

**YANGON UNIVERSITY OF ECONOMICS  
DEPARTMENT OF DEVELOPMENT STUDIES PROGRAMME**

**A STUDY ON CHALLENGES OF KACHIN WEAVING  
FACTORIES**

**YU YU LWIN  
EMDEVS -55 (15<sup>TH</sup> BATCH)**

**December, 2019**

## **Abstract**

This study examined challenges faced by Kachin weaving and potential ways forward to support the Kachin weaving factories. The primary data collection by using structured questions on labor, land, capital, markets and external support was used. This study found out that the important challenges faced by Kachin weaving factories are the lack of skill labour and lack of technical support to the weavers. In addition, other minor challenges such as slow production, being copied their design, small and medium business are not getting full profits lost profit into wholesalers. This study suggested to link weaving business and potential weavers from IDP camps in Kachin state and government to provide technical support and training for new weavers simultaneously. Another suggestion is that the development of new products such as Shawls and curtains should be created for new market expansion.

## **Acknowledgement**

My sincere gratitude goes to the University of Yangon Economics for providing me with the wonderful opportunity to pursue the degree of Master of Development Studies and this thesis as a part of the study.

I would like to express my deep gratitude and thanks to Prof. Dr. Tin Win, Rector of Yangon University of Economics, Prof. Dr. Nilar Myint Htoo, Pro Rector of Yangon University of Economics, Prof. Dr. Cho Cho Thein, Programme Director of MDevS Programme and Head of Department of Economics, Yangon University of Economics, and Dr. Tha Pye Nyo, Professor, Department of Economics, Yangon University of Economics for their encouragement and guidance throughout the course of my study and valuable suggestions which led to completion of the study.

I would like to specially thank to my supervisor, Daw Hla Theingi Swe, Lecturer, Department of Economics, Yangon University of Economics for her valuable advice, guidance assistance and support during the preparation and writing of this thesis.

I also would like to thank to the Kachin weaving factory owners who participated in my field survey.

Moreover, I also like to express my thanks to my respected professors and lecturers who imparted their time and valuable knowledge during the course of my study at the Yangon University of Economics.

## TABLE OF CONTENTS

	<b>Page</b>
<b>ABSTRACT</b>	<b>i</b>
<b>ACKNOWLEDGEMENTS</b>	<b>ii</b>
<b>TABLE OF CONTENTS</b>	<b>iii</b>
<b>LIST OF TABLES</b>	<b>v</b>
<b>LIST OF ABBREVIATIONS</b>	<b>vi</b>
<b>CHAPTER I INTRODUCTION</b>	<b>1</b>
1.1 Rationale of Study	2
1.2 Objectives of Study	2
1.3 Method the Study	2
1.4 Scope and Limitations of Study	2
1.5 Organizing of Study	3
<b>CHAPTER II LITERATURE REVIEW</b>	
2.1 Weaving and Textile	4
2.2 Role of textile and clothing industries in growth and development strategy	5
2.3 Textile in ASEAN	7
2.4 Challenges and Opportunities of Textiles in ASEAN	7
2.5 Review on Previous Study of Textile, Garment and Weaving Factories	11
<b>CHAPTER III Textile Factories In Myanmar</b>	<b>14</b>
3.1 Country Profile of Myanmar	14
3.2 General Situation of the Textile and Weaving Factories in Myanmar	15

3.3	Weakness and Threats in the Garment, Textile and Weaving Factories	21
3.4	Strengths and Opportunities of Myanmar Garment, Textile and Weaving Factories	23
3.5	Institutional Support for Myanmar Textile Factories	25
<b>CHAPTER IV Survey Analysis</b>		<b>29</b>
4.1	Survey Profile	29
4.2.	Current Situation of Kachin Weaving Factories	31
4.3	Challenges Faced by Kachin Weaving Factories	39
<b>CHAPTER V CONCLUSION</b>		<b>46</b>
5.1	Findings	46
5.2	Suggestion	48
<b>REFERENCES</b>		<b>49</b>
<b>APPENDIX</b>		<b>53</b>

## LIST OF TABLES

<b>Table</b>		<b>Page</b>
3.1	Myanmar GDP Growth Rate-Historical Data	14
4.1	Sizes of Business of Respondents	30
4.2	Working Experiences of Respondents	31
4.3	Types of Weavers	32
4.4	Availability of Training Services	33
4.5	Types of Financing Business	34
4.6	Sources of Raw Materials	35
4.7	Methods of Selling Products	37
4.8	Effects of SME Law	38
4.9	Support from Organizations such as MTMA or other organizations	39
4.10	Challenges Faced during Establishing Business	40
4.11	Challenges in Labour Faced by Kachin Weaving Factories	41
4.12	Challenges in Production	43
4.13	Challenges in Markets	44

## **ABBREVIATION**

ADB	Asian Development Bank
AEC	ASEAN Economic Community
AFTEX	ASEAN Federation of Textile Industries
GAD	General Administration Department
GDP	Gross Domestic Product
IDP	Internally Displaced Persons
IOM	International Organization for Migration
ILO	International Labour Organization
JICA	Japan International Cooperation Agency
MTMA	Myanmar Textile Manufacturers' Association
SAFSA	Source ASEAN Full Service Alliance
SME	Small and Medium Enterprises
WB	World Bank
UNHCR	The UN Refugee Agency

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Rationale for the study**

After 2010 general election, Myanmar economy opened up suddenly and Myanmar economy is increasing gradually. According to Asian Development Bank data, Myanmar GDP annual growth rate increased after 2010, however, slightly reduced in 2018 (Myanmar GDP Annual Growth Rate, 2018). The contribution of textile and garment sector is also huge in Myanmar GDP. The Myanmar textile industry is thousands of years old and most popular handicraft is traditional weaving. Traditional textile factories and weaving have huge contribution in Myanmar's economy. According to During the years from 1962-88 all major industries were nationalized. The textiles and weaving factories depend mostly on domestic market at that time. During the period 1990-2001, garment exports increased from 2.5 per cent of total exports to 39.5 per cent and it became major export product at that time. However, sanctions to Myanmar at 2003 make country to loss US markets and the garment industry was adversely affected due to the changes in the country's taxation and regulations, besides the international agreement on textiles and clothing being phased out in 2005.

In addition, emergence of textiles and garment factories in China and Bangladesh make Myanmar to loss market and many factories closed down after 2005. From 2005 to 2010, around 130 garment factories which survived the downfall started exploring new markets in Japan and Korea. After 2011, Myanmar textiles and government sector is improving very quickly. In addition, domestic market is very huge for weaved textiles in Myanmar.

In Myanmar, more than 90 per cent of the total garment manufacturing is dominated by woven products. They have many opportunities to improve the income and living status of many textile workers especially female workers. There are traditional textile factories including ethnic textile factories in Myanmar. Textiles factories are concentrating in Mandalay areas. The roles of ethnic textiles are not very highlighted



in the past even there are many ethnic textile factories across Myanmar. It is also important to know the ethnic textile cultures and production for inclusive economic growth. Kachin traditional textile is very famous in Myanmar and has huge domestic markets. However, the Kachin traditional textiles are also exported to China through local ways and not via the legal exporting channel. According to the Kachin State Government official data, there are 236 weaving factories in Myitkyina and most of all are small size factories and family business types.

In term of challenges, the garment and textile business in Myanmar are improving and many potentials but they are also facing many challenges such as low labor skill and potential sanctions to Myanmar, limited access to markets including nationwide economies and foreign economies. However, the challenges faced by textile factories in ethnic areas may not be the same like nationwide factories. So, the challenges faced by Kachin weaving factories were explored in this study.

From this study, challenges they are facing were examined and suggested the way forwards to improve their sustainability.

## **1.2. Objectives of the Study**

The objectives of the study are to examine the challenges faced by Kachin weaving and to find the ways forward to support the Kachin weaving factories

## **1.3. Method of Study**

The method of study was analytic method. The primary data collection by using structured questions. The data was entered into online software and analyzed in excel. Then descriptive statistics were presented with appropriated tables, figures, and graph. The sample size was selected between 30-50 in this descriptive method.

## **1.4. Scope and limitation of study**

The scope of study focuses on owners of Kachin weaving factories (branded factories and family business, cultural association owned factories). All the participants were explained about the objectives of interviews and informed consents were taken before interviewing.

The limitations are the data may not be reflected all the challenges faced by all weaving factories in Kachin because the survey was done only in Myitkyina. In

addition, challenges related to human right, labour right and other social security in Kachin weaving factories were not examined in this study. The study found out that number of local weavers is very low but the reasons of low local weavers in Kachin weaving business were not explored in this interview. In addition, the reasons of low number of local weavers were not also explored in this study.

### **1.5. Organization of the study**

The study is organized into 5 chapters. Chapter 1: Introduction, Chapter 2: Literature reviews on textile factories, Chapter 3: Textile factories around Myanmar, Chapter 4: Survey analysis of the study and Chapter 5: Finding, recommendations and ways forward.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Weaving and Textile**

The term “Textile” is a Latin word originating from the word “texere” which means “to weave” Textile refers to a flexible material comprising of a network of natural or artificial fibers, known as yarn. Textiles are made by weaving, knitting, crocheting, knotting and pressing fiber together. The oldest recorded indication of using fiber with the invention of flax and wool fabric at the excavation of Swiss lake inhabitants since 6<sup>th</sup> and 7<sup>th</sup> BC. In India, the culture of silk was introduced in 400AD and spinning of cotton started at 3000 BC. and silk methods got initiated at 2640 BC in China. Since many centuries ago, primitive peoples used flax fibers, separated into strand and plaited or woven into simple fabrics colored with dyes extracted from plants. There are two types of fabrics, they are fabrics made from natural fibers and fabrics made from man-made fibers. Before introducing of man-made fibers, the four natural products which are flax, wool, cotton and silk were used and natural fibers have been used for thousands of years. However, there are limitations of natural fibers such as silk requires smooth handling, wool is very sensitive to touch and can shrinks, etc. To overcome these limitations, people innovated synthetic fabrics such as rayon, nylon, acrylic, polyester etc., and the man-made fabric production is increasing overtime and increase its market share (Textile School, 2008).

Weaving is the method of textile production in which interlacing of warp and filling yarns perpendicular to each other. There are many different ways for different types of fabric structure of interacting wrap and filling yarns. History of weaving is old along with human civilization. Factors such as social status, religious requirements, locations are also influenced the development. Historical findings stated that Egyptians made woven fabrics some 6000 years ago while Chinese made fine fabrics from silk over 4000 years ago. And history believed that hand loom has been invented many times in different civilizations. Weaving started as a domestic art and stayed as a cottage industry till the seventeen centuries with invention of fly shuttle and invention of power looms. In the early 1800s, improvement of power looms such as looms made of cast

iron, were operated by steam power and it required stronger warp yarn, resulting in development of the first sizing machine in 1803s shuttle looms. The improvement of looms continued further and the modern textile industry emerged after the end of World War II with invention of synthetic fibers However, the basic principle of weaving has remained the same for centuries (Adanur, 2001).

## **2.2 The Role of Textile and clothing industries in growth and development strategies**

Textiles and clothing industries are important in economic and social terms, it provide incomes, job especially for women, and foreign currency receipt in the short-run. In the long-run, it provides opportunities for countries with suitable policies and institutions to enhance the dynamic effects of textiles and clothing for sustained economic development. In economic aspect, textile and clothing industry has been giving opportunities for export diversification and expansion of manufactured exports of low-income countries if countries can use its low-cost labor advantage and fill emerging niches and meet increasing demands. In addition, it can also create linkage between garment industry and local textile producers.

At macroeconomic level, textile and clothing also has many ways of effecting macroeconomic development. It is said that textile and clothing provide major incomes for selected countries and the amount of contribution of GDP is different in each country but it reaches to 15% in some country (e.g. Pakistan). In addition, textile and clothing is major export sector in some counties especially low income and developing counties such as Cambodia, Bangladesh, Pakistan and Sri lanka and sometimes, it occupies the half (50%) of total exports in certain countries (e.g. 80% in Cambodia)As employment effect, textile and clothing sector are providing jobs and the employment effects are also visible in some countries.

In addition, there are also significant social aspects of textiles and clothing industry. While wages in developing countries in some assembly activities will be lower than wages in developed countries in downstream activities in the same clothing value chain, that misses the point for two reasons. Firstly, developing counties without appropriate policies and institutions often do not have the skills to enter into higher value-added activities such as design and marketing and resulted that workers do not earn higher wages. Secondly, a better comparator is what workers would

otherwise have earned had there been no textile and clothing industries, e.g. in other domestic industries. Comparing on wages, textiles and clothing industries are not the highest paid jobs but not the lowest paid job. However, comparing the access to employment, working in textiles and clothing industries become an option for women in urban area. It is indicated that textiles and clothing is a first step up the value-added industrialization ladder beyond agriculture but before many other manufacturing and services activities because wages paid to textile and clothing workers are higher than wages in several other manufacturing industries (e.g. dairy, wood processing, leather) but half the average manufacturing wage. (Velde, The role of textile and clothing industries in growth and development strategies, 2008).

In gender aspect, most employees are women (e.g. 90% of garment workers in Bangladesh are women and Cambodia (around 250,000) are young female). According to ILO, more than 90 of garment workers are women in Myanmar, presenting a major opportunity for women's empowerment and skill development. The firms see women as naturally more capable of completing work tasks that require attention to detail such as sewing. (ILO, 2018).

However, the effect of textiles and clothing industries in developing countries depends on countries' trade and other economic policies. Countries with appropriate policies move up the value-added chain by using opportunities provided by temporary trade preferences (e.g. Asian Tigers, Mauritius, Costa Rica). Some countries (e.g. Bangladesh, Malawi) attract important part of their manufacturing bases by using the trade preferences. Some countries use the opportunities to develop dynamically and diversify into other activities (e.g. China). The potential of the textile and clothing industries to contribute to long-run growth and development will depend on both the attributes (desirable or otherwise) of the investors and the quality and effectiveness of government policies and institutions in developing countries to build on this investment.

There are evidence of importance of textile and clothing industries for growth and development and role of policies in some case studies. After agriculture, garment industry is the largest employers and main exporters in Bangladesh. Textile and clothing industry provide 9% of GDP in Mauritius after diversifying sugar into textile and clothing in 1980. Garment industry is a key source of exports in Cambodia and it also become key employers and contributes estimate 10% of GDP in Cambodia (Velde, The role of textile and clothing industries in growth and development strategies, 2008)

### **2.3 Textile in ASEAN**

The ASEAN is ranking as the fourth largest exporting region the world, accounting 7% of global export. ASEAN region has come. In ASEAN region, a strong network of Free Trade Agreements (FTA) by member countries is establishing the region as a highly attractive location for international export-oriented companies (ASEAN, 2019). Under the implementation of a single-window common market system of ASEAN Economic Community's (AEC) by 2015, countries in the region create a vertical production network for textiles industry and as a result, one ASEAN supply chain was created and improve the harmonization of production in the region. The ASEAN Federation of Textile Industries (AFTEX) included 10 ASEAN member countries and has launched the Source ASEAN Full Service Alliance (SAFSA), it mainly focuses on creation of vertical supply chain between buyers, textiles mills and factories, making business to offer a complete service package to international buyers. Textile is one of the largest export products from ASEAN and several ASEAN member states are getting profits from the industry's export growth. According to Invest in ASEAN website, the textile export's amount is 10 billion in 2011. Viet Nam's garment and textiles exports reached US\$ 3.7 billion in the first quarter of 2013 alone or a year-on-year rise of 18.3 percent. The increase in inter-region trade of goods indicates the importance of ASEAN not just as an exporter but also as a market. Loa PDR (who used to export its product mainly to China) improved its export to Canada and Japan from 34% in 2011 to 60% in 2012. In Thailand, there are a million workers in around 4,500 textile factories which range from man-made fiber plants, spinning and weaving, to dyeing and printing. In addition, ASEAN textile is establishing global standards. E.g. Singapore ranked as the 8<sup>th</sup> fashion capital in the world in 2011 by Global Language Monitor. At the same time, Cambodia become a credible producer and many companies such as Levi's, Gap are choosing Cambodia as their manufacturing hub. There are more than 300 garment factories and one textile per week is opening in Cambodia. Cambodia textile industries provide job opportunities for estimated 280,000 workers and its product account 85% of Cambodia's total export (Invest in ASEAN, n.d).

### **2.4 Challenges and Opportunities of Textiles in ASEAN**

China is the biggest exporter of textiles and China's textile and garment industry are producing more than 40 percent of global textile and apparel exports. In 2018, the

textile exportation in ASEAN become competing with China and the amount of textile exported from ASEAN reached to the same amount exported from EU which is the second major textile exporters in the world. In addition, ASEAN has competitive low cheap labor than China and become low-cost manufacturing Centre (Apparel, 2014).

In ASEAN region, there are more opportunities for member countries because of ASEAN pushes for stronger integration. Member countries in the region can address link in the complex supply chain of textiles and apparels. While some countries are offering cost-competitive operations, other countries are good in yarn production, fabric dyeing and finishing and others are focusing on logistics, design, and marketing (Invest in ASEAN, n.d). In ASEAN, Textile manufacturing is highly labor-intensive and it is closely linked to the agriculture sector and the raw materials such as easily available cotton and jute and high crop subsidies are supporting the growth of textile manufacturing in the region. Because of Cheap labour, raw material and land, the focus of textile and apparel business has been shifting towards the Southeast Asian companies. In addition, improvement of some areas of member countries are also supporting the shifting of textile companies to ASEAN region. E.g. Vietnam's export growth increased and new foreign investments spurred in the spinning and weaving sectors because of the elimination of non-tariff barriers and implementation of Trans-Pacific Partnership Agreement (TPP) without USA (USA's withdrawal from TPP) and it helps Vietnam get access to the global supply chain, improve its exports and will also reform its labour market. Then Texhong Textiles (China), has all invested in Vietnam to set up spinning and spindle factories (Televisory, 2017).

In term of Challenges of textile, clothing and footwear factories in ASEAN, automation become the potential challenges for workers in ASEAN. In addition, limited access to capital and information about technologies and markets by supplier firms in the first, second and third tier of the supply chain is also found in ASEAN. New skills in relation with new production process and other areas such as design, finance, production development, logistic, marketing, sales and customer services are also needed in ASEAN region in which shortage of technicians and engineers who can operate services and maintain new technologies and robotics in modern technology. Firms will increasingly need workers to be equipped with appropriate skills to operate new technologies for efficient and sustainable production to attract investment and increase profits. Not only for firms, workers will also be also requiring education and training to secure employment in the textile, clothing and footwears industries and to

get new jobs in other industrial sectors. Government, employers and workers in the industry will have to adopt sustainable integrated approaches to provide both women and men with necessary life-long training to maintain a competitive advantage in the industry (ILO, 2019). More than automation, some tasks of human may be replaced by advanced technology in the future. So, the adaptation of automation will be very important for textiles and apparel industry (Shaikat, n.d).

An Increase of Labor Cost is happening year after year. Chinese Companies are shifting around the world because of high labour cost in China. Not only China, India is also facing this challenge. Not only high labour cost, another challenge related to human resource is worker turnover. Some textile factories provide training to the unskilled worker to make them skilled but when workers become skillful, they tend to move to better job with high payment. So, firms are losing skilled workers and losing invested money into human resources (Shaikat, n.d). The biggest challenges for the industry now are the labour costs in Malaysia and the apparel manufacturing in Malaysia become expensive because of rising labour cost (Crisis, 2012).

Not only human resource, there is highly competitive pressure among the textile company because of huge profit. (Shaikat, n.d). The ASEAN countries are also competing in the same product categories in the same markets and competition also happened in the region, for example, the main importers of cotton, cotton yarn and woven cotton Vietnam, Malaysia and the Philippines. Indonesia and Thailand competed highly to get Vietnamese markets of these products. Similarly, there were high competition among Indonesia, Vietnam, and Thailand between 2001-2005 in the production of filaments yarn and synthetic yarn to get Philippines markets. Thailand started to lost to Indonesia after 2005 (Hamid & Aslam, 2017).

Not only these, there are other intangible challenges in these industries such as violation of labour right abuses continue to dominate reports and news articles recently. The growing number of young unskilled women and men in the industries in developing countries is possibly lead to increase in proportion of vulnerable workers in the industries in the futures and there are chance of serious disruption to occur. So, it is critical ensure that all groups of workers have equal access to social services such as training, social security and their rights of workers. In addition, migrants and refugees may work in this industry. Not only venerable adult workers, child labour is likely to remain an issue in this industry in countries without effective implementation and enforcement of national labour laws or of fundamental principles and rights at work



and other international standards (ILO, 2019). In addition, there are many reports which mentioned workers in garment factories are being abuse of labour right. E.g. press release of Action Labor Right in 2016 mentioned that significant non-compliance on the part of many factories, particularly concerning laws on working hours and overtime in a number of garment factories owned by Korean or joint-ventures with Korean companies. The excessive overtime was the major issue of concern and other findings mentioned in this press release are discrimination against trade union representatives, medical leave, maternity rights, harassment, child labour and working conditions including fire safety (Action Labor Rights, 2016). So, it is very important for government and firms to make sure all the workers get equal access to work and social security and other labour laws. Working conditions and occupation safety and health is also a risk for this industry especially in least developing countries with limited resource or infrastructure to protect populations and industries from high temperatures, air pollution and extreme weather events (ILO, 2019).

In addition, there are specific challenges faced in each country. The key challenges of Indonesian textile and apparel enterprises are lack of awareness of potential and weakness, struggling to meet international environment and social standard (barriers for entering global market). In addition, usage of old technology Insufficient awareness of free trade agreement are mentioned as a challenge for Indonesian textile sector (Mahbubah & Muid, n.d). Not only Indonesia, other member countries also faced challenges in textile industries. Eg. In Cambodia, the raw materials such as thread and fabrics are imported from China and Taiwan and it is major challenge there. Comparative wage cost in Cambodia is higher than Bangladesh is also another challenge in Cambodia. limited value chain is major challenge for Vietnam. (Apparel, 2014). Vietnam textile and garment industries are facing lack of local materials and accessories and obsolete technology which need investment and renovation to welcome order redirected from China and to meet tax exemption and reduction conditions from FTAs (Nguyen Huyen, 2019).

SMEs are a major engine of job creation and innovation and are strategically important to the creation of decent and productive work in the industries in the future. However, to foster and enabling environment for SMEs in the industries in the future (such as simplifying of complex SMEs, improving access to finance, public investment in infrastructure, education, training and technology and supporting the formulation of

SMEs, the government action is still needed, in collaboration with employers and workers (ILO, 2019).

## **2.5 Reviews on Previous Studies of Textile, Garment and Weaving factories**

Morgan Brubaker (2018) in his thesis study of factors affecting China's apparel manufacturing industry's international competitive advantage, 2018 revealed that three main factors were influencing China's international competitive advantage in the global apparel manufacturing industry: labor and wages, China's apparel manufacturing supply chain and raw material suppliers and the government's policies, actions, and improvement. Concern with labor and wages, it is found out that there were decreased labor pool in China, increased workplace demands of laborers and increased wages (according to governments' wage requirement in China and attributed to increased labor demand in China). It is also found out labor and wages changes in China has negative impact on apparel industry because China's apparel manufacturing export industry's strategy in past decades was to capitalize on its' large labor pool and low wages (Brubaker, 2018).

Win Win Soe (2019), on her articles: dynamics of weaving industries in Amarapura township, Mandalay region mentioned that the challenges of weaving in Mandalay regions are shortage of laborer, dumping waste water, financial investment and distribution. Weavers moved to other sectors with more income since the job opportunities in the regions increased. So, business in this area mostly rely on labour forces from outside the regions and they have to hire with prepaid methods. However, the weavers are moving to other sectors if they found the job with better opportunities. Since the dyeing process are still using in the business, the need of waste water management is important, however, last of proper waste management system for chemical used in dyeing and all the chemical are going to Taungthaman lake and cause environmental damage. Financial investment for machines and maintenance for old machines which are probably 50 years ago are also needed and challenges for business owners. Distribution of products to the branded production shop or wholesale markets with low prices is the regular methods and weavers and small business owners are losing profit on it because of lack of direct contact with consumers and buyers (Win Win Soe, 2019)

Wan Shan Cheng in her study of the competitiveness of export-oriented garment industry in Guangdong (China) in the post crisis era mentioned that Guangdong garment industry still have competitiveness but it is on a downward trend till post crisis era. However, the study also mentioned some challenges faced in the textile and garment industries in Guangdong (China). The scarcity of land and rental cost of land increased and so, small and medium factories move to inland regions to save the cost. Another challenge mentioned is that shortage of low cost labour in the area (Cheng, 2010).

Mr. Yin Yanno (2007) in his analysis on garment industry in Cambodia under free trade environment found out that the most negative impact was dealing with government agencies and he strongly recommend the Cambodian government to create special economic zone and free trade to solve institutional issues and corruption problem. In his study, he used SWOT analysis as examining tool. The skill labour and land for material are also listed as threats for Cambodian Garment industry (Yin, 2007).

The study of recent Issues and Challenges of Weaving Industry with Special Reference to Select Tamilnadu Districts done by Dr. Ramaswamy Velmurugan and Mr. Balraj KP also mentioned some challenges of weaving factories in Taminadu districts. Since the textile sector in Tamilnadu contributes over one fourth of the country's total textile manufacturing meant for domestic consumption as well as for exports. The role of power looms in the state therefore is very significant as it produces different types of cotton textiles. The article mentioned that majority of the looms in the state are plain looms with low technology. In addition, many industries face threats from global leaders domestically and fluctuation in the export demand due to the abolition of quota system. Another important issues in the weaving factories is the quality of product and it is needed for quality improvement to compete globally (Velmurugan & K P, 2018).

Sheetal Anil Patel (2011) also did a doctorate study on Indian Garment sector with the name of the internationalization process and upgrading prospects of Indian Garment Manufacturers at 2011. In his study, it was found out that Indian Garment Manufacturers rarely use Diaspora networks to access foreign markets. Instead, the majority of Indian Garment Manufacturers have achieved internationalization as a result of well-developed networks of formal intermediaries based in India who have facilitated connections with prospective buyers. In addition, it was indicated that contextual factors, usually related to the domestic economy and the firms' international

circumstances, play a significant role in affecting the upgrading prospects of Indian Garment Manufacturers (Patel, 2011).

Nazneen Ahmed (2006) in his thesis of Bangladesh apparel industry and its workers in changing world economy identified that workers' rights are widely violated in the apparel industry and it needs correction to remain competitive in the world markets. It is also identified that labour productivity increasing improvements in the work environment only increase income of workers, but also incomes of entrepreneurs and welfare in the economy as whole (Ahmed N. , 2006).

Wen Ying (2013) in his study of investigation of the competitiveness of a textile and apparel manufacturer: A case study in Taiwan found that the manufacturers in the Textile and Apparel industries can adopt more proactive strategic modes in new product development activities, to enhance new product development outcomes and their relationships with buyers (Wen, 2013)

Thein Lwin in his study of Challenges on traditional textile weaving in Myanmar also found out that the challenges faced by Myanmar traditional textile weaving are the situation of almost disappearance of natural dyeing and hand make fabrics in Myanmar, maintenance of spirit of loving traditional weaving in indigenous people, shortage of raw materials and foreign market expansion (Thein Lwin, Challenges on Traditional Textile Weaving in Myanmar, 2009).

## CHAPTER 3

### TEXTILE FACTORIES IN MYANMAR

#### 3.1 Country Profile of Myanmar

Myanmar is a lower-middle income country with significant economic potential. Myanmar shares its borders with the People’s Republic of China, Lao People’s Democratic Republic (Lao PDR), Thailand, Bangladesh and India. Myanmar is located near key maritime trade routes; and has significant natural resources. In Myanmar, around 70 percent of population are living in rural areas (DFAT, 2019).

Myanmar managed to reduce poverty from 48 to 32 percent of population between 2005 and 2015. However, the important indicators of country such as education, health, water and sanitation, housing and assets are still viable in different regions of Myanmar. Economic growth remains strong by regional and global standards but is slowing (World Bank, 2019).

**Table. 3.1 Myanmar GDP Growth Rate - Historical Data**

Year	GDP Growth (%)	Annual Change
2018	6.20%	-0.56%
2017	6.76%	0.90%
2016	5.86%	-1.13%
2015	6.99%	-1.00%
2014	7.99%	-0.44%
2013	8.43%	1.09%
2012	7.33%	1.74%
2011	5.59%	-4.04%
2010	9.63%	-0.92%

Source: World Bank, 2019

Myanmar's economy grew at 6.8 percent in 2017/18, driven by strong performance in domestic trade and telecommunications, but offset by slowing growth in manufacturing, construction and transport sectors. Real GDP growth is projected to moderate to 6.2 percent in 2018/19. The medium-term macroeconomic outlook remains positive. Economic growth is set to recover by 2020/21, driven by an expected pickup in foreign and domestic investment responding to recent government policy measures. Building on the continuing implementation of the Myanmar Sustainable Development Plan, the government's policy intent was reflected in recent reforms including implementation of the new Myanmar Companies Law, opening of the insurance sector and wholesale and retail markets to foreign players, services sector liberalization, and loosening restrictions on foreign bank lending (World Bank, 2019).

### **3.2 General situation of the textile and weaving factories in Myanmar**

The Myanmar textile industry is thousands of years old and has long history since Bagan Era. In addition, textile industries have passed many different challenges over long time ago. From 1962 to 1988, under the socialism, all major industries including textile become state-owned industries. Only some foreign investment was received from China, Japan and Germany by textile and garment production during this period. The Foreign Investment Law was enacted in November 1988, which allowed foreign companies to start business in the country and this pushed towards the development of modern garment industry in Myanmar (Fibre2Fashion, 2015).

The textile and garment industry are an important engine for Myanmar's sustainable development and the garment sector in Myanmar has been contributing significantly to the national economy since early 1990. Within a decade of the international community lifting its sanctions against Myanmar, the industry already represents the second biggest export sector and is an important driver of economic growth (ILO, 2018) .

The Myanmar Garment Industry re-emerged slowly from 2011 onwards when democratic reforms commenced. At the time, around 13 State owned and privately – owned factories produced fabrics, textiles, prints, healthcare products and garments. There are approximately 400 traditional small-scale weaving factories (Myanmar Textile Manufacturer's Association(MTMA), 2016).

In addition, the textile and clothing sector is still in the early stages of development in Myanmar, but growing rapidly. In Myanmar, the International Labour Organization (ILO) is implementing the Decent Work Framework to support the development of Myanmar's garment sector with a range of strategies and interventions for economic and employment growth. Currently, most Myanmar industries are not getting full value of the garments because they are operating a cut, make and package system without involving the design and/or input sourcing process. So, the ILO is interested in helping Myanmar's garment industry capture a larger part of the global value chain, the priority being to strengthen the country's garment sector input value chains. If domestic capacity in these areas can be strengthened, Myanmar's garment factories can gain the full value of the completed garments as they are loaded "on board" shipping vehicles. This would increase opportunities for Myanmar factories to provide decent employment to workers. Democratization of country led the repeal of sanctions on the country and had immediate effects on textile and clothing sector and The Myanmar Garment Manufacturers Association reports that new garment factories open at unprecedented rates, and the number of workers in the industry is forecast to increase rapidly over the coming years. The association's 10-year strategy seeks to grow the industry in the next 10 years from a \$912 million in 2012 to an \$8 billion–\$10 billion industry employing up to 1 million–1.5 million workers by 2024 (ADB, 2018).

In 2011, government took series of reforms such as lowered export duty, reduced restriction on financial sector, revised the foreign investment law, and executed currency reform to facilitate trade and foreign investment. After that, garment sector is the garment sector is rapidly growing today. But domestic raw materials are insufficient and raw materials are imported from foreign. However, wage is relatively low compared to other countries and it remained till attractive. Most of garment manufacturing is dominated by woven product and majority of garment factories take care of the domestic markets. (Fibre2Fashion, 2015). Amounts of exports from the textile industry from 2012 to 2015 increased from US \$ 0.91 billion to 1.46 billion. According to the statistics released by the government exports values amounted to US \$ 1.6 billion in the period of first 11 months of the year 2017 and 1.5 Million jobs expected in 2020 (Ti Kyi Maung, 2018).

Cheap labor, supportive government policies and short sea route between India and Myanmar make Myanmar garment sectors to attract India Entrepreneurs. A new foreign investment law was implemented in 2012, which allows foreign investors to

lease land for 50 years with an option to renew along with tax exemption for the first five years and the law was revised in 2016. Myanmar textile and garment sectors seem to have bright future, however, humanitarian crisis in Rakhine happened in 2017 had huge impact on Myanmar garment and textile sectors since many sanctions to Myanmar may come in the near future (Fibre2Fashion, 2015)

According to MGMA estimates, the sector employs nearly 260,000 workers, or 1% of the country's working population at 2015 and most of estimated workforce is unskilled youth, especially young women (ILO, 2015).

### **3.2.1 Textile Industries in Central Myanmar**

In Myanmar, people are unique to preserve traditional costumes even exposure with western styles is increasing. The traditional dresses remain the most popular formal costumes till today with changing in design and patterns. Many Myanmar people like to wear traditional costumes which is made with silk during important events such as wedding, national events etc., Most of Myanmar traditional textile and fabric are coming from Mandalay regions of Myanmar especially in Amarapura. And so, Amarapura Township, Mandalay Region is one of the leading players in the region for exports of garments, high quality silk/cotton textiles and fabrics. There are small and medium manufacturers and retailers of silk/cotton wear and longyis in Amarapura. Most of them have factories located just behind the retail outlet with 5~75 workers (office workers, weavers and dyeing specialist etc.) and most of them produce men's longyis, hand woven blankets, towels, nap-kins, ropes and various household items. Till now, most of Myanmar textile industries are not modernized fully and still rely on workers particularly the traditional weaving cottage industry, which produces traditional clothing (Kudo & Tin Htut Oo, 2003).

It is believed that Myanmar Textile Industry has lasted over thousands of years. Ancient mural-painting, Palm-leaf writings and literatures indicate that the weaving industry thrived in the Bagan, Inwa and Amarapura eras. Myanmar people of olden days usually produced wearing apparels themselves with traditional hand-loom. With new invention of lun-taya acheik longyi (over-hundred-shuttle acheik) since 19<sup>th</sup> Century and it became very popular till now. To make Lun-tay acheik, both the weft and warp are pure silk threads and from over a hundred to two hundred shuttles are used according to the design to be worked on. The weaving takes days and the fabric is thus expensive. In rural area, cotton is used and design modified to produce cheaper version.



In the Myanmar traditional weaving process which includes picking cotton sprout, ginning cotton, carding and fluffing cotton, spinning cotton into thread, dyeing, starching, winding threads into skeins, preparing the wrap for weaving and final stage is weaving cloth. They also used traditional dyeing from natural materials including barks, leaves, flowers, fruits, roots, and tubers, by pounding and mixing of those. But only few people now a day know the process of natural dyeing. However, Traditional weaving skills were passed on from one generation to another within the family line (Thein Lwin, Challenges on Traditional Textile Weaving in Myanmar, 2009). However, Myanmar is also experiencing a decline in the sector with the handicraft not being passed on to the new generation and Myanmar's handloomed fabrics are a neglected national treasure and the social benefits of hand loom livelihoods and profits producing these unique fabrics is decreasing quickly because of the following reasons (1) Producers are in remote areas, disconnected to each other, suppliers and market, losing profits to middle person connectors (2) Products are low quality and quantity, losing the opportunity to value up product (3) Competition with large non co-operative hand loom factories (> 100 looms), decreasing potential market share (ADB, 2018)

### **3.2.2 Traditional Textile Factories in Myanmar**

Myanmar is very complex with ethnic diversity. More than 100 ethnic groups with different cultures, beliefs and traditions. Each has own traditional attires and costumes and unique style. Ethnic textiles and way of wearing dress are also diversified with different accessories depend on their cultures and beliefs. However, Textiles made by ethnic groups are in high demand in Myanmar. Wearing traditional textiles tailored into special-occasion dresses are popular these days. Fabrics, which are based on the textiles made by Myanmar ethnic groups, are usually made of densely woven cotton or cotton-silk solid-color blends embroidered with contrasting color. Because of extra time of creation and unique designs, Handmade textiles are more expensive especially ethnic handmade textiles. In addition, buyers always value woven materials. The patterns of textiles in ethnic area differ greatly from one region to the others and textile are made from cotton, raw silk, pure raw silk and lotus bud silk (Mudditt, 2014).

Textiles serve as a representation of the culture and identity of different ethnic groups across the country in Myanmar. Mandalay is well known for production of acheik weavings which is special for Burmese group. The backstrap woven patterns of Chin State tell mythical stories passed across generations (TurquoiseMountain, n.d).

In rural area of central Myanmar, it is still the pride of the house to have a loom with a diligent daughter working at it. Young girls learn weaving and natural dying methods from their mothers and grandmothers. Most weavers prefer to practice traditional dyeing method even though chemical dyes are easily available. Other famous traditional weaving is lotus weaving in Inle Lake. Weavers extract the delicate fibers from the lotus stem and make thread out of it. It's an incredibly labor-intensive process but it can make an extremely rare, lustrous, unique and exclusive fabric. Moreover, weavers need to pay attention during dying of lotus since lotus silk is so soft, flexible and smooth. Like other traditional textiles, Lotus weaving has been passed from one generation to the next since ancient times. Made on a traditional Thai-Burmese loom, local women laboriously weave 100- 200 small shuttles back and forth through a warp of over 1,500 threads.

In western part of Myanmar, the Chin people weave with silk and cotton on back strap looms to create exceptional tunics, loincloths, skirts and shawls, often embellished with glass beads, cowrie shells and buttons. (Mitra, 2017). Chin weavers find two or three hours a day to weave while some are babysitting or after cooking or evening times. Some take back-strap looms to the farms and weave during harvest season.

In addition, the textiles are more than just pretty souvenirs, each design has a history replete with its own symbolism in some ethnic group. E.g. Textiles passed down the family — memories of weddings and other important events — are considered treasured possessions and different motifs represent the wearer's status, signifying whether someone is married or what position they have in the village hierarchy. (Zon Pann Pwint, 2010).

In Chin customary, a bride has to weave a large blanket with homespun cotton and silk, dyed with herbs and woven in a back-strapped loom, maybe containing herbs and leaves. When one partner dies, the blanket is cut in half and wrapped around the body while the other half is stored until the other spouse passes away – it is believed that the blanket serves to unite the spirits in the afterlife (Mudditt, 2014). There are many other specialized meaning and patterns for ethnic textiles depend on their tradition and believes. And some people believe that wearing textile has some advantages on fate. E.g. The lotus weavers believe that wearing something made from the lotus can help to absorb bad elements from the body and helps in fetching good luck (Mitra, 2017).

Some ethnic textiles rely on local markets but some ethnic textiles (e.g. Chin) attract local and international demands and markets.

### **3.2.3 Textile and Weaving Factories in Kachin State**

Kachin is an ethnicity of Myanmar and Kachin consists various linguistic groups with overlapping territories and integrated social structures. Contemporary usage of Kachin relates to a grouping of six ethnicities: Rawang, Lisu, Jingpo, Zaiwa, Lashi/Lachik and Lawngwaw/Maru (Wikipedia, n.d).

Kachin weaving exists since long ago. However, the documents related to Kachin weaving appears possibly between end of 18 century and early 19 century. According to Rev.O. Hanson, Kachin women are skilled in weaving and embroidery with primitive methods. The process started with spinning the cotton with a hand spindle to turning out the finished article. Kachin women are very skillful and patient and know how to weave a number of patterns. They use unknown weaving frame. Rev.O. Hanson mentioned the process of Kachin weaving that “The wrap is held tight by means of two bars, the back bar is held in place by pegs driven into the ground, and to the front one is attached a broad leather belt which passes around the weavers’ back. The operator sits on the ground or on a piece of board, her feet braced against a stout piece of wood or bamboo. Instead of working the heddles with her feet, she lifts them up with her hands, as she sends the paddy. A large wooden mortar and a heavy pestle are used to remove the husk, and the winnowing is done with a large, round wicker tray. There are a few accepted and generally recognized patterns and designs, but there is plenty of room for individual fancy, taste and skill. Some patterns for the bags, all of them woven are remarkable with embroidery, are highly appreciated by Europeans” (REV. O. HANSON, 1913)

Now a day in Kachin, textiles and weaving become the important sectors in Kachin ethnic groups and Kachin State. According Myitkyina district profile published by Kachin state government, more than 200 textiles and weaving factories are running only in Myitkyina district (GAD Gazetteer, 2019). Most of them are small and medium size of businesses. The time and process of evolution of Kachin Traditional loom (weaving) to power loom are not very clear in Kachin, however, some are still practicing traditional weaving methods especially in the rural areas of Kachin. Kachin made textiles and weaving products are famous in Myanmar and it seems Kachin

textiles and weaving products are mainly relying on domestic market especially in Kachin State because there is no market analysis of Kachin traditional textiles currently.

### **3.3 Weaknesses and Threats in the Garment, Textile and Weaving Factories**

The weakness of Myanmar textile and garment industries are the old equipment, weak infrastructure and the challenge to achieve a good quality of the products (Myanmar Textile Manufacturers' Association, 2018). Low product quality and not enough quality control measure are also mentioned as weakness of garment sector of Myanmar (ILO, 2015).

Poor infrastructure in terms of transport, telecommunications and utilities supply is the largest issue hampering Myanmar's economy in general and the garment manufacturing industry in particular. The lack of investment into the technology is also another barrier to access higher technology in garment industries and that is leading to low quality production for cotton/fabric. (Myanmar Textile Manufacturers' Association, 2018). Another challenge related with infrastructure is weak banking system in Myanmar and access to funds and loans remains difficult for companies because banks request a high collateral and change rates (EUROCHAM, 2018).

Lack of skill manpower in the industrial sector (approximately 7% are in industries and the rest are in agriculture sector). Garment factories typically face worker issues including high turnover and absenteeism leading to a lack of trained and skilled labor. They are also underperforming with respect to worker welfare, social compliance and child labour issues (Business Innovative Facility, 2016). Low skill level for mid-high skill tasks are also mentioned as a weakness of Myanmar Garment sector. In addition, wage competition over workers is also threats for garment sectors (ILO, 2015). Not only the skilled of labour, Myanmar garment industry has been criticized for its' poor labour standards and its current practices and Western companies found high compliance risk working with local factories. There are no training schools for the garment industry don't exist even workforce in Myanmar garment factories has lack of relevant skill. That cause factories to face difficulty to recruit citizens for technical and supervisor level positions. Raising labour cost is also potential threats to garment sector (EUROCHAM, 2018).

Production in neighboring countries may be costly, however, they are also providing high-skilled labor and higher quality production with better efficiency.

Myanmar have cheap labor but low skilled and the production is slow and that is also a threat to Myanmar garment sector (ILO, 2015).

Challenge related with small weaving factories is that remoteness. Producers are in remote areas and do not have enough communication among them and others such as suppliers and markets. So, weavers or small weaving factories are not getting high profit and share their profit to the middle persons. In additions, remoteness can also cause difficulties in accessing skill training and lack of access to financing sources. Moreover, products are of low quality and quantity are losing to value up their product because production is made with the available materials and poor inventory of product causing damage on them and no access to hand loom training. All of all, small weaving factories have to compete with large and uncooperative handloom factories and that can decrease potential market share because small producers have a disjointed production process (ADB, 2018).

Another threat is that the Myanmar textile product's market is undermined by cheap imported garment with the low price from China and India because China and India can easily mimic Myanmar silk designs by using digital weaving machines to make copy textiles. Weavers are seriously affected by cheap, low-quality silk copies of traditional Myanmar designs from China and India. In additions, the business relies heavily on silk and cotton thread which are imported from China and India since local raw materials are not meeting the needed quality for high quality products (Kyaw Ye Lynn, 2019).

Expensiveness also become challenges for traditional textile., the market prices for these traditional textiles are not matched with the effort the weaver provided. E.g. In Chin state, weavers are striving to create a sense of value and pride around the skill of weaving but the local customers are rarely willing to pay the price of the garments, even though they are aware of how difficult and time-consuming the textiles are to weave and that lead weavers to reconsider the professional life of weavers. If reliable market place and proper price for traditional textiles, weavers are beginning to believe can make a living from weaving, and are drawing a sense of pride from their work (Mcdougall, 2019).

Since Myanmar is developing county, the poor conditions inside Myanmar factories, the weak rule of law, poor regulation and lack of respect for workers' right are also weakness of Myanmar garment factories (OXFAM, 2015). The legal protection and

The textile and garment industries faced major challenges which are sanctions and emergences of textile and garment factories in other countries during the period 1990-2001. Even garment exports increased from 2.5 per cent of total exports to 39.5 per cent and it became major export product at that time During this period. However, sanctions to Myanmar at 2003 make country to loss US markets and the garment industry was adversely affected due to the changes in the country's taxation and regulations, besides the international agreement on textiles and clothing being phased out in 2005. In recent year, re-emergence of Rakhine crisis led to more than 700,000 people fleeing into Bangladesh, with around 150,000 internally displaced people remaining in Rakhine. As a response to Rakhine crisis, many western countries are trying to imply sanctions including economic sanction to Myanmar (World Bank, 2019). Among the western countries, European Union is the fifth-largest foreign investor in Myanmar and Garment exports, however, account for some 70 percent of Myanmar's shipments to the EU, according to figures collected by the Myanmar Garment Manufacturers Association. In late 2018, the EU announced it was considering revoking Myanmar's membership in the EBA scheme due to human rights violations in Rakhine, Kachin and Shan states (San Yamin Aung, 2019). However, EU's sanction ended up with sanction to targeted against senior military and border guard police officers responsible for human rights violations in ethnic areas (Council of theEuropean Union, 2018).

In general, Myanmar faces many challenges poor infrastructure, weak banking system, lack of training for workers and, quick technological changes, economic and political stability, low productivity, under developed supply chain, laws and regulations and need to improve gradually. Other challenges include high cost if inputs(imported), Poor institutional policy framework, Non-existing governance mechanism, Low environment awareness and mechanisms (harmful dyeing process, no waste water management), no intellectual property / copyright laws in Myanmar.

### **3.4 Strengths and Opportunities of Myanmar garment, textile and weaving Factories**

In Myanmar, the textile and clothing sector is still in the early stages of development, but growing rapidly. Currently, most of the manufacturers in Myanmar are operating on a cut, make, and package production system—where producers are

only responsible for the pure production of the garments, and not involved in the design and/or input sourcing processes. Therefore, they do not get paid for the full value of the garments. With the support of ILO, if domestic capacity is strengthened, the garment sector can shift to a free (or freight) on board basis for pricing, where international buyers pay Myanmar's garment factories for the full value of the completed garments as they are loaded "on board" shipping vehicles and it is a great opportunity to expend Myanmar garment and textile sectors (ADB, 2018).

Compared with other Asian countries, Myanmar has cheaper labor forces that attract International brands to invest in Myanmar (ADB, 2018). Apart from Bangladesh, Myanmar has low wages compared with other Asian countries. Wages in other countries such as China are rising, and competition for production capacity increasing. In addition, labour shortages and frequent labour strikes in countries such as Cambodia as well as significant labour standards risks and health and safety concerns in Bangladesh are driving are also driving buyers to diversify their sourcing locations (Business Innovative Facility, 2016).

Availability of large building factories and land to grow cotton are also strength to Myanmar garment and textile industries (Myanmar Textile Manufacturers' Association, 2018). In addition, Yangon industrial zones is very closed to port and reduce the transportation cost and easily to transport to ship.

Myanmar's handloomed fabrics are a neglected national treasure and Handloom Hub Myanmar (HHM) is a newly formed organization that aims to advance a sustainable and inclusive handloom industry in Myanmar by responsibly maximizing profits for producers and material suppliers. And donors are interesting to invest in Traditional textile and garment of Myanmar (ADB, 2018).

Trade agreement is also a strength for Myanmar garment sector because Myanmar enjoys privileged access to foreign markets through trade agreement. E.g. Generalized scheme of Preferences (GSP) for trading with EU, tax-free exports with Japan and ASEAN trade agreement with China, South Korea, etc.

Another opportunity for Myanmar Garment and Textile sector is Myanmar SME law which was established at 2015. The aims of Myanmar SMEs law are to enable to accept the information related to business, technical assistance and financial aids for the small and medium enterprises, to reach local and international markets and enhance the competitiveness of small and medium enterprises, to have new employment opportunities and increase income of the people through the development of small and

medium enterprises, to reduce the difficulties and obstacles in business operations of small and medium enterprises (Pyidaungsu Htuttaw, 2015). According to a research conducted by Central Statistics Organization, 98 per cent of the more than 120,000 businesses registered in Myanmar are SMEs. In the employment sector, of the 21.9 million workers, 83 per cent are working in un-registered SMEs. Currently, JICA and western nations are providing financial and technical support for SME sector development in Myanmar. With the support of Japan (JICA), Myanmar allow loans to SMEs at 2017. (President Office of Myanmar, 2017).

In addition, Myanmar published Myanmar National Export Strategy (2015-2019). In which strategy, the textile and garment sector is one of priority sector and the strategy focuses on ensuring that the industry can meet international quality standards, have easier access to finance, ensure the protection of workers and build (Ministry of Commerce, 2015).

Even ongoing conflicts and humanitarian crisis are continuing in Myanmar, other sectors such as health and sports, education, and commerce are increasing collaborations and cooperation with international countries or organizations. In addition, Myanmar is having other positive improvement such as banking system, improve training opportunities for labor forces in country such as weaving school are opening with the support of ministry of social welfare, vocational training school are implementing with the support of Singapore etc., and reduction in poverty.

In addition, Myanmar launched Myanmar Sustainable Development Plan which enable environment for easier foreign investments, which has concrete plan to improve the exports, improvement of SMEs and other important indicators. These improvements are also indirect opportunities for Myanmar garment and textile industries including weaving business in ethnic areas across country.

### **3.5 Institutional Support for Myanmar Textile Factories**

#### **3.5.1 Ministry of Co-operative**

Ministry of Co-operative has been formed aiming at laying down policies for contributing towards national economic development through undertaking business by like-minded persons collectively and for flourishing socio-economic activities broadly through enlivening co-operative principles. Under the Ministry of Co-operatives, there



are three departments namely the Co-operative Department, the Cottage Industries Department and the Co-operative Export and Import Enterprise.

Among them, the aims and objectives of Cottage Industries Department is as follows:

1. to supervise cottage industries according to Cottage Industries Promotion Law and carry out promotion activities for these industries.
2. to monitor weaving schools in States and Divisions, and Lacquer ware Technology College, Bagan.
3. to provide technical services to Industrial cooperatives, and cottage industries and handicraft enterprises from private sector (Ministry of Agriculture, 1991).

### **3.5.2 Saunders Weaving Institute (Amarapura)**

Since Mr. L. H. Saunders, the judicial commissioner of Upper Burma, found that the business of hand weaving loom was nearly extinct. In 1910, he bought a power loom. By using the power loom technique, good quality, wide breadth products are created and time is saved. Therefore, the power loom became very popular. The Saundar Weaving Institute was established in 1914 at Amarapura to spread the power loom technique. It is government agency and the school were upgraded overtime. The objectives of institutes are

1. To learn about the knowledge of weaving technology
2. To maintain and develop traditional weaving and techniques
3. To train in local livelihood requirements
4. To cooperate with the weaving institute and small-scale industries.

Students can easily learn about a hand weaving loom, a cotton-gin loom, cottons, a shuttle, materials used for natural dyes, fibers, shawls, longyi, socks, and waistband cheikes in the School (ICHCAP , n.d.).

### **3.5.3 Weaving schools in States and Divisions**

In addition, 14 weaving schools in States and Division are established under the Cottage Industries Department to preserve the traditional weaving through regular formal training courses. The education system for textile corresponds with the goals of art education. The vocational education trainings is an integral part of human resource development and is one of the major ways of improving the ability to society and to

future self-development of the weaver (Thein Lwin, Challenges on Traditional Textile Weaving in Myanmar, 2009).

#### **3.5.4 Myanmar SME policy**

Myanmar SME law which was established at 2015. The aims of Myanmar SMEs law are to enable to accept the information related to business, technical assistance and financial aids for the small and medium enterprises, to reach local and international markets and enhance the competitiveness of small and medium enterprises, to have new employment opportunities and increase income of the people through the development of small and medium enterprises, to reduce the difficulties and obstacles in business operations of small and medium enterprises (Pyidaungsu Hluttaw, 2016)

#### **3.5.5 Myanmar Textile Manufacturers' Association**

In order to support the growth and professionalization of the textile sector in Myanmar, The Myanmar Textile Manufacturers' Association (MTMA) has been established in 2016. Types of member include large and small-scale textile producers (hand woven & machine woven, traditional Myanmar cloth weavers, cotton manufacturing) and members are involved in various stages of textile manufacturing, including grinning, spinning, weaving, dyeing and printing, product manufacturing (garments, longyi's, blankets). In addition, there are members from some companies such as textile raw material trading companies, dyeing & chemical companies, machinery and spare parts trading companies, cloth and fabric distribution companies, and companies that work with textile related products. MTMA focus areas are cotton production, spinning and weaving, and textile manufacturing (incl. hand & machine woven, and traditional) and small-scale textile producers and distributors. The objectives of MTMA are

1. To attract more FDI and domestic investors to the Textile and Garment Industry
2. To export high quality Garments as Myanmar's Industrial sector grows
3. To assist the training of qualified personnel and to outfit our factories with top of the line machinery, leading to the production of highest quality fabrics and garments
4. To set up special Textile and Garment Factory Clusters and zones, with the authorization and official support of the Ministry of Industry with the aim of

producing raw materials, yarns, machinery, spare parts and ancillary equipment;  
all at one location for optimal logistics

5. To establish Textile laboratories with strict Quality Control Measures, to meet Internationally accepted standards

However, the services utilization of these institutions and organization, the effect of Myanmar SME policy on textile sectors are not know (Myanmar Textile Manufacturer's Association(MTMA), 2016).

## **CHAPTER 4**

### **SURVEY ANALYSIS**

#### **4.1 Survey Profile**

In Myanmar, more than 90 per cent of the total garment manufacturing is dominated by woven products. They have many opportunities to improve the income and living status of many textile workers especially female workers. There are traditional textile factories including ethnic textile factories in Myanmar. Textiles factories are concentrating in Mandalay areas. The roles of ethnic textiles are not very highlighted in the past even there are many ethnic textile factories across Myanmar. It is also important to know the ethnic textile cultures and production for inclusive economic growth. Kachin traditional textile is having huge domestic markets and also export to China through local ways and not via the legal exporting channel. However, the specific study on Kachin weaving are rarely found and the challenges they faced are not addressed commonly. According to the Kachin State Government official data, there are 236 weaving factories in Myitkyina and most of all are small size factories and family business types.

##### **4.1.1 Sampling**

According to the Kachin State Government official data, there are 236 weaving factories in Myitkyina township and most of all are small size factories and family business types. However, there is no clear data on number of weaving factories in Myitkyina town and the number of family business types of Kachin weaving were not sure to be included in the mentioned list. Since the study is qualitative study, 30-50 Kachin weavings are targeted to be participated in the survey. However, only 37 participants were interviewed. Random sampling method was used in this study. The respondents were mixed from large business, medium business, small business and family business groups to understand the different challenges among different groups.

#### 4.1.2 Questions

The questions are developed according to the assumptions on the possible challenges mentioned from literature reviews. There are total 30 questions to examine the challenges related the land, labor, capital and financial, production and markets. The first version of questions was tested in 5 weavers to clarify and estimate the reliability and feasibility. The questions were adjusted and updated according to the result of pilot interviews. All the participants were explained the reasons of interviewing and confidentiality of answers because of high competitions and sensitivity among them. Only the participants who gave informed consent were interviewed. Participants who did not provide consent to participate in interview were not counted in the interview sessions.

#### 4.1.3 Profile of the Respondents

Since the thesis was done by qualitative approach, 37 participants were interviewed. The participants response rate is 95% (37out of 37 gave consent and participated in interview). 81% of participants are female (30participants out of 37) and left 19% are male (7 participants out of 37).

**Table 4. 1 Sizes of Business of Respondents**

Size of weaving business	number of respondents	Percentage
Large business (more than 15 looms)	11	30%
medium type (between 10-15 looms)	6	16%
small type (between 5-10 looms)	8	22%
family business (<5 looms)	12	32%
Grand Total	37	100%

Source: Survey Data 2019

The size of business was classified according to the numbers of looms they owned. Among the participants, 3 participants owned more than 100 hand looms and also owned machine looms and they also have more than 20 years of working experiences in Kachin weaving business. Participants also include pure Kachin traditional hand loom weavers who maintained family secret of natural dying methods and traditional ways of weaving with Kachin traditional looms namely Dalang.

**Table 4.2 Working Experiences of Respondents**

Working experiences	Respondents	percentage
> 10 years	16	43%
5-10 years	13	35%
< 5 years	8	22%
Grand Total	37	100%

Source: Survey Data 2019

The working experiences of participants are varying and most of them has more than 10 years of working experiences in Kachin weaving business. Some participants even have more than 20 years of experiences in Kachin weaving business and they started their business as a family business and expended overtimes.

## **4.2 Current Situation of Kachin Weaving Factories**

### **4.2.1 Land**

Most weaving factories started as family business with small number of looms and the space of a loom needs only 10 square feet. So, when the business started, land was not problem because the requirement of land for one loam is not very large. However, the need for land become problem when the business expended overtimes with many looms.

### **4.2.2 Labour**

#### **(a) Types of weavers**

Majority of weavers in Kachin weaving factories are not local people and immigrated from central part of Myanmar especially Seik Kun and Shwe Bo area in which Myanmar traditional textile business is functioning and stable. People from that area work as weavers in weaving factories of central Myanmar. They learnt weaving methods from family. These weavers are immigrating to Myitkyina for high income and better job opportunities. When they come to Myitkyina, the factory owners need to arrange accommodation for them.

**Table 4.3 Types of Weavers**

Types of weavers	Number	Percentages
Weavers from other areas	24	65%
family business and no need to hire weavers	10	27%
Local wavers	3	8%
Grand Total	37	100%

Source: Survey Data 2019

According to survey, 65% of workers are from central part of Myanmar particularly from Seik Kun and Shwe Bo area. Only 8% of weavers are local workers who are working in weaving business. But 27% of participants which are family business types of weaving factories are not hiring extra workforce for weaving and the family members weave at spare times. However, medium and large business sizes of weaving factories with more looms need skilled labor for the weaving and regular production of Kachin weaving products. The study found out that number of local weavers is very low but the reasons of low local weavers in Kachin weaving business were not explored in this interview. However, during interview session, some participants mentioned that wages paid from weaving factories is relatively lower than working in other business sectors of Kachin. So, the local workers have been more interested in high income job such as working in amber mine, gold mine, jade mine and illegal timber trading.

#### **(b) Payment methods**

Payment methods for workers are also different from other industries such as private company. The payment or income depend on number of products finished by workers. 76% of workers get income by price-work method. However, other payment methods such as sharing percentage of profit or dividing product instead of money (example. if worker finished two clothes, worker get one cloth and owner of loom also get one cloth) are also used in few cases. Family business weaving are not categorized in this group and the income goes directly to the pool income of family. In addition, most of cases, owners pay some amount of deposits to the workers before hiring and the deposit deducted from the profit or wages of weavers gradually overtime because

of scarcity of weavers in Kachin. In that situation, some weavers run away or move to other weaving industries before finishing pay back the deposit to the owners. According to interviews, some loom owners lost money on weavers without any legal action. Not only the wasting money in labor, business owners mentioned that difficulties in retaining the labor in their looms because of scarcity of skilled labor in Kachin weaving.

### (c) Capacity Building of weavers

Most of weavers learn weaving from family and some learnt weaving from government training institute or training supported by organizations. However, the follow up capacity building services are not available for weavers.

**Table 4.4 Availability of Training Services**

Availability of training services	Respondents	Percentage
No services	24	65%
Trained by family	6	16%
Trained by traditional organization	3	8%
Others	2	5%
Trained by government organization	2	5%
Grand Total	37	100%

Source: Survey Data 2019

According to survey data, 65 %, of loom owners answered that weavers in their industries are not getting any capacity building services. 16% of participants say the weavers are getting training or on the job training from family. In this survey, participants from IDP camps (internally displaced persons) are also included and these participants (accounting 8%) get weaving training organized by humanitarian organizations as a part of livelihood program. A small partition of weavers is getting weaving training from government (5%) and training organized by loom owners when they start working. As analyzed in above, lack of skilled labour is main problem for Kachin weaving groups and lack of capacity building training such as weaving training are also contributing the situation to become worse.



### 4.2.3 Capital

Startup capital for weaving is not major problems for Kachin weavers because cost of one hand loom is approximately 200000 kyats with basic facility. So, majority of participants (81%) used their own money to establish weaving factories without any challenges. Only 2 participants especially small family business get loan from private lenders to establish looms for weaving. Weavers in IDP camps get financial support from humanitarian organizations to set up looms and weaving as a part of livelihood program of these organizations

**Table 4.5 Types of Financing Business**

Types of financing	participants	percentage
Self-Financing	33	89%
Loan from other business owners	2	5%
Others	2	5%
Grand Total	37	100%

Source: Survey Data

Since weaving with looms can be started by using own startup capital, 81% of participants did not face any challenges when they started their business. Because the cost of looms is cheap and can start with estimated amount of 200000 kyats and many people start with small number of looms when they started business.

### 4.2.4. Raw Materials and Looms

#### (a) Looms

The types of looms being used are not examined. However, most of looms used in Kachin weaving are hand looms and hand loom product are famous in local markets. Most of looms using in Kachin weaving factories are made locally because it is easy to do looms. Majority of participants don't have any challenges for purchasing and establishing hand looms. In addition, traditional looms are still using in Kachin weaving especially in the family business group. They use traditional looms (Dalang) as maintaining their cultures and the demand for Dalang product are very high. Kachin people wear clothes made by Dalang in very important event such as wedding and traditional ceremony. And Dalang products are highly expensive because it takes longer

time to weave and the quality is the best among all the product. For local people, wearing Dalang product is more meaningful than wearing handmade clothes, it is a symbol of Kachin traditional dress (Maka) and maintaining Kachin culture. Top of all, thread used for Dalang are dyne with organic ways by using natural materials.

**(b) Threads**

The quality of Kachin textile depends on quality of raw materials such as silk and cotton threads. According to survey, Kachin weaving factories are heavily rely on China and India for raw materials.

**Table 4.6 Sources of Raw Materials**

Source of raw materials	Participants	Percentage
China	13	35%
China and India	7	19%
India	6	16%
Myanmar	4	11%
Others (don't know)	4	11%
China and Myanmar	2	5%
Thailand	1	3%
Total	37	100%

Source: survey data 2019

Most of the raw materials used for weaving are exported from China, 52% of participants use China made and secondly 34% of participants are using India made raw material widely. 15% of participants are using Myanmar made raw materials and only one participant is using raw material imported from Thailand. However, family business weavers are not aware of source of raw material and they purchase it locally without knowing sources. One participant tried to use self-made silk by growing the barriers tree (Poe Zar tree in Myanmar name) and silk cocoon.

Purchasing of materials are also examined in this survey. 91% of participants are purchasing the raw materials locally from wholesales markets in Myitkyina or some large business owners who store raw materials enough and reselling to small business wavers. One participant who owned more than 100 looms directly ordered high quality raw materials from Mandalay which is also major distributors of raw materials for

weavers. One participant also ordered raw materials directly from the factories and another one participant ordered from major distributor from other places.

#### **4.2.5 Process and Design**

There is no fixed amount of product per fixed time or machines. The production rate is depending on the design and pattern to be weaved, types of product, types of looms (hand looms, power looms or machine looms) and skill of weavers. Some weavers can do one simple longyi per day while others spend a week to do it. More complex patterns and designs take longer than cloths with simple designs and patterns. The more pattern is taking longer than less pattern clothes. Women wear take longer than men wear. While machine looms can produce 50 clothes per day, hand looms may produce 1 longyi per three to four day or may be, even a week. Top of all traditional looms (Dalang) take longest time than both power looms and machine looms. Most productions are going without any challenges. However, there are still some challenges in production process. The major challenges in production is taking longer time in production. of participants have that challenges, weakness in technology, not enough machines and low quality of product.

Some participants mentioned that most patterns and designs are already stable and just to follow the traditional method. Some small and medium business are weaving the designs given by well-known branded business when they do order. Most participants mentioned that they can keep weaving their own design for approximately three years in the past and copying or mimicking design were very rare. But now a day, their designs were copied or mimicked by competitors within a week with the support of social media (example. people post the photos of their products in Facebook or WeChat etc.) and they need to create a new design to compete with others. One participant mentioned that keeping design is difficult especially for medium and small business owners because they don't have extra resources to keep/store large amount of clothes with the same designs without selling it. Some participants mentioned lack of property right in Myanmar and they are not also willing to register their design even if there is property right for them because of taking long time to register and dealing with government officials.

#### 4.2.6 Markets

The way they sell their product depends on type and size of business. Traditional loom (Dalang) products are sold at home mostly and needed to order some time a head.

**Table 4.7 Method of Selling Products**

Descriptions	Respondents	Percentage
Selling to whole sale	25	68%
Selling at own shop or home	9	24%
Selling to other areas	3	8%
Total	37	100%

Source: Survey Data 2019

According to the figure mentioned above, majority of products are selling to the whole sale or banded Kachin traditional clothing shops. Some participants take orders from well-known brand and working for them in shadow. Kachin weaving product is mainly relying on local markets. And some participants are selling at their home or place of production. Only few participants are exporting to other areas such as Mandalay and Yangon. However, most of participants use social media as markets now and started to sell online. Most customers seem to be local residence because 84% of participants sell their product locally. Most buyers are local resident. So, there is a need to create demand from other area of countries.

#### 4.2.7 Legal and Other Supports to Kachin Weaving Factories

##### (a) License

Majority of Kachin weaving factories are usually not licensing, according to interview with them, most owners see their business as family business and not aware of licensing. Few owners who own more than 20 looms opened that licensing is not a problem for them and the government official come and gave them license without any difficulties. The only thing they worry is a tax and one of the participants complained that the calculation of tax for them is fixed amount per product and she suggested that tax for them should be based on % of profit per product.

### **(b) SME Law**

Since policy support from central government and other supports from local government are important for a production sectors to improve or expand Kachin weaving business. Some policy can initiate the expansion of markets and some policy even solve the challenges faced by business (e.g. SME policy).

**Table 4.8 Effects of SME Law**

Description	number of participants	percentage
Don't know about SME law	23	62.16%
Business become better after SME law	11	28.95%
SME law has no effect on business	3	8.11%

Source: Survey Data 2019

Interview respondents are also examined to understand the effects of SME law among Kachin weaving community. However, majority of participants (62.16 %) are not aware of SME policy. Only very few participants are aware that the present of SME policy and they state that SME Law has positive effect on their business since their business become better after implementing SME policy by government. A very few participants are not getting any effect by SME policy.

### **(c) Support from Organizations such as MTMA or Cultural Organizations**

In Myanmar, there are organizations or departments which are supporting the textile sector. The supports include technical support, finding new markets, loans, legal support etc. However, these organizations are not very popular among the Kachin weaving groups and small and medium business are not even aware of these organizations. Only one participant mentioned that there is a local support group for Kachin weaving and helping small loans for startup capital. Sometimes, church organized the weaving training and provide financial support for some local residents to learn weaving. However, these supports are very rare. Some humanitarian organization such as UNHCR and IOM provided technical supports and looms to IDP camps last few years ago. However, these supports are only targeted to IDP and not sustaining.

**Table 4.9 Support from Organizations such as MTMA or other organizations**

Descriptions	Respondents	Percentage
No support	33	89%
Market creation	1	3%
Technical support	1	3%
Other support	2	5%
Total	37	100%

Source: survey data

Concern with support from organizations like culture organization or textile organization, most of participants, amount to 81 % of participants don't get any support from any organizations for their business. Only very few respondents, accounting 9% of respondents get supports such as getting new markets, technical support and other support from some organizations. The left is not aware of these organizations.

#### **(d) Support Needed for Expansion of Current Business**

Another general question for them is that any support needed for improvement or expansion of current business or Kachin weaving community. Most of the participants believed that no additional support is needed for them from outsiders and they can improve their business themselves. Some few participants answered that financial support, technical support, new technology for their weaving and creation of market demand will be good for them to expend their business.

### **4.3 Challenges faced by Kachin Weaving factories**

#### **4.3.1 General Challenges faced during establishing weaving business**

The general challenges faced during establishing weaving factories were also examined in this study. In this survey questions, two questions are set to examine the general challenges of Kachin weaving.

**Table 4.10 Challenges Faced during Establishing Business**

Size of business	Startup capital	Limited land	Difficult to get License	Access to market	Other challenges	No challenges
>15 looms	4	2	1	0	1	3
10-15 looms	2	0	0	0	2	2
5-10 looms	4	2	0	1	1	0
<5 looms and family business	5	2	0	0	2	3
Total	15	6	1	1	6	8

Source: Survey Data 2019

Most of participants are facing challenges when they started the business. When a weaving factory started, most weaving factory owners face challenges in the startup capital or financial support for them to initiate the business. Especially the small and family business types are needing financial support more than other groups while large business types face challenges for expending of business. Some large business owners stated that financial need for expansion of business and needs to provide the housing to the worker is also one of the challenges. Few participants face lack of markets and other challenges which is no external support especially small and family business.

#### **4.3.2 Challenges related with Land**

Most of business started as family business with small number of looms and the space of a loom needs only 10 square feet. So, when the business started, land was not problem because the requirement of land for one loam is not very large. However, the need for land become problem when the business expended overtimes with many looms. So, 59% of participants assumed there is no challenges for availability of land to start weaving business with looms. However, the left group, 41% of business found need of land for staff house for weavers who are not local residences, scarcity of land and increasing land price. Some found that expensive land rental cost as challenges for

them. In IDP camps, people are living in government compound or church compound and IDP are needing land for looms to do weaving.

### 4.3.3 Challenges related with Labour

Challenges in labor is the most difficult challenges for Kachin weaving factories. According to survey results and interview session, family business types of weaving factories are not hiring extra workforce for weaving and the family members weave at spare times. However, medium and large business sizes of weaving factories with more looms need skilled labour for the weaving and regular production of Kachin weaving products.

**Table 4.11 Challenges in Labour Faced by Kachin Weaving Factories**

Challenges	Low number of skilled labour	High Turnover of weavers	High wages	Lack of weaving skill	No challenges
>15 looms	8	3	0	0	0
10-15 looms	4	1	1	0	0
5-10 looms	5	2	1	0	0
<5 looms	4	0	0	3	5
Total	21	6	2	3	5
Percentage	57%	16%	5%	8%	14%

Source: Survey Data 2019

Almost all of Kachin weaving factories are facing with challenges related to workers and weavers. The most difficult problem for now is difficult to find the skilled weavers for weaving factories. According to above table, 57% of owners are facing scarcity of skilled weavers and currently this challenge cause many multiple negative effects on Kachin weaving business. According to some participants, some of the effects are increase in wages, high turnover of weavers, spending additional resources



on weaver such as prepayment before hiring etc. As mentioned in figure, 16% of owners are facing turnover of weavers and 5 % of participants are paying high wages to weavers. In detail, weaving business with more than 5 looms are facing challenges in skilled labour more than weaving business with less looms and family business types. All weaving business with more than 5 looms are facing any types of challenges in skilled labour such as low number of skilled labour, high turnovers of weavers, high wages etc. Weaving factories with looms < 5 and family business types are not getting any challenges in human resource since they are not hiring any labour/weaves to work in their business. However, the challenges of very small and family business weaving factories include lack of weaving skill and not getting any technical support from outsides.

#### **4.3.4 Challenges related with Capital**

Since weaving with looms can be started by using own startup capital, most of participants did not face any challenges when they started their business. However, some participants experienced the challenges such as unable to get loan from bank (public bank or private bank), and high interest rate for loan while a very few participants faced challenges to invest in weaving because the amount of startup capital was very high for them.

#### **4.3.5 Challenges related with Raw materials and Looms**

In literature reviews, some journal stated that weavers in Myanmar faced lack of qualified local raw materials and the increasing prices of raw materials because the raw materials are exported from China and India and the price depend on currency exchange rate of Myanmar kyats and other currencies. In recent years, price of Myanmar kyats decreased and that is affecting prices of raw material and increase input cost for weaving product. In addition, the quality of Kachin textile depends on quality of raw materials, and so, the challenges related to raw materials such as thread, silk and others are examined.

But there are no major challenges related to raw materials and purchasing of raw materials. Only some participants found that raw materials are scare, sometimes they get low quality raw materials and some complaint that some raw materials are not ready to use and some step needed to do for using. In addition, the price of raw materials

is not stable sometimes because it depends on the exchange rate of Myanmar kyats and foreign currency. If the value of Myanmar kyats is low, the price of raw materials become increased.

Challenges related with looms are also examined. Most of participants do not have any challenges related with looms. Only 10% of participants especially poor family found hand looms is expensive while 5% of participants think looms cannot get locally. Maintenance of looms is not problems for of participants while the left participants found that technician for repairing looms and cost for repairing as problems for them.

#### 4.3.6 Challenges related with Process and Design

Most of Kachin waving factories (43% of participants) are going well in production without any challenges.

**Table 4.12 Challenges in Production**

Sizes of business	Low quality of product	Long production time	Poor technology	other	no challenges
> 15 looms	1	2	2	1	5
10-15 looms	1	1	1	1	2
5-10 looms	1	2	1	1	3
<5 looms and family business	1	1	3	1	6
Total	4	6	7	4	16
Percentage	11%	16%	19%	11%	43%

Source: Survey Data 2019

However, there are still some challenges in production process. The major challenges in production is taking longer time in production, poor in technology, low quality of product and others, etc.

Concern with design, most of participant, 39% of weaving factory owners don't have any problems with designing a pattern. However, 30% of participants are facing with a very challenging problem of being copied of their design by other weavers or business competitor. The problem become worse in current modern technological era with many social medias. During recent years, their designs were copied or mimicked

by competitors within a week with the support of social media (example. people post the photos of their products in Facebook or WeChat etc.). One participant mentioned that keeping design is difficult especially for medium and small business owners because they don't have extra resources to keep/store large amount of clothes with the same designs without selling it. Some few participant (18% of participants) are hiring designers for their business to compete with other business. However, majority of respondents stated that it is not major challenges and they have way of coping these problems.

#### 4.3.7 Challenges Related with Market

This survey also explores about market demand and challenges related to it. However, surprisingly 30% of don't think they have challenges related with markets demand and they are happy with current situation. But some participants are mentioning that they have challenging in production on time when the high demand seasons such as winter and summer.

**Table 4.13 Challenges in Markets**

Size of Business	Low price given	Low demand at rainy season	No direct connection with buyers	Low profit	Others	No challenges
> 15 looms	3	2	0	1	0	5
10-15 looms	1	0	1	1	1	2
5-10 looms	4	2	1	0	0	1
<5 looms/ family business	4	1	1	2	1	3
Total	12	5	3	4	2	11
Percentage	32%	14%	8%	11%	5%	30%

Source: Survey Data 2019

32% of weaving factories are selling their product with low price to wholesale and well-known branded shop while 11% of factories are facing challenges of low profits for their weaving factories. 14% of factories are facing low demand at rainy

season. During these low demand time, the productions/weaving are continuing with the same raw material with the same prices. But they have to sell to the well-known brand with low price and sometimes they sell the product with debt. This problem is mostly faced by small and medium business owners and also difficult to solve because they don't have extra resource to store the product and unable to compete with well-known brand. Few participants mentioned they don't have direct contact with consumers or buyers and that situation make them to sell into wholesale or well-known branded shop.

Concern with market competition, there is high competition among the businesses but 54% of participants has no challenges in competition. The challenges in market competition includes competitions with cheap products from machine looms. Previously they faced with competition from cheap imported clothes with same design from China and that problem is still present. Now, Kachin State government solved that problems. There is another competition from cheap product with same designs from central Myanmar.16% of participants mentioned that problem. However, Kachin weaving still can maintain local markets because the quality and designs are better in Kachin product.

## **CHAPTER 5**

### **CONCLUSION**

Since Myanmar economy is improving and the contribution of textile and garment sector is also huge in Myanmar GDP. The Myanmar textile has thousand years long history and passed many eras of economic policies of Myanmar under different government regimes. In recent decades, Myanmar textiles and weaving faces many difficulties till 2010. After 2011, Myanmar textiles and government sector are improving very quickly. In addition, domestic market is very huge for weaved textiles, accounting 90 percent of the total garment manufacturing is dominated by woven products. These textile factories are supporting many workers' life especially women and girls. Not only to those garment and textiles factories, there are traditional textile factories including ethnic textile factories in Myanmar. Textiles factories are concentrating in Mandalay areas. The roles of ethnic textiles are not very highlighted in the past even there are many ethnic textile factories across Myanmar. It is also important to know the ethnic textile cultures and production for inclusive economic growth and the challenges faced by them should be understood and solved. Kachin traditional textile is very famous in Myanmar and has huge domestic markets. According to the Kachin State Government official data, there are 236 weaving factories in Myitkyina and most of all are small size factories and family business types. So, I studied about the challenges faced by Kachin weaving businesses by doing survey and throughout analysis was done.

#### **5.1 Findings**

This study found out that 65% of weavers are not local residents and they came from other areas of Myanmar. In addition, it is identified that the important challenges faced by Kachin weavings is the lack of skill labor and most Kachin weaving business owners especially the weaving with looms more than 5 looms are facing scarcity of skilled labour, high turnover of skilled labour, high wages and spending additional resources in weavers such as prepayment before hiring. However, the business with few

looms (less than 5 looms) and family business are facing lack of technical supports and skill in weaving.

The second important challenge faced by Kachin weaving group is that lack of capacity building and technical support to the weavers, 65% of weavers are not getting any technical support and have to learn from the family or weaving owners. And this also make worse the situation of lack of skilled labor in Kachin weaving business.

In production, majority of weavers are producing women clothes while some produce both men and women clothing. Half of participants (43%) are not facing any challenges while other 57% are facing challenges such as taking longer time in production, poor in technology, low quality of product and others, etc. In addition, many designs created by Kachin weavers are being copied by other business competitors, however, Kachin weavers do not take this as serious challenges.

Concern with market and competition, majority of weaving products are being sold to the whole sale or branded shop because small and medium weaving businesses do not have direct contact with buyers. This lead wholesale collectors and well-known brand owners pay low price than market prices and weavers to reduce profit. In addition, other challenges such as challenging in production on time when the high demand seasons such as winter and summer, designs are not up to dated, the customers are not buying after making order to weave and the low demand time especially in rainy season. Concern with market competition, there is high competition among the businesses but 54% of participants has no challenges in competition. The challenges in market competition includes competitions with cheap products from machine looms, cheap product with same design imported from China and Central Myanmar. However, this competition problem was already solved by Kachin State government now.

It is also found out that majority of participants (81%) used their own money to establish weaving business without any challenges while very few respondents are facing challenges such as unable to invest startup capital (especially poor families and IDPs), high land rental cost and need of providing staff house for migrant weavers.

China made raw materials are mostly used among Kachin weavers and many weavers are buying enough raw materials from whole sale locally. It is noted that there are no major challenges related to raw materials. In addition, looms are easily set up locally without challenges and maintenance of looms is not also a problem for Kachin weavers.

It is noted that majority of participants do not know about SME policy and organizations which aims to support textile and weaving in Myanmar. According to field data, 89% of participants do not get any support from such organizations.

## **5.2 Suggestions**

To solve the lack of skilled weavers in Kachin weaving business, the linkage between weaving business and potential weavers locally such as women and girls from IDP camps since there are lack of livelihood program in IDP camps. By doing it, need of skilled weavers will also fulfilled and incomes of women and girls from IDP camps will also be also improved at the same time. Not only this linkage, technical support and training for new weavers should be arranged by government owned weaving institutes or traditional organizations simultaneously. By training local residents, the sustainability of skilled labor for Kachin weaving is also granted.

In production, instead of limiting product to the Women dress, the development of new products such as Shawls and curtains which are likely to be demanded by foreigners and hotels. So that market expansion can be done.

In addition, new marketing strategy to get direct contact with buyers should be used by small and medium businesses to prevent losing profits to whole sale and to overcome low demand seasons. The marketing strategy can be done via social medias such as Facebooks, wechats etc. In addition, government should also promote Kachin weaving products by doing exhibition in cultural fairs across Myanmar or China. In addition, linkage of Kachin weaving with tourism should be done as a new marketing strategy.

The last suggestion is that increasing supporting to Kachin Weaving businesses by central government, state government, Myanmar Textiles organizations, local social organizations such as faith-based organizations, traditional and cultural organizations should be done. The supports should include providing of small loans as startup capitals, technical supports, market creations and others.

## References

- Action Labor Rights. (2016). *Workers under Pressure in Korean-owned Garment Factories*.
- Adanur, S. (2001). *Hand Book of Weaving* .
- ADB. (2018). *Bangladesh and Myanmar: Inclusive Textiles and Clothing: Mapping Inclusive Business Opportunities*.
- ADB. (2018). *Technical Assistance Consultant's Report*. ADB.
- Ahmed, Z. (2006). *Bangladesh apparel industry and its workers in changing world economy*.
- Apparel. (2014). *Opportunities and Challenges in Asia's Apparel and Textile Sector*.
- ASEAN. (2019). *Investing in ASEAN*.
- Brubaker, M. (2018). *Factors affecting China's apparel manufacturing industry's international competitive advantage*.
- Business Innovative Facility. (2016). *Garments Market Analysis and Strategy*.  
Yangon: Business Innovative Facility.
- Cheng, W. (2010). *The Competitiveness of Export-Oriented Garment Industry in Guangdong (China) in the Post Crisis Era*.
- Council of the European Union. (2018). *Council conclusions on Myanmar/Burma*.  
Brussels: Council of the European Union.
- Crinis, V. (2012). *Global Commodity Chains in Crisis: The Garment Industry in Malaysia*.
- DFAT. (2019). *DFAT Country Information Report Myanmar*.
- EUROCHAM. (2018). *Garment Guide 2019*.
- Fibre2Fashion. (2015). *Evolution of Myanmar garment industry: Past, Present and Future*. Retrieved from <https://www.fibre2fashion.com/industry-article/7567/evolution-of-myanmar-garment-industry-past-present--future>
- Fibre2Fashion. (2015). *Myanmar an option for Indian textile entrepreneurs*.  
*Fibre2Fashion*.
- Fibre2Fashion.com. (2014). *Opportunities and challenges await Asean textile industry*.
- GAD Gazetteer. (2019). *District Profile*.
- Hamid, M. F., & Aslam, M. (2017). *Intra-regional Trade Effects of ASEAN*. *Journal of Economic Integration*.
- ICHCAP . (n.d.). *Organization - Saunders' Weaving and Vocational Institute* .  
Retrieved from Intangible Cultural Heritage Platform for Asia and Pacific:  
<https://net.ichcap.org/saunders-weaving-and-vocational-institute/>
- ILO. (2015). *Myanmar Garment Sector Analysis*.



- ILO. (2018, October). Weaving Gender.
- ILO. (2019). *The future of work in textiles, clothing, leather and footwear*.
- Invest in ASEAN. (n.d). *Textile and Apparels*.
- Kudo, T., & Tin Htut Oo. (2003). *Agro-Based Industry in Myanmar - Prospects and Challenges*.
- Kyaw Ye Lynn. (2019, January 26). Weavers of traditional textiles in Mandalay Region have joined forces in an attempt to counter a threat to the industry from cheap copies imported from China and India. *FRONTIER*.
- macro trends. (2019). *Myanmar GDP Growth Rate 1961-2019*. Retrieved from macro trends: <https://www.macrotrends.net/countries/MMR/myanmar/gdp-growth-rate>
- Mahbubah, N., & Muid, A. (n.d). Opportunities and Challenges in Effecting ASEAN Economy Community: Lesson learned from the Indonesian Textile and Apparel Industry.
- Mcdougall, E. (2019, April 6). Reviving Traditional Weaving in Remote Myanmar. *Pilgrim Magazine*.
- Ministry of Agriculture, L. a. (1991). *Promotion of Cottage Industries Law*.
- Ministry of Commerce. (2015). *Myanmar National Export Strategy (2015-2019)*.
- Mitra, S. (2017). *Myanmar Silk – Queen Of Textiles*. Retrieved from Myanmar Insider.
- Mudditt, J. (2014, August 22). it is customary for a bride to weave a large blanket with homespun cotton and silk, dyed with herbs and woven in a back-strapped loom, maybe containing herbs and leaves. When one partner dies, the blanket is cut in half and wrapped around the body. The ot.
- Myanmar Textile Manufacturer’s Association(MTMA). (2016). *Myanmar Textile Manufacturer’s Association Brochure*. Member of UMFCCI.
- Myanmar Textile Manufacturers’ Association. (2018). *Strategic Planning Workshop Report*. Yangon.
- Myo Pa Pa San. (2018, October 22). EU’s Revoking of Preferential Trade Status Won’t Affect Investment: DICA. (M. P. San, Ed.) *The Irrawady*.
- Nguyen Huyen. (2019). Textile-garment thrives with technology. *Vietnam Investment Review*.
- OXFAM. (2015). *Made in Myanmar, Entrenched Poverty or Decent Jobs for Garment Workers?*
- Patel, S. A. (2011). *Internationalization process and upgrading prospects of Indian Garment Manufacturers*.
- President Office of Myanmar. (2017, December). SME development to gain speed in 2018.
- Pyidaungsu Hluttaw. (2016). Small and Medium Enterprises Law.

- Pyidaungsu Htuttaw. (2015). *Small and Medium Enterprises Development Law*. Myanmar.
- REV. O. HANSON, L. D. (1913, August 1). *THE KACHINS, THEIR CUSTOMS AND TRADITIONS*. Rangoon, Rangoon, Myanmar: AMERICAN BAPTIST MISSION PRESS.
- San Yamin Aung. (2019, June). Even as Trade Sanctions Loom, EU Envoy Upbeat on Investment in Myanmar. (A. Zaw, Ed.) *The Irrawady*, 1.
- Shaikat, M. N. (n.d). 10 Future Challenges of Apparel Industry. *ORDNUR: Textile and Finance*.
- Telesivory. (2017). *Battle for the textile and apparel industry in Southeast Asia* .
- Textile School. (2008). *History of Textiles*. Retrieved from <https://www.textileschool.com/182/history-of-textiles-ancient-to-modern-fashion-history/>
- The Republic of the Union of Myanmar;. (2015). *Small and Medium Enterprises Development Law*. Myanmar.
- Thein Lwin. (2009). Challenges on Traditional Textile Weaving in Myanmar.
- Ti Kyi Maung. (2018, January 7). Textile and Garment Industry of Importance for Socio-Economic Development. *Global New Light of Myanmar*.
- Trending Economics. (2018). *Myanmar GDP Annual Growth Rate*. Retrieved from Trending Economics.
- TurquoiseMountain. (n.d). *Myanmar Textiles*. Retrieved from TurquoiseMountain: <https://turquoisemountain.org/myanmar/products/textiles>
- Velde, J. K. (2008). *The role of textile and clothing industries in growth and development strategies*.
- Velmurugan, R., & K P, B. (2018). Recent Issues and Challenges of Weaving Industry With Special Reference To Select Taminadu Districts. *IJSART*.
- WeaveDesign. (n.d). *Weaving history*. Retrieved from <http://www.weavedesign.eu/weaving-history/>
- Wen, Y. (2013). *investigation of the competitiveness of a textile and apparel manufacturer: A case study in Taiwan*.
- Wikipedia. (2019). *Weaving*. Retrieved from <https://en.wikipedia.org/wiki/Weaving>
- Wikipedia. (n.d). *Kachin People*. Retrieved from [https://en.wikipedia.org/wiki/Kachin\\_people](https://en.wikipedia.org/wiki/Kachin_people)
- Win Win Soe. (2019). Dynamics of Weaving Industries in Amarapura Township, Mandalay Region. *International Journal of Business Anthropology*.
- World Bank. (2019). *Myanmar at Galance, Overview*. World Bank, Myanmar.
- Yin, Y. (2007). *analysis on garment industry in Cambodia under free trade environment* .

Zon Pann Pwint. (2010, August). In ethnic textiles, history is woven. *Myanmar Times*. Retrieved from <https://www.mmtimes.com/lifestyle/5011-in-ethnic-textiles-history-is-woven.html>

## **Appendix 1**

Questions: Study on the challenges of Kachin Weaving Factories

Before the starting the interview, introducing and explanations of the purpose of interview thoroughly. The information will be kept as confidential and only respondents with informed consent will be interviewed for this study. Tick  $\checkmark$  in the boxes.

Date and time of interview-

\_\_\_\_\_

Will you provide consent to participate in interview?

- a. informed consent provided
- b. informed consent not provided.

### **Profile of the Respondents**

Participant's name

\_\_\_\_\_

1. Number of looms owned?
  - a. Family business (<5 looms)
  - b. Small business (5-10 looms)
  - c. Medium business (10-15 looms)
  - d. Large business (>15 looms)
  - e. Others
  
2. Duration of working in weaving?
  - a. <5 years
  - b. 5-10 years
  - c. 10-15 years
  - d. >15 years
  - e. Others

3. Number of looms in the weaving house?

\_\_\_\_\_

4. Number of weavers in weaving house?

\_\_\_\_\_

### **General Challenges faced during establishing weaving business**

1. Any challenges during establishing the business?
  - a. Licenses
  - b. Land
  - c. startup capital/financial
  - d. customer/market
  - e. Others
  - f. No challenges
  
2. Do you face any challenges to get licenses for your business?
  - a. Not applicable
  - b. Long time to get licenses
  - c. complicated process with too much document
  - d. large amount of tax for licenses
  - e. Others
  - f. no challenges

### **Challenges related with Land**

3. when you set up the looms during initial phase of business, did you face any challenges related with land?
  - a. Scarcity of land
  - b. Land is expensive
  - c. Staff house for weavers
  - d. Rental cost is high
  - e. Other
  - f. No challenges

### **Challenges related with Labour**

4. Where are your employees from?
  - a. Native
  - b. From other places
  - c. don't need to hire
  - d. Other

5. What are the main challenges in Human Resource?
  - a. Poor skills
  - b. High Wages
  - c. Lack of skilled labor
  - d. Turnover of workers
  - e. Technical support for weavers
  - f. Other
  
6. How do you pay your employees?
  - a. Daily
  - b. Monthly
  - c. Yearly
  - d. Per finished items
  - e. Division of profits
  - f. Other
  
7. Do you have any of the following services to improve your employees' skills?
  - a. Training from Government Departments
  - b. Training from Cultural Organizations
  - c. Opportunity to attend paid training locally
  - d. No services
  - e. Family Tutoring
  - f. Other (e.g. weaving book)

### **Challenges related with Capital**

8. How do you invest when you started business?
  - a. loan from government
  - b. loan from private bank
  - c. loan from private business owners
  - d. own money
  - e. Others
  
9. Any challenges in startup capital for business?
  - a. no loan from government or private bank
  - b. high interest rate

- c. high amount to invest
- d. short duration for loan
- e. Others
- f. No challenges

**Challenges related with Raw materials and Looms**

10. Do you face challenges when you purchased looms?

- a. Difficult to install
- b. Unable to purchase locally
- c. Expensive
- d. low quality of looms
- e. Others
- f. No challenges

11. Any challenges for maintenance of looms?

- a. difficult to find spare materials
- b. difficult to find technician
- c. expensive
- d. taking long time to repair
- e. others
- f. no challenges

12. Which raw materials are you using?

- a. China made raw materials
- b. India made raw materials
- c. Myanmar raw materials
- d. Thai raw materials
- e. Others

13. How do you purchase raw materials?

- a. \_\_\_\_\_

14. Any challenges in purchasing raw materials?
- a. scarcity of raw materials
  - b. expensive
  - c. low quality of raw materials
  - d. not ready-made raw materials
  - e. Others
  - f. No challenges

**Challenges related with Process and Design**

15. Main products of your weaving?

- a. Men cloths
- b. Women cloths
- c. Baby cloths
- d. Materials such as shawl and bag etc.
- e. Others

16. Average product per day in your weaving factory?

- a. Men cloths \_\_\_\_\_
- b. Women cloths \_\_\_\_\_
- c. Baby cloths \_\_\_\_\_
- d. Materials such as shawl and bag etc. \_\_\_\_\_
- e. Depend on designs and skilled of weavers \_\_\_\_\_
- f. Others \_\_\_\_\_

17. What are the challenges in manufacturing?

- a. Long production time
- b. Poor product quality
- c. Poor technology
- d. Not enough equipment/machines
- e. No problem
- f. Other



18. Do you face any of the following problems in designing?
- a. Need to hire designer
  - b. My designs were stolen
  - c. New designs are not the customer's favorite
  - d. The new designs do not extend beyond traditional cultural restrictions
  - e. No Problem
  - f. Other

### **Challenges Related with Market**

19. How do you sell your products?
- a. Sell in own store/shop
  - b. Export to other store/shop
  - c. Export to another location
  - d. Online sales
  - e. Other
20. In what markets does demand increase?
- a. Local
  - b. Other parts of the country
  - c. Foreign countries
  - d. Don't know
  - e. Other
21. What are the difficulties in selling?
- a. Fewer customers
  - b. Low profit
  - c. Unable to connect directly with customers
  - d. Wholesale buyers do not offer good price
  - e. No challenges
  - f. Other
22. Is there any difficulties in market competition?
- a. Reducing prices from popular brands

- b. Low cost products from other parts of the country
- c. Low cost products from other countries
- d. Coming in at affordable prices from machine weaving
- e. No challenges
- f. Other

23. Have you experienced in relating with demand side?

- a. There are times when there are no buyers
- b. There are times when the designs that you have produced may not be sold at all
- c. There are times when the buyers cancel the orders
- d. There are times when demand is high but the production can't meet in time
- e. Other
- f. No challenges

#### **Legal and Other Supports to Kachin Weaving Factories**

24. Business situation after the SME Law was acted?

- a. Getting better
- b. Getting worse
- c. No effect
- d. Don't know SME Law
- e. Other

25. Do you receive any of the following assistance regarding Kachin weaving?

- a. Market penetration/market expansion
- b. Supporting for higher technology
- c. Support to attend training/s
- d. networking between weaving business persons
- e. No services
- f. Others

26. What are the challenges to improve your current business?

- a. Upgrading technology

- b. Upgrading machine/s and equipment/s
- c. Increasing market demand
- d. Getting assistance from Government or organizations
- e. Skilled labour
- f. Financial support