enable independent monitoring and verification of conditions for workers;
- Support suppliers to ensure that workers receive regular training and information;
- Ensure that price negotiations with supplier factories enable legal wages to be paid as well as enabling any negotiated wages that are higher than the minimum wage to be paid;
- Ensure that delivery times do not require workers to do excessive overtime hours;
- Develop longer-term relationships with suppliers so that suppliers can plan for a long-term workforce;
- Ban or severely restrict the use of short-term contracts in supplier factories.

Manufacturers and sourcing companies should:

- Recognize the right of independent worker organizations and employers to engage freely in collective bargaining (including bargaining on wages at the factory level);
- Provide regular training for workers on occupational health and safety and fire/electrical safety, allowing and supporting the formation of worker health and safety committees that include both men and women representatives;

- Develop mechanisms for workers to anonymously report safety hazards to factory management and for management to report back through the safety committee or union on which issues have been raised and how they have been resolved;
- Ensure accessible, effective and efficient mechanisms for addressing workers' grievances.

Further recommendations for manufacturers and sourcing companies can be found in the 'Conclusions and recommendations' section of this report.

1 INTRODUCTION

Oxfam believes that the private sector has an important role to play in development and can contribute to tackling poverty and inequality through providing decent work and upholding people's basic rights.

When the private sector does not respect these rights, the consequences can be devastating for millions of people living and working in poverty. Businesses can commit human rights abuses where they seek profit without considering the impact on people and environment. This is particularly true in countries where there is a legacy of weak governance and rule of law, such as Myanmar.

The importance of decent work has long been recognized by political and economic leaders,³ and is reflected in its inclusion in the Sustainable Development Goals (SDGs) adopted by world leaders in September 2015. SDG 8 aims to 'promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'.⁴

But in Myanmar, there is still a long way to go to achieve decent work. The garment industry is a booming business, but garment workers are not benefiting from this growth. Following decades of economic isolation, democratic reforms in 2011 have seen global retail heavyweights like Gap, H&M, Primark and Adidas starting to source from Myanmar. In 2014, an average of two new factories opened every week.⁵ International brand representatives and the Myanmar Garment Manufacturers Association (MGMA) have projected that over the next 10 years, the industry's worth will grow from \$912m in 2012 to \$8bn–\$10bn in 2022, employing up to one and a half million workers.⁶

The quality of these garment jobs is critical to determine whether workers can lift themselves and their families out of poverty, or whether they will remain working but trapped in a cycle of debt.

Countries like Cambodia and Bangladesh have long provided low-cost destinations for global garment companies. But since the lifting of sanctions, Myanmar has entered the 'race to the bottom' of countries for companies seeking to maximize profits.

This report is based on the recent survey carried out by Oxfam and local labour groups in Myanmar. It details the findings of the survey and interviews, with in-depth case studies from some of those interviewed. It concludes with recommendations for sourcing companies and manufacturers to urge them to ensure that as this new sector expands, they do their part in upholding workers' human rights.

The garment sector in Myanmar

The Myanmar garment industry now boasts almost 300 factories, with a workforce of nearly 300,000, most of whom (90 percent) are young women.⁷ The workforce is mostly located in industrial zones around Yangon city, although there are a few factories outside Yangon in Thilawa, Mandalay, Bago and Patheingyi.

Before August 2015, there was no minimum wage in place in Myanmar. As this report explains, workers were earning as little as \$0.60 a day as a base wage, as well as facing long hours of overtime, including forced overtime.

Throughout 2012, workers in Myanmar held mass strikes in protest at low wages, unpaid overtime and poor conditions. Following more than two years of negotiations between unions, employers and the Government of Myanmar, a new minimum wage was announced, with effect from 1 September 2015.

Prior to a final agreement on the level of the minimum wage in August 2015, garment manufacturers called for an opt-out, saying it would make their businesses unsustainable. In response to this, 30 European and US brands (including Tesco, Marks & Spencer, H&M, Primark and Gap) – supported by trade unions and non-government organizations (NGOs) including Oxfam – wrote to the government, stressing that ‘a minimum wage that has been negotiated by all parties will attract rather than deter international companies from buying garments from Myanmar’.^{8,9} The call for a garment industry opt-out was rejected and the new minimum wage was agreed for all industries, set at \$2.80 (3,600 kyat) per day.¹⁰

Employers are now legally required to pay this daily rate based on a five-and-a-half-day working week (44 hours). This translates to \$83 (K108,000) per month (35 cents/ K450 per hour) and is the lowest minimum wage of any garment-producing country in the world aside from Bangladesh (\$68 per month).¹¹ Despite the introduction of the minimum wage law, workers are already encountering serious problems such as cuts to their take-home pay. Success is not secured when the law is approved; there is much more to do afterwards to ensure that it translates into real improvements for workers and their families.

Low wages are not the only problem facing workers. The survey also found that they encounter a range of challenges such as pressure to fulfil high production targets, verbal abuse, a lack of trusted mechanisms to make complaints, and even restrictions on when and how many toilet breaks they can take.

Box 1: Working, but still trapped in poverty

Globally, there is a harsh reality of in-work poverty in profitable supply chains.¹² What this means is that for many people, no matter how hard they work, they will never be able to lift themselves and their families out of poverty to lead better lives. These workers are trapped in 'low-road' jobs (low pay, long hours, lack of safety and access to union rights) that dominate much of the global supply chain. This makes possible a consumer culture that sees clothing as disposable, depleting environmental resources such as land and water while failing to deliver the social benefits economic growth should provide to those producing the goods.

Roles and responsibilities

Companies, manufacturers and the Government of Myanmar all have a role to play in ensuring that garment workers are able to access their basic rights.

The government is responsible for ensuring strong labour laws that are properly enforced, as these are critical to protect workers' human rights and provide a stable and attractive investment environment for the private sector.

The Government of Myanmar is currently working with the International Labour Organization (ILO) to consolidate and update its existing labour laws.¹³ To date, implementation of labour laws and regulation has been a challenge in Myanmar.¹⁴

Box 2: The United Nations Guiding Principles on Business and Human Rights *Protect, Respect and Remedy* framework

In February 2015 at the Association of South-East Asian Nations (ASEAN)'s *Next-Gen CSR Forum* in Indonesia, Dr Aung Tun Thet, Economic Adviser to the President of Myanmar, announced the government's intention to develop a National Action Plan on Business and Human Rights.¹⁵ Under the United Nations Business and Human Rights *Protect, Respect and Remedy* framework, states have a duty to protect against human rights abuses by third parties, including business enterprises, through appropriate policies, regulation and adjudication.¹⁶

With regard to the private sector, the framework obliges companies to take responsibility for the human rights of workers in their supply chains. This means businesses must act with due diligence to avoid infringing on the rights of others as well as providing processes for remediation of any negative human rights impacts they cause or contribute to.

In the context of Myanmar, garment companies can facilitate access to remediation by developing transparent and accessible grievance mechanisms so that workers and their representatives can make grievances known to the sourcing company, as well as raising grievances through worker representatives to factory management.

In August 2015, Oxfam brought together representatives from international sourcing companies, Myanmar trade unions, the Ministry of Labour, Employment and Social Security, the MGMA and other stakeholders in Yangon to present and discuss the preliminary findings from this research. Civil society organizations (CSOs) from Bangladesh and Indonesia and some international brands were also invited to share their experiences of the difficult challenges and ultimately successful initiatives addressing violations of workers' rights, and what they had learned about ongoing challenges. It is vital that Myanmar stakeholders learn lessons from these experiences to inform the development of home-grown initiatives that have workers' representatives at their centre.

As the regulatory environment develops in Myanmar, ensuring that human rights are upheld at the factory level means implementing practical measures such as allowing workers to have free access to drinking water, and that they have regular toilet breaks. It also means taking action to ensure that workers are safe from fire risks, and have the right to raise their voices through grievance mechanisms as well as the right to organize and engage in collective bargaining (see Box 2).

2 METHODOLOGY

This research sought to achieve an in-depth view of working conditions for garment workers selected from a number of industrial zones in Myanmar. A total of 123 workers were asked 90 questions on issues ranging from working hours, safety, indebtedness, savings, and knowledge of their rights at work. Most (90 percent) respondents were women, reflecting the composition of the garment sector workforce in the country. The average age of workers interviewed was 23.5 years, and average duration of employment was 12 months. They did a range of jobs in the factory, as sewers, helpers, or doing ironing, cutting, quality control and packing. Workers came from a range of places, including Yangon, Ayeyarwaddy, Bago, Rakhine, Magway, Mon and Sagaing.

The women and men interviewed worked in factories in the following industrial zones: Dagon Seikkan, Shwe Lin Pan, Mingaladon, Bago, Thilawa and Hlaing Thayar. While most of these zones are in Yangon, Bago is situated 68km to the north-east and Thilawa is a village 25km to the south in an area that is now a Special Economic Zone. The scope of the research did not allow for interviews with workers from Patheingyi or Mandalay.

Protecting worker identities and choice of factories

In the interests of protecting the identities of the interviewees, **this research does not identify specifically which brands and which factories were covered by the survey.** The report is not intended to single out specific buyers and factories, but to present general findings on workers' conditions to foster a better understanding and to stimulate suggestions and recommendations for specific industry improvements.

The research aimed to ensure that a range of factory ownership was covered. To this end, workers were interviewed from factories that are owned by companies or individuals based in Korea, Hong Kong, the United Kingdom, Myanmar and Germany.

The research used a purposive (non-probability) sampling approach,¹⁷ which means that factories and workers were not randomly selected, but chosen based on the likely buyers from these factories.

Research partners

The research and surveys were conducted with support from Myanmar labour groups, described in detail below. Many of their leaders spent years in prison or exile for promoting workers' rights. Now they have established networks of local labour activists throughout the country, providing training to workers on their rights as well as conducting research and advocacy.

Action Labor Rights

Action Labor Rights (ALR) had its beginnings in 2002 when young members of the political party National League for Democracy were working with the ILO to advocate for freedom of association and to abolish forced and child labour. In May 2007, six ALR members and more than 80 workers from Hlaing Thayar, Shwe Pyi Thar and Dagon industrial zones were arrested after taking part in Labour Day celebrations at the US embassy in Yangon. After their release from prison in January 2012, the activists decided to continue their activities as an organization, and formally established ALR in February 2012. Its activities include training workers on their rights and on labour laws, monitoring the practices of international sourcing companies, research and advocacy, and focusing on the rights of women workers.

Labour Rights Defenders & Promoters

Labour Rights Defenders & Promoters (LRDP) was formed in 2010 in Mae Sot, Thailand. After the enactment of Myanmar's Labour Organization Law in 2011, the group was able to formally establish LRDP in February 2011 inside Myanmar. It aims to promote leadership among workers, to cooperate with trade unions and promote the implementation of international standards to improve workers' living and employment conditions. LRDP shares information about new labour laws and principles with workplace unions and also trains workers on their rights, helping them to negotiate with factory managers where needed. LRDP also conducts research and advocacy on workers' rights.

The 88 Generation Peace and Open Society

The 88 Generation Peace and Open Society was set up in 2012 after student protesters were pardoned through a presidential amnesty. During 2012, the organization helped factory workers who were on strike protesting against low wages, excessive overtime and discrimination. It also works with the Ministry of Labour, Employment and Social Security on specific cases of violations of workers' rights. It supports better communication between workers and factory managers and advocates for improved government regulation on labour issues. It provides training to workers and engages with international and local organizations to conduct research.

Cooperative Committee of Trade Unions (CCTU)

The Cooperative Committee of Trade Unions (CCTU) had its origins in the Workers Solidarity League of Burma (WSLB), a group of labour activists who participated in the 1988 movement for democracy. In 1996, WSLB began research into foreign investment, but in 1997 its members were arrested and imprisoned. In 2000, the group organized again inside Myingyan prison. Following their release in 2011, WSLB started training men and women workers on workers' legal rights and issues around human trafficking. In early 2012, workers started protests and factory strikes to push for better wages and working conditions. More than 125 of

these workers from 42 factories joined the WSLB group of activists and formed the CCTU in March 2012. CCTU provides workers with training on their rights, organizes weekend computer and English classes to develop workers' organizational skills, and undertakes research and advocacy.

Training interviewers and approaching workers

Oxfam worked with these labour groups during May 2015 to develop the survey questionnaire, to discuss the purpose of the research and to train interviewers. The labour groups then approached workers outside factories during June and July and asked if they would be interested to participate in the survey. After making this initial contact, arrangements were made to conduct the interviews in a range of locations away from the factory, including the labour group offices, hired rooms, and even workers' own dormitories. Each worker was interviewed in person and his or her answers were written down by the interviewer. Interviews lasted one hour on average.

Challenges

The research focused on interviewing workers from factories that were either known to be or thought to be making garments for international buyers (see Box 3). A small number of companies, including Adidas, Nike, Puma and H&M, have been publishing international supplier lists for some time.¹⁸ Feedback suggests that this commitment to transparency has not had any negative impacts on those companies, and has instead provided a vital layer of information that has allowed independent groups to monitor company practices down to the factory level, helping workers to claim their rights.

Unfortunately, however, most companies – including the majority covered in this report – are not transparent about the locations of their supplier factories, which makes it very difficult to independently verify their practices. This is problematic, especially in a country like Myanmar where independent monitoring will be critical to track the progress of any programmes or measures to improve working conditions.

For the information in this report, Myanmar labour groups conducted their own investigation to find out which companies were sourcing from which factories. Labour groups should not have to undertake this kind of work: one of the key recommendations of this report is that retailers sourcing from Myanmar should openly publish the locations of supplier factories.

Box 3: Some of the companies known to be sourcing garments from Myanmar¹⁹

United Kingdom: **Primark, Tesco, Arcadia Group (Topshop), Marks & Spencer, Matalan, N Brown Group, Next**

United States: **Gap, PVH (Calvin Klein), JCPenney, Target US, Aerosoles, VF Victoria's Secret**

Spain: **Mango**

Germany: **Aldi, Tchibo, Adidas, Jack Wolfskin**

Sweden: **H&M**

Japan: **Uniqlo**

3 WORKING CONDITIONS

General Findings

Workers expressed concern about low wages, long working hours, safety issues, being indebted, and having a lack of voice.

Almost 1 in 4 (22 percent) report doing forced overtime and there were numerous reports of unpaid overtime. A number of workers spoke of the pressure to do overtime and work through lunch breaks and into the night to meet high production targets (see Box 4).

While most workers reported being able to freely access toilets at work, 18 percent said they faced restrictions in doing so. Some workers could only go to the toilet on rotation and then with a time limit; others needed to get a special card to go to the toilet, and there was a limit to the number of cards you received every day.

Workers from one factory reported that a male security guard monitors their visits to the toilet, making them feel very uncomfortable. A number of workers said they tried not to go to the toilet because of the pressure to meet production targets. The culture of time pressure and restrictions is summed up by one worker who said 'I want to be a good leader so usually I do not go [to the toilet]'

Missing a whole day of work results in even greater penalties than trying to take short breaks to go to the toilet. Despite being legally entitled to paid sick leave, three out of four workers (76 percent) reported having their pay cut if they are sick and miss a day of work.

Workers' experiences of being penalized for sick leave vary from factory to factory. In one case, workers reported that they were docked K4,000 for every day off sick. If the worker is absent for three days or more during one month, all bonuses are withdrawn and they only receive the base salary of \$45 for the entire month of work (K56,000). At another factory, \$8 (K10,000) is deducted for every day a worker is off sick. In this particular factory, that amount represents an almost 17 percent reduction in the monthly base wage for every day the person is sick. Workers from a third factory said they would lose their jobs if they were sick for more than three consecutive days. These kinds of penalties are a real threat to workers given that Myanmar has one of the worst healthcare systems in the world.²⁰

Time off work (holidays) are scarce for workers; 52 percent said they do not receive annual leave, although 91 percent said they do have time off on public holidays.

Box 4: Ei Yin Mon's story

'I arrived in Yangon after Cyclone Nargis in 2008 because there were no jobs after the cyclone. I wanted to be a schoolteacher, but failed year 10 and had to start working to support my family. My sister and I support our youngest sister who is still in high school and send money home to my mother who has diabetes and heart problems.

'We once had an accident and there was a fire in the factory. At that time, people were shouting at us to turn off the main switch. But we didn't know how to turn it off. We hadn't received any training or information about safety. I don't want to keep working at the factory because the base wage is so low and we are pressured to do long hours of overtime. If any of the workers say no to working Sunday overtime, then the next day they are called into the office and scolded. We are always being told to work faster.

'They think that we are like animals. I know I have no rights to make a complaint, so I have to bear it. I have been working here so many years and we try our best to meet the production targets so that we won't be told off, but sometimes it [the shouting] is unbearable.

'For the future, the single most important thing for me is that I can reduce my working hours without a reduction in my salary. There needs to be more negotiation between worker representatives and management to address the issue of overtime and provide fair wages. For myself, I am thinking about taking a sewing class, which would take two months. After that, I would like to work in the factory during the day and run my own business providing sewing classes on the weekends.

'I am very happy that you have come and asked me questions to know about the worker's life and conditions. I feel good that I have got the chance to share my perspective and feelings with you. We all have been waiting for your support.'

Problematic sourcing practices

Pressure to meet production targets and to work overtime occurs both because of the business model of a factory as well as the purchasing practices of the sourcing company. Driven partly by the 'fast fashion' industry of the West, international sourcing companies seek low labour costs around the world and then negotiate with the factory manager on price per unit (e.g. per t-shirt) and delivery times. Often, sourcing teams bargain for cheap prices with factories and require very short delivery times. This puts workers under considerable pressure of time to meet production targets. If the factory is only getting a low amount for each garment, then they are unlikely to be open to workers collectively bargaining for higher wages and improved conditions.



Factory workers buy snacks from vendors at the gate of the garment factory, Hlaing Thar Yar Industrial Zone, Yangon, November 2015. Photo: Kaung Htet/Oxfam

WAGES AND OVERTIME

Importance of this issue

Oxfam research into people working but trapped in poverty has shown that across a variety of supply chains, persistently low wages mean that no matter how hard many people work, they cannot work their way to a better life.²¹ In the garment sector globally, overtime is commonplace and production targets are unrealistically high (see Box 5). Adding to this pressure is anecdotal reporting by workers that when they do manage to hit the unrealistic production targets they are immediately hiked up, placing the production goal forever out of reach. The findings below demonstrate that low wages, even with overtime, are forcing workers into a cycle of debt. Workers reported being unable to save to help build their resilience to 'shocks' like illness or periods of unemployment.

Findings

Wages and hours of work were the top two issues that workers said they wanted to be addressed. Almost one-quarter of workers said they are the sole income earner in their family and 95 percent reported that they support family members.

Workers reported that (prior to the September 2015 minimum wage) they were earning an average base salary of \$1.50 a day (K49,400 a month).²² The lowest base salary was just 60 cents a day (K19,000 a month). Workers reported doing between 3 and 20 hours of overtime each week (an average of 10.5 hours), mostly to boost their income,

which 74 percent said was not sufficient to meet their basic needs like food, housing, transport and medical costs.

Combining paid overtime and a complex system of bonuses, workers reported being able to boost their income to an average of \$3.70 (\$98 a month / K122,000). Most said that even when they could earn this amount, they still could not meet their basic daily costs. Adding to this pressure, the survey found that workers spend more than half of their base salary on accommodation costs alone.

Box 5: Swe Swe Hlaing's experiences with overtime, job security and lack of trusted complaints mechanisms

'Last month we had to do overtime until dawn (the next day). We had to do this overtime for one week continuously. With regular hours of work, we should be finishing at 7.30pm but we had to work through the night until 6am the next day, and then at 7.30am we had to start work again. It harms my health. I don't want to work all night until the next morning.

'We also regularly don't receive all of our overtime wages. We only receive overtime pay for two hours. But the usual overtime working period is three and a half hours each day. If I work all night until morning, I only receive K2,600 (\$2).

'I am afraid of raising these issues or problems. If someone raises problems or makes complaints, he or she is dismissed from work. Because of this threat, I haven't made any complaint.'

While most workers said that overtime did not impact on their time with family, almost 40 percent said that overtime had affected their health. Some commented that they felt weak, tired and lightheaded, others reported instances of people fainting from overwork.



Factory workers step out of their shuttle bus as their shift ends, Hlaing Thar Yar Industrial Zone, Yangon, November 2015. Photo: Kaung Htet/Oxfam

SAFETY

Occupational safety and health is critical for achieving sustained decent working conditions. Unfortunately the garment industry is known for poor health and safety standards ranging from back injuries, and needle accidents to workers deaths in factory fires and collapses. Close to 80 percent of all ILO standards and instruments are either wholly or partly concerned with issues related to occupational safety and health.²³ In addition to the large number of international standards and instruments devoted to health and safety, Myanmar has a number of national health and safety laws.²⁴ But applying these laws and regulating workplace safety remains a considerable challenge; safety (inside and outside factories) remains a major concern for garment workers.

The findings below point to the need for regular safety training and for workers to have access to grievance mechanisms where they can make complaints anonymously. Buyers can help to relieve pressure on suppliers to complete orders quickly and cheaply by ensuring that they provide adequate lead times and prices per unit when placing orders with factories.

Findings

Workers reported feeling afraid, both when they are working inside the factory and outside, when they travel to and from work.

Inside the factory almost half of workers (43 percent) said they did not feel safe. When asked why, they gave a range of reasons, but risk of fire was the main one. Many workers reported that safety exits were blocked with boxes or even locked. Most said they would not know what to do in the event of a fire. As one interviewee said: 'There is a fire brigade, but just only for show. It is weak in providing training.'

Some workers spoke of fear of electric shocks from machinery. One woman described light fittings that regularly fell down at the factory. She was worried that exposed wires in the ceiling could cause a fire or electrical shocks.

Almost a third of workers (31 percent) said they had experienced verbal or other abuse by supervisors or management. A number of workers talked about a repressive environment inside the factory, including pressure from supervisors and unfair treatment such as restrictions on being able to get water to drink during their shift.

Access to clean drinking water was an issue across a number of factories, with 18 percent of interviewees reporting that they were unable to access free, clean drinking water at their factory. With temperatures between 30–38 degrees in March and April in Myanmar, adequate hydration is a vital safety issue for workers.

More than a third of workers (39 percent) said they had sustained injuries while at work and some said they were afraid of accidents inside the factory, particularly involving machinery.

Many workers expressed fear about travelling home late at night after a late shift. While the survey found that almost all factories provided transport to and from the factory, when asked about their safety outside the factory, some workers reported that the bus drove dangerously and that they were very concerned about road accidents.

Also, workers reported that transport to and from the factory was only for regular working hours (usually 8am to 4pm), which means that women workers who do overtime have to travel on public buses alone, sometimes late at night (see Box 6). As one women interviewee said: 'I am worried about that after doing overtime, men will interfere and attack me on the way home.'

Box 6: Vulnerabilities facing women workers

Women constitute over 90 percent of the workforce in the garments manufacturing sector in Myanmar. Despite concerted political and economic reform, women continue to experience barriers to securing leadership positions and better employment, given structural inequalities and overt discrimination.

While gender inequality is not widely recognized in Myanmar as a driver of poverty, inequality or vulnerability, evidence shows that women are poorer,²⁵ less likely to have access to core assets such as land and property.²⁶

Concerted efforts to improve standards in the garment manufacturing sector could contribute to greater equality. But if these problems are not addressed, they will reinforce and deepen existing inequalities.

PRECARIOUS WORK

Secure, long-term employment contracts are essential for providing people with a guarantee of employment, enabling them to save regularly, which will increase their resilience to shocks. Globally, women and men in the garment sector are often put on short-term contracts with little or no security of employment, which makes it impossible to plan for the future or the unexpected. Ensuring that workers have access to secure, long-term and permanent contracts which allow them to plan for the future, and do not undermine their confidence to join a union is an essential part of building a stable, prosperous and productive workforce as well as contributing to a more systematic reduction of inequality.

The findings below indicate that many workers don't know the length of their contracts, leaving them vulnerable to dismissal with little to no control over the security of their employment. Companies can and should ensure secure employment for workers by communicating to their suppliers to ban or severely restrict the use of short-term contracts.

Findings

Almost half of all workers surveyed (43 percent) reported being trapped in debt, owing an average of \$46 (K57,400). Once in debt, more than half said they struggled to repay it, given interest rates of 18 percent on average. Almost all workers cited inability to pay for basic items due to low wages as the reason for borrowing money.

Almost 90 percent of workers had been unable to save any of their income

More than a third of workers surveyed said they had not signed a contract with the factory and 64 percent did not know the length of their employment contract. Some were worried that once their short-term contract ended they would be left without a job and a regular salary.

This lack of job stability and income stability was compounded by the fact that more than a third of workers (35 percent) expressed the fear that they would lose their jobs. A variety of reasons were given, but some reported that if they took more than three days sick leave they would be fired. Workers also reported that some factories shared worker lists, so if someone lost their job for an infringement in one factory, other factories might not hire them.

One worker commented that once they finished working at one factory, other factories do not hire 'old' workers again. The average age of those interviewed was 23.5; several respondents were aged 16 and the oldest was a 42-year-old mother of three. Some workers did not report their age at all, which could indicate the presence of underage workers at some factories. Anecdotally, many factories do not hire workers over the age of 25, so if a worker in her mid-twenties loses her job, she may find it difficult to find new employment.

WORKER VOICE

Importance of this issue

Unions play a critical role both in negotiating improvements at the workplace level through collective bargaining with employers as well as negotiating and securing legislated national labour protections (such as the recent setting of the minimum wage in Myanmar). Unions globally play an important role in educating workers at the factory level on their rights and they provide the most effective and coordinated way for workers to raise their problems to the factory management and negotiate to resolve these grievances.

The Government of Myanmar has ratified Convention 87 on Freedom of Association and Protection of the Right to Organise as well as other fundamental and technical conventions related to child labour, forced labour and hours of work. Since 2011, workers are now able to form unions and have the right to organize and collectively bargain under

national law. There are two labour unions that represent garment workers in Myanmar. The Confederation of Trade Unions Myanmar and the Myanmar Trade Union Federation. Some workers are unionized at the factory level but not affiliated with the national federations.

Findings

More than half of the workers interviewed (63 percent) reported that there was a union at their factory and said it had helped workers. When asked if they had participated in union activities and whether these had led to improvements, some workers reported that negotiations and discussions between worker representatives and management had led to improvements such as increased daily wages and access to clean drinking water. One woman reported that through engaging in union activities she came to understand the worker's law and now felt brave enough to 'tell the truth'.

More than half (60 percent) said there was a complaints process inside their factory, but only 13 percent had ever made a complaint. Some said they have not raised complaints because they are worried about supervisors bearing a grudge against them; others mentioned language barriers in foreign-owned factories. Of those workers that had raised a complaint, 50 percent reported that their problem was taken seriously and resolved, but others said they have stopped raising grievances altogether because previous concerns have not been addressed.

Interviewees were asked what more workers, employers and others could do to support better conditions in garment factories in Myanmar. Many workers said they hope the future will bring an environment of negotiation and collaboration between worker representatives and employers to enable workers' rights to be upheld.



Factory workers eat at a streetside food stall after their shift ends, Hlaing Thar Yar Industrial Zone, Yangon, November 2015. Photo: Kaung Htet/Oxfam

IMPACT OF THE MINIMUM WAGE

Immediately following the introduction of the minimum wage on 1 September 2015, some factory managers reportedly stripped away overtime hours, allowances for food and transport, and bonuses.²⁷ In one factory, workers claimed they were earning up to 30 percent less than they did before the minimum wage was introduced, and went on a hunger strike to protest.²⁸

Although this research was conducted in the months before the Government of Myanmar announced the minimum wage, its findings clearly show that **even the new minimum wage of \$83 a month will not be sufficient to lift workers and their families out of poverty.** In fact, workers interviewed for our survey in June and July 2015 reported that with overtime they were able to earn an average of \$98 (122,000K) per month, but even this was not enough to cover basic costs for food, medicine and accommodation.

4 CONCLUSIONS AND RECOMMENDATIONS

Decent wages and working conditions are critical for ensuring that workers can lift themselves and their families out of poverty and turn back the rising tide of inequality. Despite this, manufacturing jobs across low-income countries including Myanmar consistently deliver unstable, low wage and often unsafe employment that keeps workers and their families trapped in poverty.

Given that Myanmar is at a turning point in its political and economic transformation, companies operating there have the chance to put in place systems, policies and services that will help to deliver more equitable growth as well as ensuring that workers' human rights are not violated. This is an opportunity for companies to operate ethically, sustainably and with respect for human rights – playing a role in transforming peoples' lives for the better.

Myanmar is not the only country facing ongoing challenges with implementing workers' rights. While they still have a long way to go, Bangladesh and Indonesia have been tackling issues like safety and freedom of association head-on by developing practical initiatives involving companies, factories and unions. Myanmar can learn lessons from these initiatives as it develops programmes to address ongoing violations of workers' human rights.

The recommendations below set out some actions that need to be taken immediately by factories and sourcing companies to protect the rights of workers in the Myanmar garment industry and ensure that workers can lift themselves and their families out of poverty through decent work.

International sourcing companies should:

- Publish locations of supplier factories to enable independent monitoring and verification of conditions for workers;
- Support suppliers to ensure that workers receive regular training and information;
- Ensure that price negotiations with supplier factories enable legal wages to be paid as well as enabling any negotiated wages that are higher than the minimum wage to be paid;
- Ensure that delivery times do not require workers to do excessive overtime to meet deadlines;
- Develop longer-term relationships with suppliers so that they can plan for a long-term workforce;
- Ban or severely restrict the use of short-term contracts for workers.

Manufacturers and sourcing companies should jointly tackle the following areas:

Training, grievance mechanisms and rights

- Recognize the right of independent worker organizations and employers to engage freely in collective bargaining (including bargaining on wages at the factory level);
- Provide workers with regular training on occupational health and safety and fire/electrical safety, allowing and supporting the formation of worker health and safety committees that include men and women representatives;
- Develop mechanisms for workers to anonymously report safety hazards to factory management and for management to report back through the safety committee or union on issues that have been raised and how they have been resolved;
- Ensure there are accessible, effective and efficient mechanisms for addressing workers' grievances;
- Ensure that trade unions are able to gain free access to workers and ensure that individuals have the right to form and join a union of their choosing (freedom of association), the right to organize and the right to collectively bargain, and that these rights are upheld inside factories;
- Ensure that workers are given education and training on their rights at work, with time off to participate in training;
- Ensure that workers have access to paid sick leave, which is enshrined in law;
- Ensure that workers have access to maternity leave; that pregnant workers are not dismissed and that they can return to equivalent positions at the end of their maternity leave;
- Ensure that workers have access to secure, long-term contracts that allow them to plan for the future, and do not undermine their perceived capacity to join a union.

Services for workers

- Provide safe transport for workers to and from work, including after overtime into the night;
- If workers do overtime, ensure that they are provided with a meal or extra money to buy a meal in addition to overtime wages;
- Provide clean, free drinking water that can be easily accessed by workers inside factories;
- Remove all restrictions on workers' free access to toilet facilities;
- Ensure that pay slips clearly explain the number of working hours, overtime hours, bonuses and deductions so that workers can understand how their salary has been calculated;

- Review the system for worker fingerprint scanning (to record workers clocking on and off) to ensure that systems are not causing workers to spend valuable minutes and hours each day queuing;
- Ensure that workers' pay slips and other communications (such as contracts and factory announcements) are in Myanmar language.
- Consider giving workers that are also university students access to paid study leave where their study subject relates to the industry (English, industrial relations, computer studies, management, human resources, etc).

NOTES

- 1 Oxfam's paper '*In Work But Trapped In Poverty*' (September 2015) provides case studies from four countries across Africa and Asia and sets out how taking the low road and illegal road on working conditions and wages can lead to exploitation and abuse of workers' rights. R. Wilshaw, S. Hamilton, J. Th  roux-S  guin and D. Gardener (2015) '*In Work but Trapped in Poverty: A Summary of Five Studies Conducted by Oxfam, with Updates on Progress along the Road to a Living Wage*', Oxford: Oxfam International, <http://policy-practice.oxfam.org.uk/publications/in-work-but-trapped-in-poverty-a-summary-of-five-studies-conducted-by-oxfam-wit-578815> (last accessed November 2015).
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- 6 Myanmar Garment Manufacturers Association, 'Myanmar Garment Industry, 10-Year Strategy 2015–2024', <http://www.myanmargarments.org/wp-content/uploads/2015/09/Myanmar-garment-industry-10-year-strategy-Aug-2015.pdf> (last accessed October 2015).
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- 9 In July 2015, the Myanmar Garment Manufacturers Association was promoting a gradual increase to the minimum wage for the garment sector starting at K2,500. See C. Hammond and N. L. Aung (2015) 'Unravelling the minimum wage', *Myanmar Times*, 10 July, <http://www.mmtimes.com/index.php/in-depth/15431-unravelling-the-minimum-wage.html> (last accessed November 2015).
- 10 The exchange rate for the minimum wage as at 20 October 2015, <http://www.oanda.com/currency/converter/> The value of the Myanmar kyat has fallen steadily against the US dollar in the five months from June to October 2015.
- 11 108,000 per month is based on an average of 30 days per month. The regulation is 3,600 per day and on 5 October 2015 the Factory and General Labour Laws Inspection Department Hlaing Thayar Industrial Zone Office issued a letter to factory managers stating the 'national minimum wage rate which came into force on September 1, 2015 is K450 per hour (K3,600 for 8 working hour day).'
- 12 Wilshaw *et al.*, *op. cit*
- 13 ILO (2014) *New initiative to improve labour rights in Myanmar*, Joint statement of the Republic of the Union of Myanmar, the United States of America, Japan, Denmark and the International Labour Organization (ILO), 14 November, http://www.ilo.org/yangon/info/public/speeches/WCMS_319811/lang--en/index.htm (last accessed November 2015).
- 14 For example, the Yangon district arbitration council that was set up under the Settlement of Labour Disputes Law has come under criticism for its non-binding rulings that have seen factories openly flout rulings to reinstate unfairly dismissed workers. See Z. Z. Htwe and L. Barron (2015) 'Factory workers weary of the Arbitration Council', *Myanmar Times*, 25 September, <http://www.mmtimes.com/index.php/national-news/16690-factory-workers-weary-of-the-arbitration-council.html> (last accessed November 2015); and Z. Z. Htwe (2015) 'Factory defies council order to rehire union members', *Myanmar Times*, 15 October, <http://www.mmtimes.com/index.php/national-news/yangon/17017-factory-defies-council-order-to-rehire-union-members.html#.Vh8-IJAC1x4.twitter> (last accessed November 2015).
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- with list of suppliers', Bloomberg Business, 4 April, <http://www.bloomberg.com/bw/articles/2013-04-04/h-and-m-goes-public-with-list-of-suppliers> (last accessed November 2015).
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- 21 Wilshaw *et al.*, *op. cit*
- 22 While the minimum wage figure is based on an October rate, the wages and other calculations from the survey are based on the rate at the time interviews were conducted (July 2015). MMK to USD exchange rate is based on the exchange rate at 30 July 2015 <http://www.oanda.com/currency/converter/> and figures have been rounded to the closest decimal.
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- 24 In 2015 Myanmar had seven national laws relating to occupational health and safety and four further acts and laws being drafted, including an Occupational/Workplace Safety and Health Law.
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This paper was written by Daisy Gardener and Jasmine Burnley. Oxfam acknowledges the assistance of Tin Tin Wai, Rachel Wilshaw and Penny Fowler in its production. It is part of a series of papers written to inform public debate on development and humanitarian policy issues.

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The information in this publication is correct at the time of going to press.

Published by Oxfam GB for Oxfam International under ISBN 978-1-78077-988-1 in December 2015.

Oxfam GB, Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY, UK.

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