

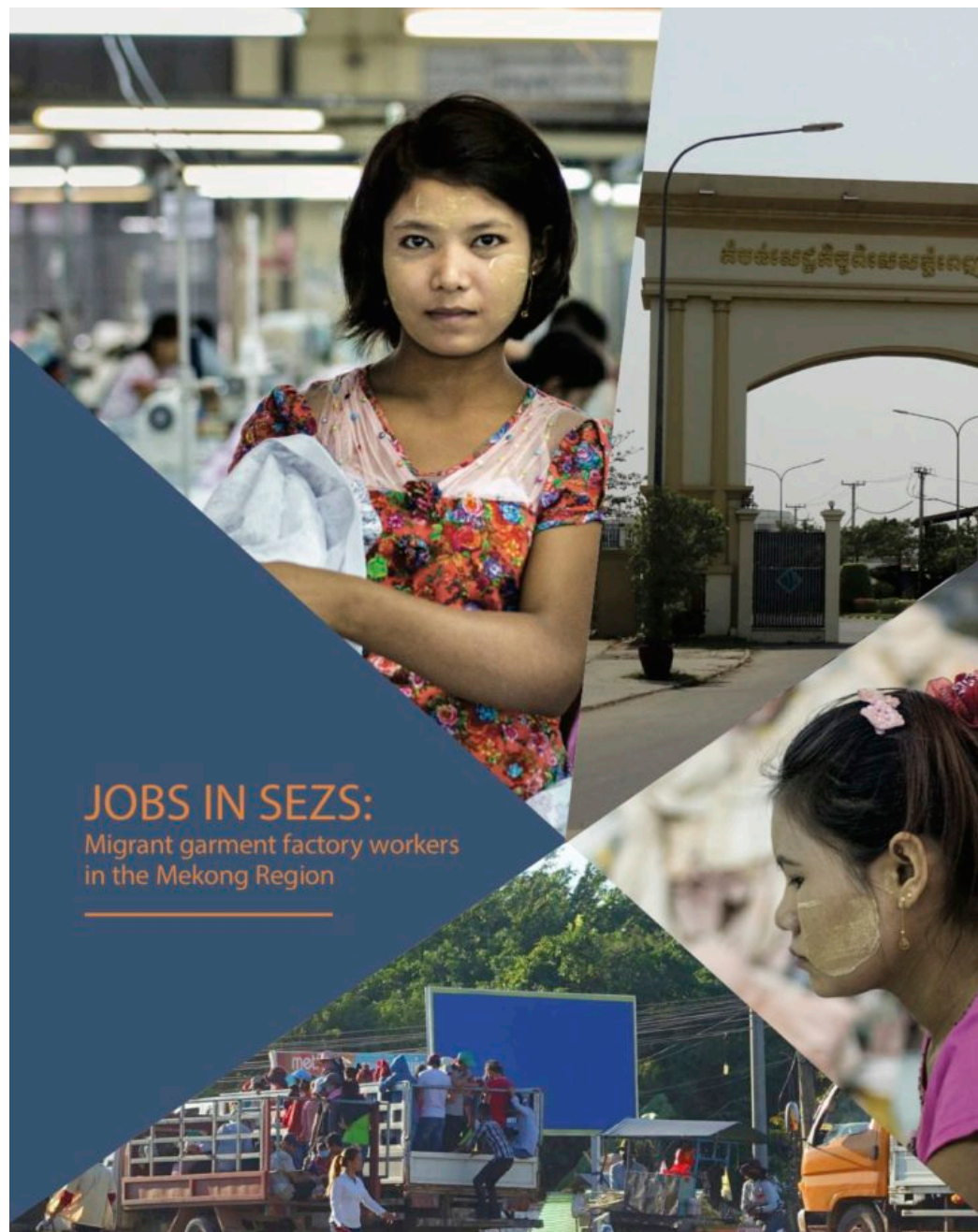
*Introducing the report:*

## **Jobs in SEZs:**

### **Migrant Garment Factory Workers in the Mekong Region**

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# Special economic zones (SEZs)

- SEZs are geographic areas with “administrative, regulatory, and often fiscal regimes that are different (typically more liberal) than those of the domestic economy” (Farole, 2011, p. 17).
- The number of SEZs globally has increased over the years.
  - By the end of the 1960s, there were 9 SEZs in the world;
  - By 2015, there were 4,300 SEZs in over 130 countries (Thame, 2017).
- Globally, as of 2007, according to the ILO, 68 million workers were employed in SEZs.

# SEZs: Incentives for governments & investors

Government Incentives	Investor Incentives
<ul style="list-style-type: none"><li>• Direct employment generation</li><li>• Foreign direct investment inflows</li><li>• Foreign exchange earnings</li><li>• Export growth</li><li>• Formation of industry clusters</li><li>• Integration into global value chains</li><li>• Technology transfer</li><li>• Skills upgrading</li><li>• Testing field, or “demonstration area”, for nationwide policy reforms</li><li>• Cross-border trade</li><li>• Regional economic integration</li><li>• Migration management</li></ul>	<ul style="list-style-type: none"><li>• Financial incentives, such as tax breaks</li><li>• Quality infrastructure</li><li>• Preferential access to import markets under international trade agreements</li><li>• Access to “low-cost” labour</li><li>• Weakened labour protections and restrictions on workers' right to freedom of association</li></ul>

# SEZs: A 'chequered history'

A 2015 ADB study on SEZs in Asia concluded:

Special economic zones have a chequered history - a few have matched or exceeded expectations and contributed substantially to economy-wide development ... [S]everal SEZs established in the 1970s and 1980s were well suited for their times and truly catalytic. Others have remained enclaves but nevertheless been sources of jobs, exports, and GDP growth. Numerous others have failed - and as we close in on the present - successes have become fewer... But hope springs eternal in spite of lengthening odds against the likelihood of a zone returning an adequate return on investment - policy makers continue to pin their hopes on the potentially galvanising role of zones and, like venture capitalists the world over, believe that one outstanding success will compensate for a dozen failures. (p. 104-105)



# SEZs in the Greater Mekong Sub-region

- The Asian Development Bank's 'economic corridor' approach to regional economic integration.
- 3 SEZs are being established in Myanmar, along with roughly 30 in Cambodia, 10 in Thailand, and over 30 in other GMS countries.



# The garment industry in the Mekong



- In 2016, according to the ILO (2019), Asian countries accounted for 62% of global textile and apparel exports.
- The industry has been associated with sexual harassment, gender pay gaps, low pay, and poor working conditions.
- In a “race to the bottom”, buyers move from higher-cost to lower-cost producing countries

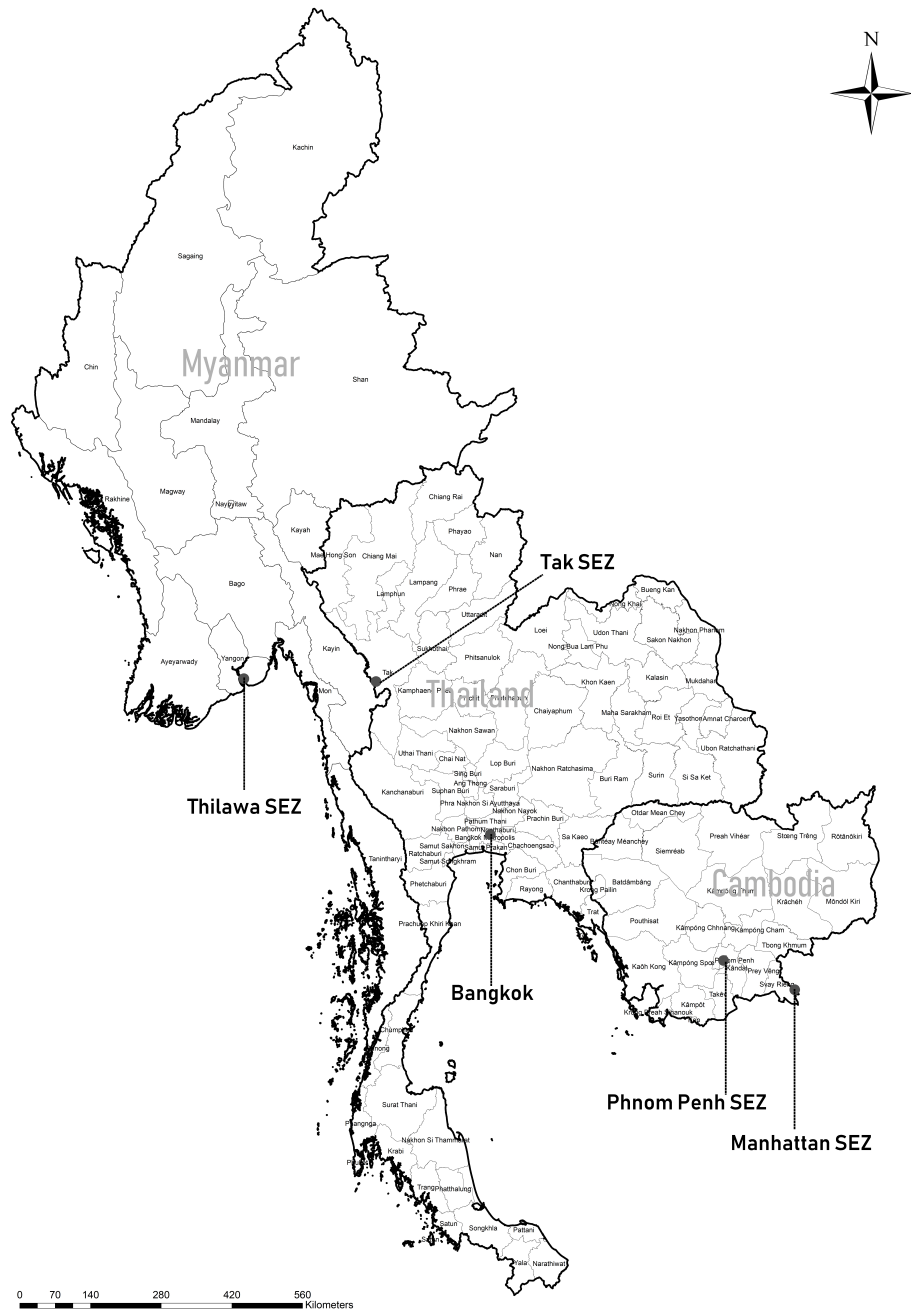
# Research objective

To promote policies and practices that enhance the empowerment of women migrant workers in garment factories in Mekong SEZs.

# Project partners

- Future Light Center (FLC), Myanmar
- Legal Support for Children and Women (LSCW), Cambodia
- Foundation for Education and Development (FED), Thailand
- Yaung Chi Oo Workers' Association (YCOWA), Thailand
- MAP Foundation, Thailand
- Labour Rights Promotion Network (LPN), Thailand

# Study areas



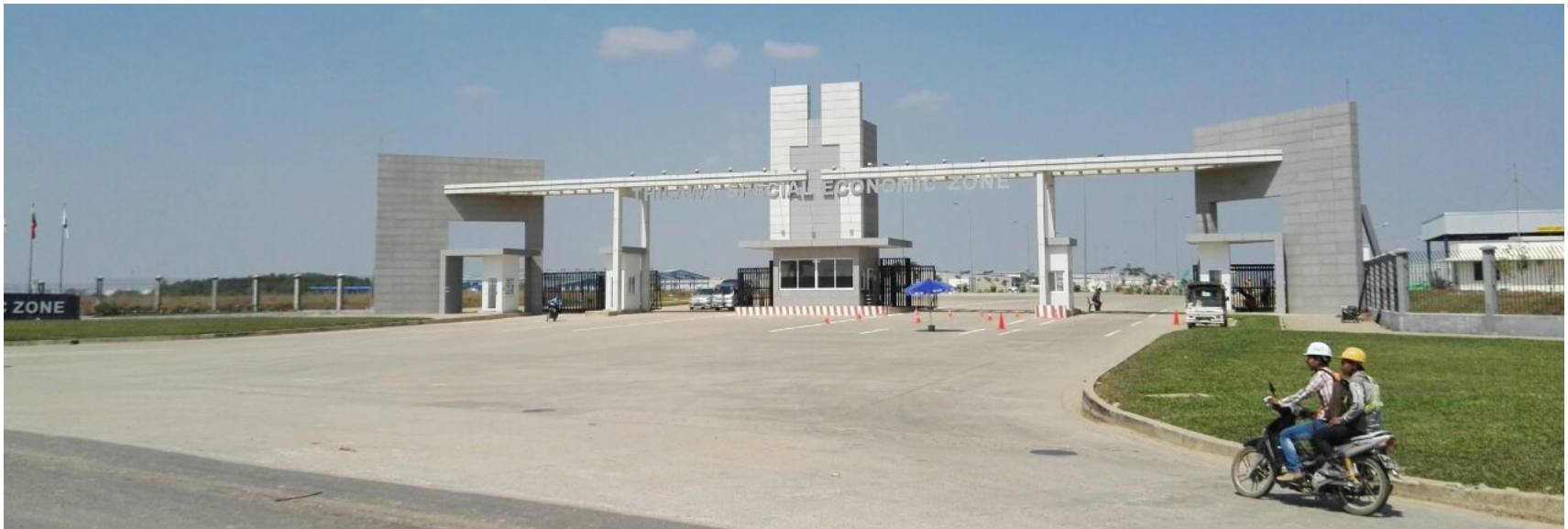
# Primary data collection methods

- Preliminary studies (Nov 2016 – Feb 2017)
- Questionnaires (May 2017 – July 2018)
  - 200 workers in Yangon, Myanmar (175 women, 25 men)
  - 200 workers in Phnom Penh, Cambodia (177 women, 23 men)
  - 100 workers in Svay Rieng, Cambodia (96 women, 4 men)
  - 200 workers in Tak, Thailand (171 women, 29 men)
- Individual in-depth interviews with garment factory workers (July 2018 – Feb 2019)
- Key informant interviews with representatives of SEZ management committees, employer associations, trade unions, factory owners, and civil society organisations (July 2018 – Feb 2019)



# Thilawa SEZ

- Located 23 kilometres southeast of Yangon.
- Developed in cooperation with the Government of Japan.
- 96 factories are approved (6 are garment). 50 factories are in operation.
- 6,220 workers employed in the SEZ (64% are women). Expecting to employ 200,000 workers in total.
- Many of the workers are from neighbouring townships, however there are an increasing number of internal migrants as the local workforce becomes depleted.



# Phnom Penh SEZ

- Obtained a license to operate in 2006.
- Developed by a Cambodia-Japan joint venture company.
- 49% of the total factories are Japanese companies.
- 91 manufacturing factories, among them 18 are in textiles, clothing, leather and footwear.
- Around 18,500 workers in PPSEZ. The majority of workers are internal migrant workers from other provinces.



# Manhattan SEZ

- Established in November 2005 by Taiwanese investors.
- Investors are largely from Taiwan (55 per cent), followed by Mainland China (21 per cent).
- As of 2019, there are 33 factories.
- The advantage of this location is its proximity to Ho Chi Minh City's port (70 kilometres).
- 95% of workers commute from villages from the local area to work in Bavet District's 8 SEZs.
- Manhattan SEZ has experienced a series of labour conflicts.

# Tak SEZ

- Roughly 400 kilometres northwest of Bangkok.
- Includes the border town of Mae Sot, which is adjacent to the Myanmar border town of Myawaddy.
- Mae Sot has been a significant site of export-oriented industries that are heavily reliant on cross-border migrant workers from Myanmar.
- While Thailand is currently in the process of developing 10 SEZs in border regions, including in Tak, the concept of SEZs is not new.

# Tak SEZ (continued)

- In a national broadcast in May 2014, General Prayut Chan-O-Cha said:

[S]pecial economic zones will be established to support small factories along Thailand's borders and rural areas. This is to provide economic opportunities not only for Thais but also our neighbours, which could help prevent illegal migrants from crossing into inner provinces of Thailand, thereby giving more work opportunities to Thai nationals. (Ministry of Foreign Affairs of the Kingdom of Thailand, 2014)
- Section 64 of the Royal Ordinance on the Management of Foreign Workers Employment B.E. 2560 (2017) limits migrant workers' movement to the three districts which are classified as Tak SEZ (Mae Sot, Mae Ramat, and Phop Phra districts).

# Thematic findings

- ▣ Working Conditions
- ▣ Labour Organising
- ▣ Skills Development and Recognition
- ▣ Care Work



# Working conditions in SEZs

The study found substantial differences in the working conditions across the four SEZs.

- In Phnom Penh and Manhattan SEZs, wages and other entitlements were largely provided in accordance with the law,
- In Thilawa SEZ some respondents reported labour rights issues, such as not receiving a copy of their contract or access to paid leave.
- In Tak SEZ – where precarious labour arrangements and rights infringements were the norm prior to the area's designation as an SEZ – the majority of respondents reported wages and working conditions in violation of the labour law.

This study suggests that differences in working conditions relative to national standards are determined, in part, by how governments and SEZ management value and market their workforce – whether as a showpiece for foreign buyers seeking to comply with labour standards, in the case of Cambodia, or as workers to satisfy firms' desires for the lowest labour costs, in the case of Thailand.

# Labour organising in SEZs

Across all of the SEZs, there were severe restrictions on workers' access to the right to freedom of association and the operations of trade unions. Respondents across all locations reported cases of collective industrial actions being suppressed and trade unions struggling to be established.

Trade union alliances and labour rights organisations outside of the SEZs also expressed difficulties in accessing workers inside the zones.

# Skills development and recognition in SEZs

While skills training programmes for garment factory workers have been introduced in all of the studied countries, most of the trainings respondents had received across all location were on-the-job and centred around how to sew a specific garment. There was little evidence of skills standards being implemented in SEZ factories.

Respondents noted that their skills were not recognised, nor did they lead to position upgrades or wage increases.

Although many respondents chose to work in the garment industry because of their interest or prior experience in sewing, and accumulated skills on the job, channels for adequate skills recognition and career development were severely lacking.

# Care work supports in SEZs

The study found that childcare supports were largely absent in SEZs and the role of mother that many workers perform is generally disregarded.

Even though Myanmar and Cambodia's national laws require the establishment of factory-level day cares, these facilities either did not exist or were defective, and childcare responsibilities still fell predominantly on women workers.

In roughly half of all studied cases, women workers cared for their children by themselves and, in the other half, the role of primary caretaker was assumed by the respondent's mother. It was found that childcare responsibilities were greater for migrant women relative to those from the local area, who had more options available.

# Discussion

- Although Mekong SEZs may have the potential to support opportunities for decent work and women workers' empowerment, the project's findings suggest that this potential has yet to be realised.
- What can and should SEZs do in order to establish and promote opportunities for decent work for women migrant workers in the Mekong?