

BRIEF FOR EU POLITICIANS ON THE MADE IN MYANMAR PROGRAMME

Income from garment exports provides the Myanmar military regime with vital foreign exchange. The EU-funded MADE in Myanmar programme helps maintain this industry and provides diplomatic cover for the regime by presenting an illusory semblance of social dialogue. EU brands operating in Myanmar provide revenue for the regime. The EBA trade agreement provides the regime with preferential access to the EU market.



The situation in Myanmar today

Since the military coup in February 2021, 3,604 people have been killed, more than 22,900 have been arrested and more than 2.5 million people have been internally displaced¹. The military junta is increasing bombings and attacks on civilians. The country has descended into civil war, with the military regime conducting more than 600 airstrikes and 1,132 artillery attacks against civilian targets, including an attack on Pa Zi Gyi village² on 11 April 2023 that killed 168 people.

The military dictatorship has ended freedom of association. Shortly after the coup, the military declared 16 labour organizations illegal and issued arrest warrants against legitimate trade union leaders, representing almost the entire Myanmar labour movement. Union leaders and members have been killed, arrested, driven into hiding and exile, had their passports cancelled, and have been fired and blacklisted from employment. The regime has also banned 40 political parties ahead of scheduled illegal elections, which are planned to give the regime legitimacy.

Factory owners work with the military to suppress worker activism, giving names, addresses and photos of trade union members to the security forces. Workers pass through military checkpoints, where their phones are checked for pro-union or anti-regime messages. Employers have called the military to break up protests and strikes by workers.

After the coup, employers cancelled collective agreements and fired workers, rehiring them as day labourers for the minimum wage of US\$1.68 per day – very far from a living wage. To earn even this amount, workers endure unpaid, compulsory overtime, rising production targets, and fines for missing work.

The military needs the garment industry for foreign exchange

The garment industry brought in US\$4.7 billion in foreign exchange over the past year³. The military needs foreign exchange to buy weapons, fuel and other commodities. The regime is desperately short of foreign exchange, and recently an LNG ship that was commissioned to provide electricity left Myanmar because of the regime's inability to pay for the contract⁴.

In April 2022, the junta changed the law, making it illegal to hold foreign exchange for more than 24 hours. Foreign exchange must be changed into Kyats (the local currency) at a preferential rate. The junta controls the Myanmar Central Bank, which means they can issue Kyats and change it into dollars. Any foreign exchange that enters Myanmar helps to sustain the regime.

Unions estimate that of the US\$4.7 billion earned by the garment industry, only about 7 per cent went to pay the salaries of Myanmar's 450,000 garment workers, whose wages are below the poverty level. Whatever reason EU companies give for staying in Myanmar, they are complicit in egregious human rights violations.

The MADE in Myanmar programme legitimises the military junta

The EU funded Multi-Stakeholder Alliance for Decent Employment in the Myanmar Apparel Industry (MADE in Myanmar) claims to promote social dialogue and collective bargaining mechanisms.

MADE in Myanmar claims to support the development of worker-management committees and provide joint training and capacity-building for workers and factory management to improve communication and collaboration. However, this is impossible in a country where unions have been banned and workers are not free to choose their own representatives.

1 Assistance Association for Political Prisoners (Burma), accessed at <https://aappb.org/>.

2 The Guardian, Myanmar airstrike on civilians sparks global outcry as witnesses describe attack, accessed at <https://www.theguardian.com/world/2023/apr/12/myanmar-airstrike-on-civilians-sparks-global-outcry-as-witnesses-describe-attack>.

3 Ministry of Information, CMP garment export brings in over \$4.7 bln in 11 months of this FY, accessed at https://myanmar.gov.mm/web/guest/news-media/news/latest-news/-/asset_publisher/idasset354/content/cmp-garment-export-brings-in-over-4.7-bln-in-11-months-of-this-fy.

4 Mizzima News, LNG power-generating vessel leaves Myanmar, accessed at <https://mizzima.com/article/lng-power-generating-vessel-leaves-myanmar>.

In a letter to the European Union, the Myanmar Labour Alliance and other organizations argue that the banning of independent trade unions in Myanmar makes a mockery of freedom of association, and MADE in Myanmar helps the military junta in its quest for legitimacy.

Employers take advantage of the political situation to deprive workers of their rights and to increase their profits by exploiting forced labour. Serious violations of human rights and labour rights continue in Myanmar.

Freedom of association is a fundamental human right and a fundamental EU principle. The prohibition of unions and the right to collective bargaining in Myanmar under the military regime are a serious concern which puts the legitimacy of this EU initiative into question.

With the support of MADE in Myanmar, unrepresentative organizations are registered under the union registration mechanism of the State Administrative Council (SAC). By creating workplace coordinating committees – with workers' representatives vetted by the employer – MADE provides both employers and the SAC with propaganda designed to create the impression that social dialogue exists and can flourish. Some factories in the programme have created "workers' coordinating committees", with "workers' representatives", suggested and approved by the employer and vetted by the military to give the appearance of freedom of association. This creates the false impression that Myanmar allows freedom of association, that unions are recognized, registered, and can operate freely, and that labour rights are protected. EU brands use this illusion as a justification for remaining in Myanmar, guaranteeing them low-cost contracts and enormous profits on products made with forced labour.

EBA must be withdrawn

The EU must withdraw the Everything But Arms (EBA) preferential trade agreement. EBA preferences can be withdrawn in the event of serious and systematic violations of the core 15 UN and ILO Conventions, as happened in the case of Cambodia. Myanmar is clearly in violation of the core ILO Conventions, the UN Guiding Principles on Business and Human Rights as well as EU standards and should not enjoy a preferential trade access to the EU.

EU companies have comparatively good HRDD and ESG records

Many EU-headquartered garment brands operating in Myanmar have comparatively good records on Human Rights Due Diligence (HRDD) and ESG in their global operations. Some companies have set important precedents for the garment and textile industry by upholding freedom of association in supplier factories and contributing to workers' health and safety:

- Many EU brands signed the legally binding Accord on Fire and Building Safety in Bangladesh, created after the Rana Plaza collapse ten years ago. The Accord has facilitated 56,000 safety inspections at 2,400 factories and corrected 140,000 instances. Now named the International Accord, the agreement has begun similar work in Pakistan.
- EU brands intervened with the Bangladeshi government and garment employers' association after 35 trade unionists were arrested in December 2016, helping to secure their release and the dropping of charges.
- Some EU companies, including H&M, Inditex, Esprit, and Tchibo, have Global Framework Agreements with the global unions, which outline the companies' commitments to upholding international labour and safety standards in their supply chain. In practice, these agreements have been used to challenge union-busting in supplier factories and find remedy for workers' rights violations.
- EU brands are founding members of the ACT on Living Wages initiative, a multi-stakeholder programme facilitated by global unions and brands to achieve living wages in textile and garment supplier countries.
- EU brands are participating in the pilot Bangladesh Employment Injury Scheme.

Sourcing from Myanmar threatens this HRDD and ESG record

Despite global calls for disinvestment from Myanmar, which many industry peers have adhered to, many EU brands have confirmed that they intend to continue sourcing from that country. Their motivation for maintaining their presence in Myanmar is commercial: the military dictatorship has suppressed labour costs and worker activism, with workers being paid US\$1.68 per day, often working unpaid, compulsory overtime. This wage suppression makes Myanmar a very cheap country to source from.

Ethical Trading Initiative report

Many EU brands are members of the Ethical Trading Initiative. After the coup, the ETI commissioned research and recommendations on responsible business conduct in Myanmar. The ETI report⁵ found that **due diligence is not possible in Myanmar** because freedom of association has been curtailed by the banning of trade unions and the repression of activists. Without independent workers' voices, it is not possible to verify what's happening on the ground and remedy abuses.

The Myanmar Centre for Responsible Business closed its office in Myanmar⁶ because it is not possible to operate in the country.

There are numerous violations at factories supplying EU brands

Since the coup, the Business and Human Rights Resource Centre has tracked violations of workers' rights in Myanmar⁷. The project has documented more than 200 cases of alleged labour and human rights abuses perpetrated against at least 104,000 garment workers, revealing widespread and systemic abuse in international brands' supply chains.

Some brands are leaving

Widespread abuses in supplier factories have led many global garment brands to stop sourcing from Myanmar or commit to a responsible exit strategy, including Inditex (Zara), Fast Retail (Uniqlo), Marks & Spencer, Primark, C&A and Tchibo.

Workers' representatives in Myanmar want EU brands to leave

The Myanmar Labor Alliance (MLA), which includes the biggest and most representative trade unions, has been calling for all international companies to cease doing business in Myanmar since May 2021. The most representative union of garment workers, the Industrial Workers' Federation of Myanmar (IWMF), is a member of both the Confederation of Trade Unions, Myanmar and the MLA. The IWMF has met with EU garment brands on many occasions to urge them to leave the country.

Questions MEPs can put to the European Commission

1

Why is the EU maintaining its preferential EBA trade agreement with a regime that violates international and EU principles?

2

Why is the EU funding the MADE in Myanmar programme, that gives the appearance of social dialogue in a country where free trade unions are banned?

3

The EU introduced comprehensive sanctions against Russia after the invasion of Ukraine. Why is the EU not adopting the same approach to Myanmar, a major client of Russian arms?

4

Is the EU ignoring egregious human rights violations to facilitate EU brands sourcing from a cheap country?

5 Ethical Trading Initiative, Myanmar enhanced due diligence sectoral assessment, accessed at <https://www.ethicaltrade.org/programmes/garments-myanmar>.

6 MCRB, Statement by the Board of Myanmar Centre for Responsible Business, accessed at <https://www.myanmar-responsiblebusiness.org/news/closure-yangon-branch.html>.

7 Business and Human Rights Centre Myanmar garment worker allegations tracker, accessed at <https://www.business-humanrights.org/en/big-issues/labour-rights/myanmar-garment-worker-allegations-tracker/>.