



# JOBS IN SEZs: Migrant garment factory workers in Thilawa SEZ in Myanmar

Special economic zone (SEZ) development in the Greater Mekong Sub-region (GMS) has been expanding in recent years. Designed to capture foreign investment and accelerate regional economic integration, three SEZs are being established in Myanmar, along with over 70 in other GMS countries. The garment industry, a prominent labour-intensive industry, is operating in these spaces. SEZs, offering investment privileges, quality infrastructure, and, at times, weakened labour protections, are attractive locations for garment manufacturers. Although women represent the majority of the sector's workforce, they are often concentrated in the lowest-paying positions with the least recognised skills. The challenges that women workers face are compounded when they are also migrants, who experience unique vulnerabilities.

The Mekong Migration Network (MMN) and Asian Institute of Technology (AIT), supported by Canada's International Development Research Centre (IDRC), jointly implemented a project from 2016 to 2019, investigating labour and

migration issues in Mekong SEZs. Guided by the question of whether the jobs being created within these zones are promoting decent work for women migrant workers, this study developed four case studies of SEZs: Thilawa SEZ in Myanmar, Phnom Penh SEZ and Manhattan SEZ in Cambodia, and Tak SEZ in Thailand, with a particular focus on the garment industry.

Thilawa Special Economic Zone, located 23 kms southeast of Yangon, is the sole operative SEZ in Myanmar. Financed by the governments of Myanmar and Japan, Thilawa SEZ has been functioning since 2015 and is designed to accommodate 500 factories and employ 200,000 workers. As of 2018, 96 firms were approved, 6 of which were garment manufacturers. 47% of investors are from Japan and the value of investment reached USD 1.47 billion in 2018. 6,220 workers, 64% of whom are women, are employed in the zone.

Many of the factory workers in the SEZ are from the two neighbouring townships of Kyauktan and Thanlyin, however, the number of internal migrant workers from other

states/regions is increasing as the labour markets in Kyauktan and Thanlyin have been depleted.

In 2017, MMN project partner Future Light Center (FLC) surveyed 200 garment factory workers. In Yangon, where garment factories are clustered in industrial areas outside of the SEZ, the questionnaire was carried out with workers employed both inside Thilawa SEZ (40 respondents), as well as in Hlaing Thar Yar (79 respondents) and Shwe Pyi Thar (81 respondents) industrial zones. In 2018, in-depth interviews with 5 women SEZ garment factory workers, along with key informant interviews with representatives of the Thilawa SEZ Management Committee, a factory owner, Myanmar Garment Manufacturers Association, and civil society organisations were conducted.

Based on the results of the study, four key themes emerged as requiring special attention in order to realise decent work for women migrant garment factory workers. They were: working conditions, labour organising, skills development and recognition, and care work.

Published by Asian Institute of Technology & Mekong Migration Network

## Working Conditions in SEZs



Thilawa SEZ respondents earned MMK 166,292 per month on average, compared to MMK 171,373 for Hlaing Thar Yar and MMK 182,731 for Shwe Pyi Thar respondents. Despite earning lower monthly incomes, Thilawa SEZ workers received the greatest benefits, which included transportation, food, and accommodation services or allowances. 92% of Thilawa SEZ workers were paid a monthly financial incentive for reaching production targets and/or an attendance allowance, however, workers did not receive the attendance allowance for leave days taken. Attendance and productivity incentives applied pressure on workers to not miss a single day of work, and to complete daily production quotas by offering a pathway to increased wages.

Myanmar's current minimum wage of MMK 4,800 per 8-hour working day – which is typically regarded as a maximum wage by employers opposed to a floor wage – fails to support a decent living as costs of basic commodities steadily rise and as some workers, particularly internal migrant workers, allocate upwards of 50% of their earnings to support 2 or more family members.

30% of SEZ workers reported that sick leave is provided but unpaid, and 36% stated that annual leave is either unpaid or they did not know whether it is provided. 70% of SEZ workers were not in possession of a copy of their employment contract, and 52% indicated having personally experienced or witnessed an accident in their workplace (76% of these accidents involved a sewing needle piercing a worker's finger and 24% were cases of fainting).

## Care Work Supports in SEZs

Although the 1951 Factories Act (amended in 2016) mandates factories with over 100 women workers with children under the age of five to provide a day care centre, none of the respondents worked in a factory providing such a facility.

The responsibility of childcare for Thilawa SEZ workers was largely shouldered by women respondents or their mothers in Yangon Region. With a lack of factory and community-based childcare facilities, women workers struggle to balance the responsibilities of childcare and work. Interviewees from Thilawa SEZ described how, given the lack of childcare options, some women workers feel forced to resign from their jobs. Ms. Yu Yu, a 27-year-old garment worker, said:

*"I have never heard [of a factory nursery]. Workers can't take care of their own children. Some parents just leave their children around and it really surprises me. If I didn't have my mother, I would have to quit my job and it would be economically challenging for me."*





## Labour Organising in SEZs

In a July 2018 interview with representatives of the Thilawa SEZ Management Committee, researchers were told that there were no unions active within the SEZ. Thilawa SEZ respondents reported trade unions struggling to be established and fear of retaliation when workers' associations are formed. Ms. Ei Ei, a 32-year-old garment worker said:

*"If we appointed worker representatives, they could deal with the management if there are problems. But for now, there is no one because many of the workers come from rural areas and they are scared. We are still very far from having our own representative."*

Trade unions and labour rights organisations outside the SEZ also expressed difficulties in accessing workers inside the zone to learn about their working conditions, share information on labour rights, and support potential cases of rights violations.

## Skills Development and Recognition in SEZs

While skills training programmes for garment factory workers have been introduced in Myanmar, only 20% of Thilawa SEZ respondents had received skills training. Training was generally conducted informally by fellow employees outside designated working hours.

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. Only two respondents from Thilawa SEZ reported receiving a promotion throughout their employment history.

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





Photo credit: IDRC/Panos



## Recommendations

Although Myanmar's Thilawa SEZ may have the potential to support opportunities for decent work, the project's findings suggest that this potential has yet to be realised. In support of creating jobs that promote decent work and prioritise the rights and well-being of all workers, priority recommendations that emerged from the study are outlined below.

### TO THE MYANMAR GOVERNMENT:

1. Implement a labour law awareness campaign in collaboration with trade unions and labour rights organisations targeting garment factory workers and employers, including those in SEZs.
2. Develop a garment industry-wide skills recognition programme to formally validate the acquired skills and work experience of garment factory workers.
3. Increase the statutory minimum wage to a living wage rate.

### TO FACTORY OWNERS:

1. Comply with national labour laws and regulations, including by allowing workers to form, manage, and join trade unions.
2. Pay workers a living wage.
3. Provide skills training to workers during working hours.

### TO BUYERS:

1. Support their suppliers in paying their employees a living wage.

### TO THILAWA SPECIAL ECONOMIC ZONE MANAGEMENT COMMITTEE:

1. Conduct more frequent, regular, and unannounced labour inspections of factories in the SEZ jointly with the labour section of the One Stop Service Centre.
2. Provide comprehensive training to factory management personnel operating in the SEZ on national labour laws and regulations, workplace cooperation between management and employees, and effective supervisory skills.
3. Provide comprehensive training to workers in SEZ factories on national labour laws, their rights under these laws, and processes for reporting and settling labour disputes.
4. Grant trade unions and labour rights organisations access to workers in SEZ factories.
5. Develop of a model childcare facility for workers in the SEZ.
6. Encourage SEZ factory owners and their buying companies to pay their employees a living wage.