**YANGON UNIVERSITY OF ECONOMICS**

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# GARMENT INDUSTRY GROWTH AND MACROECONOMIC VARIABLES IN MYANMAR (2010-2019)

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# ABSTRACT

The garment industry is one of the main sources of foreign currency earnings and job creation in Myanmar. The rapid growth of the garment industry contributes to the economic growth and reduces poverty in Myanmar. The objective of the study is to show the trend of garment exports and selected macroeconomic variables such as GDP, unemployment rate, exchange rate, and foreign investment. The study uses a descriptive method based on secondary data. The main source of secondary data is collected by the Myanmar Garment Manufacturing Association and other related organizations. The study is focused on the period 2010–2019. The study found that the value of GDP increased in tandem with the growth of garment exports. The growth of garment exports alone will not be enough to reduce Myanmar's unemployment rate. Myanmar's garment industry is mainly driven by foreign investment. The growth of the textile industry is important for Myanmar's garment industry. Myanmar's garment industry is gradually growing as foreign investment increases year after year. Themes such as government loans and support for local manufacturers, harmonizing investment and collaboration from raw materials to final products, training for labor, and a favourable working environment should be implemented by the stakeholders of the garment industry in Myanmar, which provide the sustainable growth of the garment industry in Myanmar and can contribute to the Myanmar economy.

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| | |
|---|---|
| AIDS | Acquired Immunodeficiency Syndrome |
| ASEAN | Association of Southeast Asian Nations |
| BSCI | Business Social Compliance Initiative |
| CBM | Central Bank of Myanmar |
| CMP | Cut-Make-Pack |
| CPI | Consumer Price Index |
| CSO | Central Statistical Organization |
| ERIA | Economic Research Institute for ASEAN and East Asia |
| ETI | Ethical Trading Initiative |
| EU | European Union |
| FOB | Free on Board |
| GDP | Gross Domestic Product |
| GNI | Gross National Income |
| GSP | Generalized Scheme of Preferences |
| HDI | Human Development Index |
| HIV | Human Immunodeficiency Virus |
| HPI | Human Poverty Index |
| ILO | International Labor Organization |
| JETRO | Japan External Trade Organization |
| JV | Joint Venture |
| LCD | Least Developed Countries |
| MGHRDC | Myanmar Garment Human Resources Development Center |
| MGMA | Myanmar Garment Manufacturers Association |
| OBM | Own-Brand Manufacturer |
| ODM | Own-Design manufacturer |
| PQLI | Physical Quality of Life Index |
| SEZ | Special Economic Zone |
| SME | Small and Medium Enterprises |
| UN | United Nations |
| US | United States (of America) |
| WRAP | Worldwide Responsible Accredited Production |

# CHAPTER I
# INTRODUCTION

## 1.1 Rationale of the Study

The textile and apparel industries are important not only for industrial development but also for human life. In many countries, the textile and apparel industries played a vital role in early industrialization. The garment industry has brought large numbers of poorly educated workers into the labor market, requiring low levels of production technology and an abundance of cheap labor. The garment industry could be one of the largest export industries of developing countries, because global manufacturing tries to outsource the high-end fashion industry from rich countries to less developed countries.

The Myanmar garment industry is the largest employer of women in the formal manufacturing sector. The garment manufacturing industry is one of the large export oriented fields in Myanmar. In 2017, Myanmar's garment sector is experiencing an inflection moment. According to the European Chamber of Commerce in Myanmar, between 2012 and 2018, the value of garment exports rose from around USD 900 million to USD 4.6 billion by 2018. According to UN comrade data, in 2019, the Myanmar garment industry exported USD 5.7 billion worth of garments and a further USD 1 billion in footwear and handbags, an increase of 26% on the previous year according to UN comtrade data.

Garment enterprises are the most appropriate jobs for women, and women's employment levels are higher than men in these enterprises. Garment enterprises provide learning-by-doing opportunities. Even if a woman has no formal education, she can attend the basic sewing class and supervisor training course provided by the UN, NGOs, and MGHRDC, and get a job that secures a regular income.

In the late 1990s, the garment sector became the first rung on the industrialization ladder in many developing economies. In least developed countries such as Bangladesh and Cambodia, output growth in this sector has been extremely high. Exporting textiles and appeals is one of the most important sources of foreign currency for the countries, and it helps to boost the economies of the countries.

The share of Myanmar’s garment exports increased from 2.5 percent in 1990 to 39.5 percent in 2000 and became one of the high foreign revenue industries. Myanmar prioritizes garment exports to the US market, with 90% going to the US market and 10% going to the European market. In 2008, Japan accounted for 34% of all garment exports in Myanmar, with Germany accounting for 24%, Spain accounting for 14%, the United Kingdom accounting for 10%, and South Korea accounting for 8% (Kudo,2012).

Although the garment sector greatly contributes to the country’s exports and earns a lot of foreign currency, there are some challenges to achieving development in Myanmar. One of the challenges is that raw materials are greatly dependent on China and the unstable foreign exchange rate. In 2019, nearly 83% of Myanmar's textile imports came from China. High production costs, such as wages, electricity, and transportation, are obstacles to the development of the garment industry.

The Myanmar garment industry is one of the export-oriented industries and is critical for creating jobs in the manufacturing base, especially for women. It accounts for 31.2 percent of all manufacturing jobs, and women make up 95 percent of the garment industry's workers (International Labor Organization, 2016). The manufacturing sector in Myanmar is largely concentrated on garment production, especially on a cut-make-pack basis, and its contribution to GDP.

According to MGMA’s 10 year strategy (2015–2024), Myanmar’s garment sector will become the highest revenue-earning industry in Myanmar, penetrating the global market by offering high quality and value-led products. To achieve this goal, Myanmar's garment industry needs to realize the trend of macroeconomic variables and garment industry growth. Then, it has to prepare further effective and efficient macroeconomic policies and strategies for the growth of the Myanmar garment industry. So, this paper tends to show the trend of garment exports and key macroeconomic variables.

## 1.2 Objectives of the Study

The purpose of study is to show the trend of garment export and macroeconomic variables in Myanmar.

## 1.3 Method of Study

In this study, the descriptive method is used. The main source of the secondary data is collected by Myanmar Garment Manufacturers Association, referenced articles, reports released by related organizations and internet access focused on the period of 2010-2019.

## 1.4 Scope and Limitations of the Study

The scope of the study is focused on the development of the garment industry in Myanmar through the strategies and activities of the Myanmar Garment Manufacturers Association (MGMA). According to MGMA, the total number of registered active factories was 553 in 2019. The garment exports, investment types, and characteristics of factories are collected primarily from MGMA's membership lists. GDP, exports and imports, the exchange rate, and foreign investment are used as key macroeconomic variables in this study, which is primarily based on the years (2010–2019).

## 1.5 Organization of the Study

This paper is organized into five chapters. The first chapter introduces the rationale for the study, the objective, scope, and limitations of the study. The next chapter reviews literature on the role of the garment industry in economic development and related macroeconomic variables. After that, chapter three describes the overview of the garment industry in Myanmar with its opportunities and challenges. The next chapter demonstrates the relationship between macroeconomic variables and the growth of the garment industry, and chapter five concludes the paper with the findings and suggestions for further study.

# CHAPTER II
# LITERATURE REVIEW

## 2.1 Garment Industry

The garment industry is important to the economic growth of many developing countries by providing employment opportunities for their people and a source of foreign currency earnings. The garment industry adapts to changing consumer preferences, demands and fashion trends around the world (Paunovic, 2012). Developed countries prefer to import garments rather than produce them in-house because it is clearly cheaper in terms of production costs. There is a large difference between the price of garments imported from other countries and the price of garments made from raw materials produced in that country.

The garment trade started in early 1400BC when merchants in Ancient Babylonia shipped and distributed them. Before 1300AD, people wore loose and flowing robes, linen under tunics, and wool top tunics, and they did not wear fitted garments. After 1350 AD, people wore more fitted clothes. By the 16th century, they began to produce sleeves, collars, gloves, hats, gloves, and stockings that were exported and imported (Monet, 2021).

In the early 19th century, clothing was either handmade by women for the family in the household or tailored by tailors and seamstresses. The origin of ready-to-wear garments was stimulated by the needs of sailors, slaves, and miners and laid the foundations for the expansion of the mechanized garment industry. Systems for sizing men’s and boys' clothing were developed, and then sizing for women's clothing was also developed. The production of men’s trousers developed in the 1870s allowed men to be ready to wear a complete suit.

The original garment industries started in the European Union and the United States in the 1950s and gradually spread to other parts of the world. At present, Asia has become the center of the world. The majority of clothing is produced in poor developing countries because, first, these countries have a large number of productive low-wage laborers. Second, factory owners don't need to take into consideration human rights issues, and workers are treated as the owner wants them to be.

In many developing countries, the unemployment rate is relatively high, poorly educated workers have to work at living wages, and it is difficult to access permanent work. For these reasons, factory owners in poor developing countries break human rights issues and labor laws. Favorable working conditions and the best quality of clothing are expensive, while poor quality of working conditions and lower quality of clothing are cheaper.

There are differences between textiles and fabrics. All textiles are not fabric, but if all fabric is textile. Textile can stand alone with unfinished products and be used for purposes other than the garment industry. Any material (any woven or knitted fabric) made of interlacing fibers, including carpets and geotextiles, is called a textile. Yarn, thread, natural silk, rayon, elastic silk, and metal wire are products of textile fiber. A flat-film mass consisting of fine-soft objects connected by intersecting, winding, and joining describes the definition of fabric.

The apparel and textile industries can be divided into two sections: the production of textiles and fabric from raw materials and the transformation of these fabrics into clothing and other In the textile industry, this means collecting raw materials to make yarn and then dyeing and finalizing the fabric. In the apparel industry, this means cutting fabric and sewing to create apparel and other accessories. The production of textiles and fabric from raw materials needs advanced technology that is suitable for high-tech developed countries, and the transformation of these fabrics into clothing is labor-intensive, which is suitable for labor-intensive developing countries.

## 2.2 The Role of Garment Industry for Economics Development

Industrialization is the process by which an economy is transformed from a primarily agricultural one to based on the manufacturing of goods. Features of industrialization include economic growth, a more efficient division of labor, and the use of technological innovation to solve problems, as opposed to depending on conditions beyond the control of individuals. Industrialization plays a key role in the nation's structural changes and can raise the levels of production, employment, and income.

In Britain in the 1760s, textile industries were the dominant and leading industry of the industrial revolution, powered by a central water wheel or steam engine and using the first modern production methods. Before industrialization, making cloth was a slow process involving collecting wool, spinning it into yarn, and then weaving it into fabric by hand. In 1764, James Hargreaves invented a machine called the “spinning jenny”. In 1784, the Power Loom was patented by Edmund Cartwright. That machine wove threads into cloth. After the improvement of efficient machines, women began to replace weavers who were formerly men. In 1793, Eli Whitney invented the cotton gin. After this machine was invented, the production of textiles and apparel was increased with a small amount of human energy. The second half of the 18th century marked the beginning of the factory and the rise of mass production in Britain (Cavender, 2018).

Prior to the industrial revolution, this industry progressed at a glacial pace because making fabric required a large labor force. Among these two industries, the textile industry experienced advanced technologies and incorporated the most use of automation. In the apparel industry, this has been done with the human labor force and provides jobs to millions of people around the world.

Garment manufacturing is a labor-intensive industry, but the skill requirements for garment workers are not very high compared to other manufacturing industries (Yulek et al., 2019). For developing countries, the garment sector provides a low-skilled workforce into the industrial labor market and a place to work in shade. So, the garment sector plays a key role in industrialization in Britain. In the past, Britain, Japan, and Turkey were the world's largest producers and exporters of textiles, and today they are Bangladesh, Laos, and Cambodia ( Yulek et al., 2019).

Development is a process that creates growth, progress, positive change, or the addition of physical, economic, environmental, social, and demographic components (Society for International Development Issue, 2021). According to theorists in the 1950s and 1960s, development is a series of successive stages of economic growth that all countries must pass through. It was primarily an economic theory of development in which the right amount and mix of saving, investment, and foreign aid were all that was required for developing countries to follow the same economic growth path as more developed countries in the past. As a result, development came to be associated with rapid aggregate economic growth. (Torado and Smith, 2015,pg.119).

Economic development comes after economic growth. Indicators of economic growth are GDP, GNI, per capita income, and indicators of economic development are HDI, HPI, Gini coefficient, GDI, balance of trade, and PQLI. A country achieves economic development when its GDP, GNI, and per capita income growth increase and their standard of living increases.

Nicholas Kaldor (1967) noted a high correlation between living standards and the share of resources devoted to industrial activity. He proposed three laws on these empirical regularities: The growth rate of the manufacturing sector is faster than the growth rate of gross domestic product, and the share of the manufacturing industry in GDP is rising; The growth rate of manufacturing outputs is faster, meaning there will also be faster growth in labor productivity in manufacturing and an increasing return to scale in manufacturing; The growth rate of the non-manufacturing sector is faster than the manufacturing sector. There will also be faster growth in the manufacturing sector. The non-manufacturing sector is diminishing return to scale.

In developing countries, the pattern of the garment industry has been affected by trade and other economic policies. Countries have used trade preferences to attract investment and also need to make efficient and effective use of the opportunities offered to develop dynamically and diversify into other activities that are competitive with other countries. Neoclassical theorists suggest that production among countries should focus on each nation's availability of resources in order to take competitive advantages. By using their resources more efficiently, countries can gain international specialization through trade. According to the World Trade Organization, developing-country garment exports account for more than half of global garment exports income developing countries depend on garment exports, and middle-income countries have become the most significant exporters of low-income developing countries.

The textile and garment industries were the first industrial sectors in developed countries and enhanced the industrialization process and human development in both developed and developing countries. Every country wants to have economic growth with increasing income levels, reducing poverty and improving standards of living in societies that are like no other. To achieve economic growth, everyone in the country must be in employment.

The garment industry is important for economic development because it employs a large number of unskilled workers. The initial set-up costs are relatively low, but the expansion of the garment industry needs capital for more technologies. The garment industry has more consistency with developing countries. The garment industry provides learning by doing and technological knowledge spillovers through trade as developing countries participate in the global production network.

In the Asia-Africa region, the garment sector is the key to income and employment, in both formal and informal employment. According to ILO's 2019 report, over 65 million people are employed in the garment sector, and 75 percent of them are women. In Cambodia, one in five women is employed in the garment sector, and one in nine women is employed in Bangladesh and Myanmar. When the population grows, the production of textiles and garments also increases because clothing includes human basic needs and vice versa, increasing production of textiles and garments also provides employment.

Akay et al., (2020) stated that China is the world's largest exporter of the garment sector and has become the engine of development for developing countries. Because of its labor-intensive nature and low labor cost, the garment sector produces more quickly in developing countries than in developed countries. Industry is easy to enter with a small amount of capital, takes part in world trade, and contributes to the country's GDP.

Keane and Velde (2008) suggest that textiles and clothing industries are important in economic and social terms, in the short-run by providing incomes, jobs, especially for women, and foreign currency receipts, and in the long-run by providing countries the opportunity for sustained economic development in those countries with appropriate policies and institutions to enhance the dynamic effects of textiles and clothing.

## 2.3 Economic Growth with The Development of Garment Industry in Some Selected Countries' Experiences

Food, clothing, and shelter are basic needs for human beings. When income per capita is at a subsistence level, an individual spends part of their income on food. As income per capita increases, an individual's demand for manufactured goods also increases.

Solo and Swan (1956) state that short-run economic growth is the result of saving and investment. When saving and investment increase, capital stock and employment also increase, which boosts the rate of growth of national income and production. In the long run, economic growth depends on capital accumulation, labor and population growth, and productivity that is driven by technological progress (Mankiw,2012). In an open economy, countries export specialized goods with comparative advantages and import goods that are inadequately produced domestically. Foreign direct investment flows into these countries because of trade and creates competitiveness for local companies. The garment industry contributes to industrialization, globalization, poverty reduction, empowerment and shared growth by offering employment opportunities to workers lacking higher education for both males and females in low-income countries. Relative to the dead-end argument, a country should avoid being labor-intensive even if it has a comparative advantage, as labor-intensive industries are less innovative and miss the opportunities to gain dynamic comparative advantages (Grossman and Helpman,1995).

China is one of the largest exporters of textile and garment industry and produce most clothing in the world. According to research and market report (2017-2021) for China textile industry, Chinese textile and garment industry can produce more than half of global garment manufacture and international market share exceeds one third of the world. One of the advantages of Chinese textile industry is price because small amount of wage offer to their textile and garment workers. Another advantages of Chinese textile and garment industry are modern infrastructure and workers' higher productivity. China can produce largest quantities of silk and cotton and exports to other countries that cannot grow readily. The competitors of Chinese textile and garment industry are United States and Great Britain. The products of textile and garment industries of US and Great Britain are highest quality and expensive. The products of Chinese textile and garment industry are lower grade and inexpensive than US and Great Britain. So, China allows different grade of textile instead of competing.

But Chinese textile and garment industry has competition with Brazil, Vietnam, India and Japan textile and garment industries. The competitor countries of China can produce the same type and quality of textile and garment products, but China can produce more and cheaper production cost than other country. The value of Chinese clothing sector increased from $4.2 billion in 1980 to $140 billion in 2008 and growth remained relatively stable, average growing was 13.3 percent per annum (Zhang et al., 2015). Chinese textile and garment industry received most inflow of foreign direct investment from Hong-Kong, Macao and Taiwan and investment value reached to $2.9 billion in 2005 (Journal of Comparative Economics, 2017). The transformation of Chinese clothing sector forced by upgrading technological and participation in regional production network ( Zhang et al., 2015). In 2015, Chinese textile and garment industry's production value was 7 percent of China's GDP and became the main export of China ( China textile industry research and market report, 2017-2021).

Like China, Vietnam is also one of the top garment and textile exporter in the world. Vietnam garment and textile industry play the key role of Vietnam's economy with second largest export turnover in country, especially export to China, Bangladesh, EU, US, Japan and South Korea. In 2019,Vietnam garment industry's export value participated 16 percent of total GDP and an average growth rate was 17 percent per annum (Nguyen,2020). Vietnam garment industry can employ more than 1.6 million people and approximately 5 percent of country's labor force ( Nhung & Phuongthuy, 2018). The main factors that driving the growth of Vietnam textile industry are low labor costs and free trade agreements that allows new markets to Vietnamese manufacturers.

Vietnam garment industry consists of three sectors- fiber production, fabric production and dyeing and garment manufacturing. The main process of Vietnam garment industry is Cut-Make-Trim (65%) of total export and other (35 %) are Original Equipment Manufacturer and Original Design Manufacturers (Nguyen, 2020). The low quality of fiber are used for domestic consumption. The amount of inflow of foreign direct investment value into Vietnam was $1.55 billion in 2019, the largest FDI is Hong-Kong and then Singapore, after that China and South Korea (United Nations Conference on Trade and Development, 2019). As a result of improving living standards in Vietnam, individual spending on clothing is also growing and the production of apparel is increasing.

Bangladesh is the second largest exporter of garments in the world and has been the main source of foreign trade for the last 25 years. In the last seven years, Bangladesh's garment industry's annual revenue raise 79 percent from $19 billion to $34 billion, approximately four million workers employed (Turrillo,n.d). The main sources of continual success for the garment industry are quotas under Multi-Fiber Arrangement in North America market and Special market entry to European market. Low labor wages are the key reason of garment manufacturing in Bangladesh.

Bangladesh garment production is greatly dependent on raw materials form tiger nations. Tiger nations (Singapore, Hong-Kong, South Korea and Taiwan) want to avoid export quotas from Western countries by building an intermediary between the textile units in their home countries. Large retail trading companies control capital funds in the United States, United Kingdom, Netherlands and Western Europe, and shirts manufactured in Bangladesh are sold in developed countries for five to ten times their imported price. Restricted developed nations export quotas became an advantage for Bangladesh's garment production and export.

Bangladesh, as one of LCD country, got the chance to export without any restrictions and became the market for developed countries. Bangladesh garment industry has competitive advantage as it has strategic infrastructure - sea, river, railroad and air communication.In 1980, Foreign Private investment act secure all FDI in Bangladesh and weakness of currency against dollar and the condition will persist to help exporters. Bank interest is maintained at 7 percent for financing exports.

India is world's second largest cotton producer and fifth in the production of synthetic fibers. The advantages of India textile and garment industry are decentralized in India textile sector, skillful labor and lower the cost of production for main textile producers. The strong linkage between India textile industry and its agriculture - cotton production makes the India textile and garment industry uncommon in world's textile and garment production. The India textile industry has two sector - hand-spun and hand-woven textile and capital intensive modern sector ( India Brand Equity Foundation, 2021).

The key development of India textile industry is boosting textile manufacture with the combination of man-made fibre and technical textile (India Brand Equity Foundation, 2021). That combination support to increase textile exports and attract foreign direct investment. India government initiatives such as uniform tax rate for goods and services, supporting to development of handicraft village and promoting in global market, technology upgrading and reducing the dependence on import are also important for the development of India textile and garment industry. India's textile industry has three segments- cotton textile, synthetic textile and other products like Wool, Jute, Silk and so on ( Kasi and Chitra, 2016). The unique of India textile and garment industry is enterprises are comprised in small scale operations, nonintegrated spinning, weaving, finishing and apparel-making. In 2000-2001, India textile and garment industry contributed 4 percent of GDP, 14 percent of industrial output, 18 percent of industrial employment and 27 percent of export earnings and also one of the largest share of India international trade (Yoganandan and Vetriselven, 2016).

Turkey is the world $6^{th}$ largest ready to wear garment exporter and $3^{rd}$ largest supplier to the EU. Turkish garment exports sharply increased after a customs union agreement with EU and free trade agreements with other countries. In 2019,it exported $17.7 billion worth of ready-made garment products and employed more than one million people. Since the 1980s, Turkey's ready to wear garment sector has developed and adapted to changing market conditions and reached a quality and productive level (Varank, 2020). Turkish garment industry has many competitive advantages as it is located in strategic position, few hours' flight away to countries in the EU, North Africa, West Asia and Middle East. Turkey is one of the world's largest cotton manufacturers, a source of the raw materials for the production of textiles and also a suppliers of cotton to other countries. And it also invested in the use of advanced technologies and products known for their high quality. With Turkey's dynamic growth in garment exports, the country is planning to establish a fashion hub and well- known brands.

In 1984, Laos started its garment industry with one industry and expanded to more than 100 factories in 2012. Laos is small, landlocked and one of the least developed countries. More than a quarter of the population lives below the poverty line. Under the central planned economy, the Laos economy faced many difficulties, such as technology transfer from abroad. So, the Laos government launched the New Economic Mechanism and introduced many economic reforms, from the traditional workforce agriculture sector to modern technology industrial production.

The development of Laos' garment sector is mainly from external sectors. Half of all factories are foreign-owned, and a quarter are jointly owned by nationals and foreigners. A large number of factories are engaged in the CMT process, while a quarter are engaged in purchasing raw materials and input and output transportation called FOB. Although the garment industry is one of the main sectors in Laos' export, competition with other countries is still low, especially Cambodia, Vietnam, and Thailand, because of production costs, unfavorable external shocks, and currency appreciation that cause uncertainty in the garment industry.

About 25000 to 30000 workers are employed in the Laos garment industry. As the EU's demand for garments increases, Laos is expected to employ 60,000 workers in the future, but as in neighboring Thailand, where wages for garment workers are higher than in Laos, workers migrate to Thailand instead. Foreign affiliated firms rely on product technology from their parent companies, while local companies rely on know-how provided by their foreign buyers. By upgrading technologies, research and development, foreign capital, and investing in human resources, the garment industry can be more productive than in the early era.

## 2.4 Macroeconomic Variables Related to Garment Export

The growth of the garment industry is measured in terms of garment exports. GDP growth and the expansion of garment exports as a share of total exports imply an increase in GDP growth rate. Along with the increase in garment exports, there has been an increase in production and employment. Growth of garment exports can reduce the unemployment rate. So, the growth of garment exports also impacts more or less on the inflation rate, interest rate, and exchange rate.

**(a) Gross Domestic Product**

The growth of the GDP depends on the balance of trade. When the total value of goods and services exported by domestic producers is larger than imports by other countries, the nation's GDP tends to increase. GDP is also an indicator of a nation's overall living standards because a nation's living standards increase as GDP increases. Another key variable related to GDP is GDP per capita, which is the amount of GDP per person, total GDP divided by the number of people.

Rawat (2019) studied the interrelationship between GDP, discount rate, CPI, and population by using the Vector-Error Correction model. The vector error correction model is designed using four macroeconomic variables, with three co-integrating relationships and two lagged vectors for the examination of relevant relationships: GDP, discount rate, consumer price index, and population. The result is that, in the short run, the impact of the discount rate and CPI on GDP is too small. Economists should take relevant macroeconomic variables into consideration in order to have the desired effect on economic policies.

**(b) Unemployment Rate**

Other macroeconomic variables are the unemployment rate. The unemployment rate is the percentage of working-age labor without a job. When the economy is in recession, jobs are threatened and the unemployment rate increases. The unemployment rate falls when the economy is growing. The unemployment rate cannot be controlled by an organization. Abdulah et al.,(2011) stated employment and macroeconomic variables such as domestic capital, gross domestic product, and government expenditure by using Johansen's cointegration test. Macroeconomic stabilization enhances economic growth and allows for adequate employment growth.

The result is that trade boosts economic growth and has the potential to create jobs. Net export is the key to increasing a country's GDP; when trade expands, domestic production of goods and services rises, and jobs are created. technological advance has a strong impact on employment and productivity. But this is not always true because of the substitution of imported and local products. Local workers often migrate abroad.

### (c) Exchange rate

The exchange rate is the value of one country's currency in terms of another country's currency. The central bank determines the fixed exchange rate. Market demand and supply are determined by the floating exchange rate. Many factors can influence the exchange rate, including inflation, interest rates, trade balance, and political and economic stability. Along with economic growth, supply shortages increase, leading to higher prices and inflation when the supply of money exceeds the demand for money. The central bank has the ability to control interest rates and the money supply. The greater money supply causes lower interest rates. Interest rates affect not only customers but also business borrowings.

### (d) Foreign Investment

Foreign direct investment is a business investment by an investor from overseas that provides capital and assistance with control over foreign affiliates. Chen and Ku (2000) argued that FDI triggered a restructuring process that completely reshaped the textile industry and brought about significant change. Goldberg and Kolstad (1995) stated that Exchange rate behavior influences the foreign direct investment activities and allocation of this investment spending across a range of countries.When one country's currency depreciates relative to the value of another country's currency, it reduces the country's production costs and wages relative to its overseas counterparts and improves the foreign investment projects in the country (Ito et al., 1996).

Kojima (1985) hypothesized that rising wages in some exporting Japanese industries invested abroad meant Japan lost its competitive advantage. Bayoumi et al (1996) said that the relationship between changes in the real exchange rate and inflows of foreign direct investment the study said that the depreciation of the exchange rate creates inflows of FDI and lowers the cost of investment and production. An appreciation of the exchange rate also increased FDI inflow when there was an increase in capital flows and a decrease in pressures. The inflow of FDI into the textile and garment industries causes more capital intensive, value-added jobs and creates a new climate of competition. Chen and Ku (2000) suggest that FDI firms are gradually larger than non-FDI firms and the difference may be attributable to size rather than FDI activity.

Artantas and Sipahi (2020) studied the selected macroeconomic variables and investment inflow in Turkey. The impact of the exchange rate, inflation rate, interest rate, and government deficit on investment inflows was examined in this study.A good macroeconomic environment induces foreign direct investment into the country. The result is that the government deficit and exchange rate have a significant positive effect on foreign direct investment inflow in Turkey.

## 2.5 Previous Study on Macroeconomic Variables and Growth of Garment Industry

Macroeconomic policies have the role of helping the process with supporting government initiatives and institutional set-up, while the people are at the core (Bhaduri, 2019). Macroeconomic variables affect the growth of the garment industry in any country. Macroeconomic variables linked to development of garment industry can be defined as GDP, employment rate, inflation rate, interest rate, foreign investment and exchange rate. Economists build the model based on key macroeconomic variables to describe the interaction of the important components of the economy.

Producing goods and services requires capital. The amount of capital in an economy is called the capital stock. Capital stock can be increased with investment. If the country has no trade, aggregate income and aggregate expenditure are the same. But all countries have trade, so the aggregate income will be different from the aggregate expenditure. When there is a trade surplus, aggregate income is greater than aggregate expenditure. When there is a trade deficit, aggregate expenditure is greater than aggregate income.

Macroeconomic variables are used to determine international competitiveness and indicate the global position of a country. In formulating economic policies, economists use the relevant macroeconomic variables. Various macroeconomic variables are affected by different economic policies. Among them, GDP is the most important macroeconomic variable, which shows the performance of an economy. GDP is the total value of all finished goods and services produced within a country’s boundary in a given period of time. All private and public consumption, government expenditure, investment, and the balance of trade are components of GDP.

An analysis of the relationship of macroeconomic variables with the growth of the garment industry has been done on Bangladesh's economy by (Hossain and Islam, 2015). According to MC Kinsey’s (2011) report, trying to find the potential of Bangladesh’s readymade garment market will be the next source after China. The result suggested that political steadiness, infrastructure, and the fluctuation of the exchange rate seriously influenced the growth of the garment industry. This analysis examines the effects of each macroeconomic variable on the growth of the garment industry using beta analysis. The result is that a change in one macroeconomic variable may change all the other variables. The macroeconomic variables have an influence on Bangladesh's garment industry, but not to a great extent. Akshara (2018) studied the role played by GDP, exchange rate, FDI on the exports in India textile industry. The study found that GDP, FDI and exchange rate are strongly corrected with textile exports in India.

Tum et al.,(2020) stated the influence of macroeconomic variables- GDP, FDI, nominal exchange rate, unemployment rate and inflation rate in Cambodia by using Bayesian regression. Cambodia is the $9^{th}$ largest garment producer in the world, with a 1.5 percent in the world's export. According to Ministry of Economic and Finance in Cambodia, in 2019, this industry's growth has fallen 9.6 percent in 2018 to 6.6 percent. The result is that global GDP and unemployment rate are positively related to garment export in Cambodia. Foreign direct investment, the exchange rate and inflation rate are negatively related. Cambodia's garment partners are the US, EU, Japan and other countries. Global GDP growth stimulates the Cambodia's garment export. FDI may not contribute to garment export but to textiles.The exchange rate and unemployment rate are negatively related to garment export.

Hermawan (2011) analyzed the impact of macroeconomic policies on Indonesia's textile industry. The study stated that increase in Indonesia's textile industry production encourages employment, increasing in textile exports can improve the country's revenue and growth of Indonesia's cotton plantation can reduce the dependency of cotton imports that can threaten Indonesia's competitiveness in world textile market. Indonesia's textile industry contributed 12.72 percent in foreign exchange earnings, although 85 percent of cotton raw materials are imported in 2009. The main raw materials are textile fibers so world cotton price changes affect the Indonesia's textile production. As the world cotton price increase, Indonesia's textile production will be lower in both short-term and long-term. Interest rate and fuel price and wage of labor are negatively related to Indonesia's textile production. The growth of Indonesia's garment industry is strongly related to raw materials which are the output of textile industry.

# CHAPTER III
# GARMENT INDUSTRY IN MYANMAR

## 3.1 Overview of Garment Industry in Myanmar

Myanmar is situated in western portion of mainland Southeast Asia which is rich in culture and abundant in natural resources. Its neighbors are China, India, Bangladesh, Laos and Thailand. It population was 53.38 million in 2017. The majority of Myanmar's population is 71.2 percent rural and 28.8 percent in urban. Myanmar is an agro-based country, abundant in natural resources and cheap labor. About 70 percent of the labor force is employed in agriculture and agricultural products contributed about 25 to 30 percent of total export earnings (Statista Research Department, 2018). As one of the least developed country mainly dependent on natural resources, its main exports are oil, gas, minerals and agricultural products. Until the mid 20$^{th}$ century, there was a little industrialization.

Garment and textile production in Myanmar started over many years ago especially in craftsmanship of the traditional textile workshops in Myanmar- the Shan, Chin and Naga. During Myanmar is colonized by British Empire nearly one hundred years (1885-1948), textile factories were set up and industrial civilization. In Socialist Republic of the Union of Burma (1962- 1988), all industries were nationalized and process of the development of garment industry occurred under the control of Ministry of Industry.

In November 1988, Myanmar government approved Foreign Investment Law and promoted private sector participation. This is the road map for the development of modern garment industry in Myanmar. After enacting the foreign investment law, Myanmar received foreign investment and capital specially from China, Germany and Japan. The first joint-ventures started with state-owned and military-related enterprises and two countries- South Korea (Daewoo and Segye) and Hong-Kong. US is the export target destination by 65% and then EU by 10% and other 25% (Kudo, 2012).

Thanlyin Garment factory No. (1), (2) and (3) owned by the Ministry of Industry and they are the originators of Garment factories in Myanmar (Khin Swe Myint, 2016) .

In the private sector, Crocodile Garment was an entrepreneur in garment industry operating. In the 1990s, garment production increased and so did exports from 2.5 percent to 39.5 percent in 2000 (Fukunshi, 2012). The 1994 -1997 periods were the steady growth periods of Myanmar's garment industry.In 2000s, garment industry became the largest export of Myanmar by US $600 million with 300,000 labor employed.

1998-2001 is the high growth period of Myanmar garment sector due to the allocation of quotas to private enterprise and expansion of CMP (Cut-Make-Pack). 2001-2005 was the stagnation period for Myanmar garment industry. The United States imposed trade sanctions on the Myanmar Military Government in July 2003, which had a negative impact on the garment industry. When Myanmar lost its foreign market especially U.S and internationally isolation, China and Bangladesh became garment export powerhouses. Because there are so many limitations to accessing finance in renovation, many garment factories closed and thousand of garment workers became unemployed.

2005-2010 was the recovery period for Myanmar garment industry. Garment factories in Myanmar started to explore new markets mainly in Asia, Japan and Korea became the largest buyers of Myanmar garment products (Fukunshi and Yamagata,2012). Myanmar garment industry on CMP basis has advantages compared to other manufacturing industries and accepted 37.5% of Japan order and 25.3% of Korea. Myanmar's transition to democracy from the State Peace and Development Council. In 2010, reformed foreign sanctions by EU, US, Australia and Canada and facilitated trade.

With the change of a new democratically- elected government, 2011 was a significant year for Myanmar, with hope for political and economic reforms. The emphasis was to attract foreign direct investment, develop SEZs and infrastructure, and shift the country's economy from its long-dominated agriculture and natural resources to promotion of industrial development. Myanmar has the competitive advantages in manufacturing of it demographic and labour intensive economy.

In 2013, the EU lifted its economic sanctions on Myanmar and had re-engaged with Myanmar's trade and investment relations. The United States also lifted economics sanction in 2016. As a developing country, Myanmar have granted duty free and quota free access to EU market under the GSP scheme. So, developed countries have started to be interested in the garment production in Myanmar since developed countries' production is limited by quota. In 2014, EU took 23% share of Myanmar garment export and played the key role of Myanmar garment export growth. Myanmar Garment Manufacturers Association participated in the growth of garment exports, improving the competitive advantages and helping with the exports/imports process of CMP manufacturers.

MGMA also engaged with technology and machinery suppliers to garment industry, providing training to workers to access new technologies and enhance garment production. Otherwise, individual firms increase to access new machinery and capital by creating joint venture with foreign investors. Most of Myanmar garment firms are operating on a basic CMP (cut-make and pack). CMP use consignment production in which raw materials are free charge imported by overseas buyers and then cut, sewn and packed in domestic factories before being exported.

The export of CMP garment increased from $2.4 million in 2014 to $850 million in 2015. As the year 2016-2017 reached about $2 trillion, 2017-2018 increased to $2.5 billion and the 2018-2019 reached $4.6 billion and contributing 30 % to Myanmar's exports (Global New Light of Myanmar,2021). Although Myanmar garment exports is the important driver for Myanmar economy (only one exports products among manufacturing industries, employed a million of people and reducing poverty), garment productions depends on imported raw-materials, especially from China.

The production of garment industry depends upon the production of textile industry. Though Myanmar garment industry is labor intensive, the growth of textile industry needs advance technologies and modern machinery. Organizations such as MGHRDC, MGMA and ILO offer training courses for basic sewing classes, supervisor training course and mechanic training to qualify for higher positions in garment sector.

More workers can be employed with the expansion of garment industry. Abundant labor and low labor costs were the competitive advantages of Myanmar's labor-intensive CMP basic garment industry. On December 29, 2017, Myanmar workers' minimum wage was 144,000 kyat ($108) per month. Standard working hours were eight hours per day. Myanmar has the lowest labor cost advantage in comparison with neighboring countries: in Cambodia ($140 per month), in Vietnam ($147.47 per month), in Thailand ($250 per month) and in Laos ($110 per month). Garment production provides a way to shift from informal agricultural workers into formal jobs in the manufacturing sector with regular wages. The number of workers gradually increased in 2010-2015. Global clothing retailers view Myanmar as the next potential production base in the low-end garment and textile chain in Asia. In accordance with the MGMA membership factories, the garment sector employed 416,395 workers in 2019, but it is still small in comparison with nearby countries. More than 90 percent are women, which creates a major opportunity for women’s empowerment and skill development. Among other manufacturing industries, the garment and textile industries employ 31.2 percent of the workforce (Huynh, 2016). Nonetheless, there are informal garment factories that employ fewer than ten workers and these factories are not registered in MGMA. The growth of Myanmar's garment sector is mostly driven by foreign direct investment, and government support for this sector is limited. Over half of all registered firms in Myanmar are sole proprietorships or joint ventures.

**Table (3.1) Types of Factories and Total Workers in 2019**

| No | Types of Factories | No. of Factories Registered in MGMA | Total Workers |
|---|---|---|---|
| 1 | Foreign Company | 355 | 333,526 |
| 2 | Myanmar Company | 89 | 46,086 |
| 3 | Joint Venture Company | 29 | 22,282 |
| 4 | Sub-con and Cooperation | 11 | 6,124 |
| 5 | Local Company (Local Market, Embroidery, shop) | 49 | 7,291 |
| 6 | Fashion Design | 20 | 1,086 |
| | **Total** | **553** | **416,395** |

Source: Myanmar Garment Manufacturers Association (2019)

According to Table (3.1), the participation of foreign companies is (64.2 %) in total number of factories registered in MGMA, Myanmar companies (16.09%), Subcon and cooperation (1.99%), Joint Venture companies (5.24%), Local companies (8.86%) and Fashion design (3.62%). Foreign garment companies and Myanmar garment companies are the largest number of factories registered in MGMA and otherwise, they support employment creation, foreign garment companies (80.1%), Myanmar garment companies (11.07%), Joint Venture garment companies (5.35%), Sub con and cooperation (1.47%), Local companies (1.75%) and Fashion design companies (0.26%) for garment sector Myanmar in 2019.

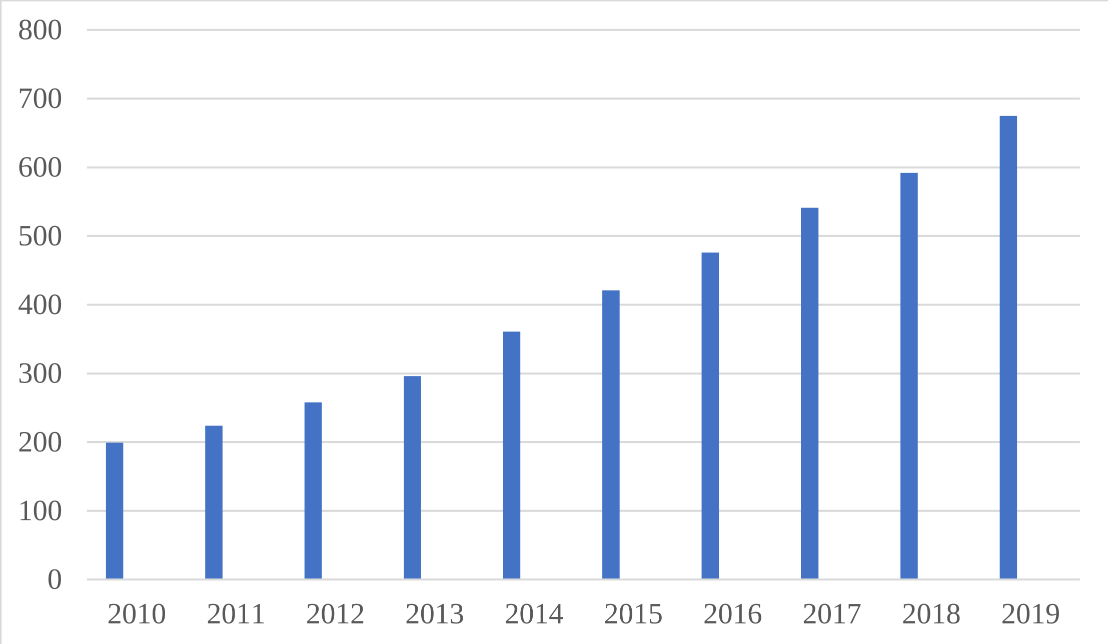
The flow of foreign direct investment in Myanmar's garment industry helps the country's garment exports quickly grow. According to MGMA's report, in 2015, foreign investment's total value was $1.7 billion. In 2016, the total investment value increased by $2.2 billion. The source of increasing foreign investments is low labor costs and production costs (Kudo, 2009. Myanmar's Ministry of Industry, Ministry of Planning and Myanmar Investment Commission worked to attract more local and foreign investment in developing special economic zones for garment factories and have introduced incentives such as income tax exemption for seven years, exemption on customs duties and local taxes on the import of raw materials and manufactured goods. Most of the largest garment factories are fully foreign-owned or joint ventures, most of which are China, Hong Kong, Korea, Japan, Taiwan, and Singapore.

## 3.2 Growth of Myanmar Garment Industry along with the Development of MGMA

In 2014, the Myanmar Garment Manufacturers Association was registered under the Ministry of Planning and Economic Development of Myanmar. The MGMA is the main forum and business services organization supporting the garment industry in Myanmar. The objectives are: to provide sufficient work equipment for strong cooperation between garment manufacturers, not only private but also public, citizen or foreign-owned factories and joint ventures; to provide information on Myanmar garment manufacturers to foreign buyers and to provide overseas market information to local garment manufacturers; to improve garment production, skills, and quality in garment factories, as well as to collaborate with government and other domestic authority organizations in order to achieve the association's goals; to achieve information about potential trade markets and enhance industrial skill development; to hold the forum with relative organizations and to conduct non-profit public exhibitions and non-political internal and external activities; to carry on profitable activities for members of MGMA; to fulfill the requirement for the smooth operation of the association and to engage in permissible non-profit activities under Union of the Republic of Myanmar Law (Myanmar Garment Manufacturers Association, 2014).

MGMA supports its members by providing technical training, business opportunities and facilitating foreign investment. Member firms can get valuable expert advice on their business development plans. It also assists businesses in engaging in the export sector and introduced business-to-business networking events and a more robust business matchmaking service.

**Figure (3.1) Members of Myanmar Garment Manufacturers Association**




Source: Myanmar Garment Manufacturers Association

In figure (3.1) shows the active members that registered in Myanmar Garment Manufacturers Association. The MGMA's members increased year by year. The number MGMA's members was 319 in 2014, 476 members in 2016, 541 members in 2017 and 598 members in 2018. In 2019, the number of registered members reached three times respective in 2010.

There are two types of membership in MGMA: regular members (garment and textile factories) for both local and foreign-owned who operate production activities in Myanmar; and affiliate members (domestic companies not manufacturers) in the garment sector which are not directly involved in production (local dress design companies, pattern-making or consulting firms). The Myanmar Garment Human Resources Development Center is MGMA's vocational training institute that provides free-of-charge training to all registered member factories: basic sewing classes, supervisory training, and occasional special topics.

Most locally owned garment factories do not meet the international recognized standards and social and environmental compliance such as BSCI, WRAP, ETI, and so on, though their production is relatively high. MGMA attempts to get its member factories to meet the guidelines and high priority of international recognized standards, but it may take time and need investment from the private and public.

MGHRDC was established on March 25, 2009 in cooperation with MGMA and JETRO (Yangon). The aim of MGHRDC is to improve more skillful employment in the state and region, especially for women and those with disabilities. Among them, outstanding trainees were re-employed as instructors at the MGHRDC training school. Trainees who have finished basic sewing classes can join the supervisor level and provide job opportunities in member factories. External knowledge topics for trainees such as HIV and AIDS, human trafficking awareness and labor law also instruct. MGMA’s member factories benefit from the qualified sewers and the trained floor supervisors.

The main project of MGMA is the garment industry’s growth in the next ten years, penetrating the world market, the highest revenue-earning industry, and employing 1–1.5 million workers who enjoy a valuable life and high salaries in the industry. MGMA also designed a vision statement for the Myanmar garment industry that is moving from CMP to FOB and then ODM. To carry out this vision forward, MGMA set six strategic objectives: to improve the competitive advantage of Myanmar's garment industry; to practice full social compliance and social dialogue at all levels of the industry; to support the building of an apparel training sector for the development of the garment industry; to build the image, position, and brand of the Myanmar garment industry; and to inform appropriate policy changes that improve the environment for the textile and garment sector's long-term growth and to increase the service potential of trade associations (Myanmar Garment Manufacturers Association, 2014).

The first priority is to improve the competitive advantage. MGMA aims to raise at least 25% productivity by engaging stakeholders and NGOs to enhance productivity training in factories and hold seminars to promote awareness of investing in people through training, fair wages, and incentive systems. And then run a program on requirements and strategy for the move to FOB in small local factories. After that, engage with the government to support SMEs and encourage joint ventures. Industry-wide specialization plays a role in raising productivity. So, the MGMA engine works with researchers to decide on a training design to match the specialization and drive innovation with specialization.

MGMA also invites new machinery and technology suppliers and manufacturers to the industry, creates a platform for quality guidelines to understand the needs of brands and quality assessment of factories within the industry and gives awards to outstanding factories. Also, arrange for MGMA members to visit the raw materials sourcing countries by collaborating to access information about fabric and trim suppliers.

The MGMA has established a social dialogue and labor market strategy, and it actively promotes freedom from human rights violations and child labor. Labor market strategy informed by stakeholders at all levels of the industry. By engaging environmental experts, actively raising awareness of environmental issues like water management, waste and chemicals across the industry.

For a skilled and qualified workforce, the association builds on the apparel training sector's corporate partnerships with government and local garment experts. For capacity building and providing training for the industry, MGMA makes yearly assessments to understand where the industry needs and also provides the general level of communication skills by running industry-wide English, Korean, Japanese, and Chinese workshops, especially in garment and labor-related languages. Also, engage with IT colleges and foreign universities to bring the industry up-to-date with international work practices.

The association also identifies global trends and market flows and provides information to factories and workers in order to improve the image, position, and brand of the Myanmar garment industry. Training to partner to run a media campaign on how to talk to the press and consolidate messages as factories need to build trust with buyers. In 2015, MGMA launched a factory database and will continue to collect and update the data. To build a brand "Made in Myanmar," the garment industry requires a marketing plan as well as the advice of an expert team for sustainable growth in the textile and garment sector.

There may be a need to change policies and government support on finance, labor, taxation, customs, environmental and land law to FOB. The success of this process cannot be done by MGMA alone because it depends not only on technology but also on infrastructure and communication networks. However, MGMA's ongoing process is to develop human capital and financial resources to meet the needs of its membership by collaborating with NGOs and founders and working with trade associations to understand industry standards, requirements, and packaging.

### 3.3 Opportunities and Challenges of Garment Industry in Myanmar

Opportunities and challenges are needed to know for achieving the development of Myanmar garment industry and attracting investments from abroad. Opportunities mean a circumstance that makes it possible to do something and challenges mean one thing: participating in a competitive situation to decide who is superior in terms of ability or strength.

Though Myanmar's garment industry contributes a large percentage of the country's exports, there are obstacles to moving the fashion industry from the garment industry. The garment industry can be done with cheap and relatively well-educated labor. The fashion industry needs soft skills, intelligence, and advanced technologies. Today, the global apparel and textile industry is one of the most influential sectors in terms of financial power, attitudes, behaviors, identity, and culture. Myanmar needs to try out solid strategies to provide the workers required, training, infrastructure and finance to compete in the global market.

The garment industry requires a relatively small amount of initial investment to set up, so it is an easy point to enter the industry. Domestic entrepreneurs, particularly those running small and medium factories, face several financial constraints, most of which are self-financed. Governments do not provide much assistance, even for large factories, and the garment industry relies on foreign investment for capital and investment. Government loans can be attained by firms that are members of MGMA, but joint ventures firms are excluded. Currently, most factories in Myanmar use the CMP process- oversea buyers find customers, design clothes with detailed specifications, procure and supply raw materials to apparel factories in Myanmar, then re-export to the overseas market. They need to change the process to freight on board (FOB), ultimately in ten to fifteen years, and their own design manufacture (ODM). First, the industry should increase the production, efficiency, and quality compliance in the CMP process, as it needs to compete with the productivity rate and production capacity in the global market.

The cost of CMP process are wage, electricity, transportation, communication, factory and office rental, maintenance and repair of sewing machines and administrative expenses (Kudo,2010). In Myanmar, landowners play the land price and making it difficult to get a place in an industrial zone. Corruption and delays in setting up industries are the constraints for long-term foreign direct investment promotion. High variable costs, electricity and transportation are the challenges for Myanmar's garment industry also. According to an ERIA-CLMV survey (2006), Myanmar's electricity supply is significantly lower than Cambodia's.

The Myanmar people are relatively well-educated and the literacy rate is considerably higher than in LCD countries in the ASEAN region. Education level may be considered a representation of human capital. The garment industry does not require a highly educated workforce and provides basic sewing classes and learning-by-doing opportunities. The garment industry is suitable for an abundant, basic-educated workforce for Myanmar.

**Table (3.2) Persons Appearing for Matriculation Examination**

| Academic Year | Appeared | Passed | Percentage |
|---|---|---|---|
| 2010-2011 | 469,852 | 165.007 | 35.12 |
| 2014-2015 | 597,946 | 224,847 | 37.60 |
| 2015-2016 | 636,237 | 190,390 | 29.92 |
| 2016-2017 | 716,188 | 242,736 | 33.89 |
| 2017-2018 | 789,845 | 259,191 | 32.82 |

Source: CSO, Myanmar Statistical Year Book (2019)

Because of quotas imposed by these developed countries, developed countries shift their garment production to low labor cost and labor-abundant developing countries, primarily CLM in the ASEAN region; they also emphasize computers and information technology, inventing robots, artificial intelligence, and nuclear weapons. December 29, 2017, the minimum wage for workers was increased to 4800 kyat per day, up from 3600 kyat in September 2015. That is relatively low in comparison with other LDCs in the region and has become one of the more favorable countries for garment production.

A sharp rise in worker wages in the US dollar may be a weakness in the competitive garment industry unless it is accompanied by improved productivity. Although Myanmar has competitiveness with its abundant and lower wages compared with neighboring countries, its wages within the region are relatively low to attain basic needs. Most of the garment factories are located in Yangon, which has the highest living costs and most of the workers are mainly from rural areas. 4800 kyat per day may be sufficient for food and clothing but not for hostel renting, saving, and supporting their families who live in rural areas. So, worker turnover rates can be a problem for the development of Myanmar's garment industry. Workers quit their jobs and go back to their hometowns or villages to work, especially in Mae Sot, where many garment factories have congregated.

Myanmar has the location advantage as it is situated between China and India, the two largest world markets, bordering Asian nations—Thailand, Bangladesh, and Laos. Its location supports the potential for supply chains and logistics hubs for export for all road, sea and air that increase trade and investment. The majority of garment manufacturers are located in the industrial zone in Yangon and have easy access to the Thilawa port within 1 or 2 hours by road transport. Other manufacturers are also located in the Mandalay, Pathin, and Bago regions.

Raw materials from China are mostly transported by truck, and it takes approximately 12 days. In 2018, the Myanmar Logistics Performance Index was 137, down from 145 in 2014 but still low when compared with Thailand 32, Vietnam 39, Bangladesh 100, and Cambodia 98. To compete in the global market, technology, infrastructure, and communication are also important.

Since the EU and US imposed sanctions on Myanmar, its garment exports have sharply decreased since 2004. The EU as a whole has not imposed an embargo on garments made in Myanmar, but it does not offer GSP (Generalized System of Preference) tax exemptions on garments imported from Myanmar. As a result, Myanmar-made garments are less competitive in comparison to those imported from Bangladesh, Cambodia, and other countries. Because of foreign companies' worries about boycotts, Myanmar also lost the opportunity to name-tag "Made in Myanmar".

Myanmar mainly exports CMP products, which are also called "processing on service charge." Under the CMP scheme, Myanmar imports raw materials without import duties. Overseas buyers supply all raw materials to Myanmar garment factories, including fabrics, thread, zippers, hangers, and other accessories, and Myanmar factories complete the CMP process with CMP charges or commission and a 10% income tax deduction on export earnings (Kojima, 2011). After that, finished products are re-exported to supplier countries. The total import of raw materials dropped the export trend.

Myanmar's garment sector has many strengths and opportunities, such as relatively high quality of workforce and production, many years of experience in manufacturing for a high-quality market, duty free under the European Union, relative improvement of infrastructure, growing number of workforces with foreign language ability by training of MGHRDC scheme, interest of EU increase to change towards FOB.

But there are still weaknesses and challenges, especially for small-scale manufacturers, who find it difficult to access loans from the government and banks, which hinder production. Though Myanmar's garment manufacturers have experience in high quality manufacturing and are interested in foreign investment, there are problems with land prices, getting a place in industrial zones, lack of social and environmental compliance, and electricity shortages. Moving toward the FOB system, Myanmar has faced constraints due to requirements for tending to export countries, lack of knowledge of textiles and FOB export because Myanmar had been isolated in the past. MGMA can arrange for a visit to China, the world's largest raw material importer, despite the absence of European Union market requirements.

Myanmar has only experience of operating under the CMP scheme and a lack of advanced technology for the textile industry in the country to support garment production. Changes in economic policies and political instability are also restricting the expansion of Myanmar's garment industry. It takes a long period of time for paperwork, which hinders the mass inflow of foreign investment to get garment workers and factories information to increase the presence of international delegations, missions, and consulates (Kudo, 2009).

# CHAPTER IV

# TREND OF GARMENT EXPORTS AND KEY MACROECONOMIC VARIABLES

## 4.1 The Relationship Between Garment Export, Import, GDP and Unemployment and Foreign Exchange rate

The study of the relationship of Myanmar garment industry growth and macroeconomic variables based only on the export of garment industry and other related macroeconomic variables – GDP, exchange rate, unemployment rate and foreign investment. The composite data for garment industry is based on data published by CSO, Myanmar statistical year book, Myanmar Garment Manufacturers Association, World Bank and other relative organizations. Small garment exporter countries like Myanmar has no effect on world garment production and also no influence on world price. And assume that there is no transportation cost and no trade barriers.

**Table (4.1) Garment Export as a Percentage of total Export of Myanmar**

| Year | Garment Export (US dollar million) | Total Export (US dollar million) | Share of Total Export as a Percentage |
|---|---|---|---|
| 2010-11 | 386.91 | 8861.01 | 4.37 |
| 2011-12 | 501.64 | 9135.60 | 5.40 |
| 2012-13 | 701.25 | 8977.01 | 7.81 |
| 2013-14 | 899.47 | 11203.96 | 8.03 |
| 2014-15 | 1046.38 | 12523.71 | 8.36 |
| 2015-16 | 913.88 | 11136.52 | 8.21 |
| 2016-17 | 1948.45 | 11951.64 | 16.30 |
| 2017-18 | 2617.26 | 14850.66 | 17.62 |
| 2018-19 | 2315.54 | 18106.0 | 12.78 |

Source: CSO, Myanmar Statistical Year Book (2016,2017,2018,2019)

Myanmar garment export increased year by year since the economic, social and political reforms in 2011.Garment export participate 4.37 percent of total export in (2010-2011) and 5.4 percent in (2011-2012). In (2016-2017) garment export participate 16.3 percent of total export and in (2017-2018) was the highest share of garment export, participate 17.62 percent of total export. When EU lifted it sanction in 2013 and US lifted it sanctions in 2016, Myanmar garment export gradually increased. It can be seen that as an increase in garment export, total export also increased. According to UN comtrade data, garment export value is 15.7 percent growth in 2019 compare with previous year. In table (4.2) shows the Myanmar garment industry's top ten export countries.

**Table (4.2) Myanmar Garment Industry's Top Ten Export Countries in 2019**

| Countries | Garment Exports (US$ Thousands) | Percentage of Total Garment Export |
|---|---|---|
| Japan | 1124925.62 | 25.54 |
| Germany | 541251.43 | 12.28 |
| Spain | 527350.81 | 11.98 |
| United Kingdom | 474914.36 | 10.79 |
| Netherlands | 434142.75 | 9.86 |
| Korea, Rep | 389104.84 | 8.84 |
| North America | 352312.65 | 8.00 |
| United States | 276911.47 | 6.29 |
| Poland | 141608.72 | 3.22 |
| Belgium | 140793.97 | 3.20 |
| **Total** | **4403316.62** | **100** |

Source: World Integrated Trade Solution

Table (4.2) shows Myanmar garment industry's top ten export countries. Among them, Japan is the highest garment export share as 25.54 percent and Germany is 12.28 percent, after that Spain is 11.98 percent. According to UN comtrade data, among all of the garment exports, men's or boys suits are the highest portion (34%, 1.29 $ billion) and then women's or girls' suits are the second (28%, 1.08$ billion), after that shirts and coats followed by (8.61% and 6.48%) respectively. Babies' clothing accessories are small amount of portion (1.45%, 54$ million) in 2019.

**Table (4.3) Balance of Trade of Myanmar Garment Industry ($ million)**

| Year | Garment Export | Garment Import | Balance of Trade |
|---|---|---|---|
| 2010-11 | 386.91 | 333.1 | 53.81 |
| 2011-12 | 501.64 | 355.52 | 146.12 |
| 2012-13 | 701.25 | 400.78 | 300.47 |
| 2013-14 | 899.47 | 667.80 | 231.67 |
| 2014-15 | 1046.38 | 492.95 | 553.43 |

| | | | |
|---|---|---|---|
| 2015-16 | 913.88 | 441.65 | 472.23 |
| 2016-17 | 1948.45 | 926.94 | 1021.51 |
| 2017-18 | 2617.26 | 1257.23 | 1360.03 |
| 2018-19 | 2315.54 | 663.6 | 1651.94 |

Source: CSO, Myanmar Statistical Year Book (2016,2018,2019)

The balance of trade of Myanmar garment industry is the difference between exports and imports. Garment export is greater than garment import and balance of trade is surplus. Balance of trade of garment industry is increased year after year. According to UN Comtrade data, the main importer is China with a share of 57 percent in 2019 and then Thailand and Japan 27 percent and 4.73 percent respectively. After that, followed by India, Vietnam and Bangladesh.

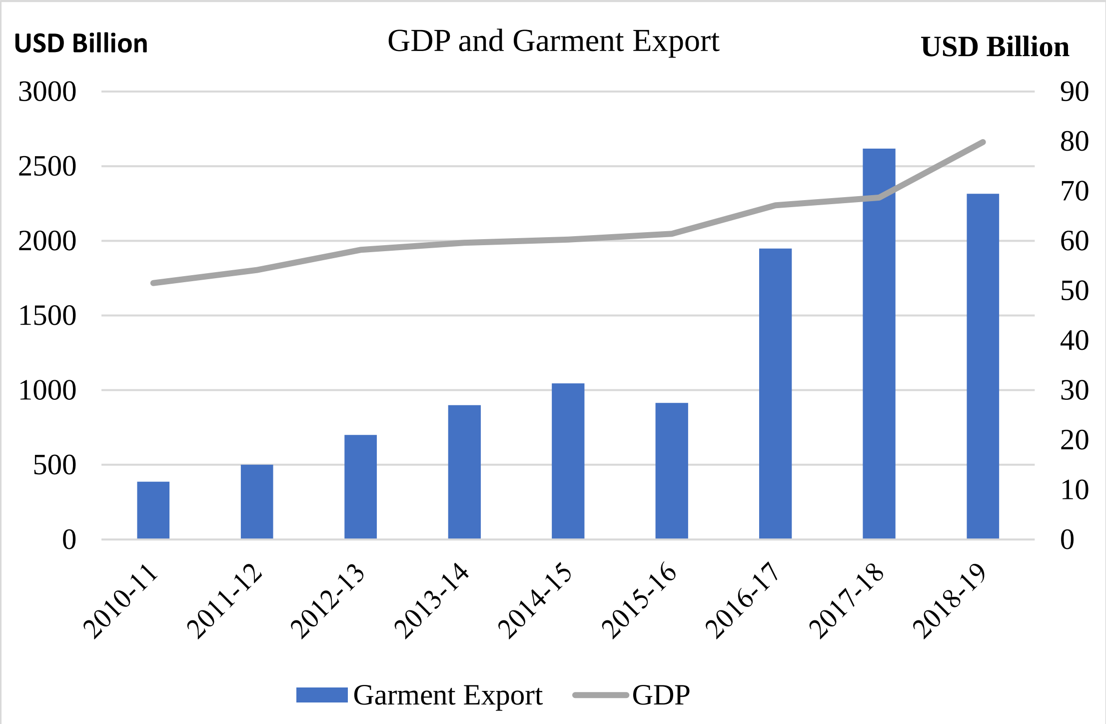
**Table (4.4) Population Growth, GDP Growth and Balance of Trade**

| Year | Population Growth Rate | GDP Growth Rate | Balance of Trade of Garment Industry |
|---|---|---|---|
| 2010-11 | 0.7 | 9.6 | 53.81 |
| 2011-12 | 0.8 | 5.6 | 146.12 |
| 2012-13 | 0.8 | 7.3 | 300.47 |
| 2013-14 | 0.8 | 8.4 | 231.67 |
| 2014-15 | 0.8 | 8.7 | 553.43 |
| 2015-16 | 0.8 | 7.0 | 472.23 |
| 2016-17 | 0.7 | 5.9 | 1021.51 |
| 2017-18 | 0.6 | 6.8 | 1360.03 |
| 2018-19 | 0.6 | 6.7 | 1651.94 |

Source: World Bank, Myanmar Statistical Year Book (2016,2017,2018,2019)

Table (4.4) show the population growth rate, GDP growth rate and balance of trade of garment industry in Myanmar. According to table (4.4), balance of trade of garment industry increased, it can be seen that GDP growth rate also increased. GDP growth rate is higher than population growth rate. This can be seen that Myanmar economy is gradually growing. The surplus of garment export value in balance of trade positively contribute to Myanmar's economy.

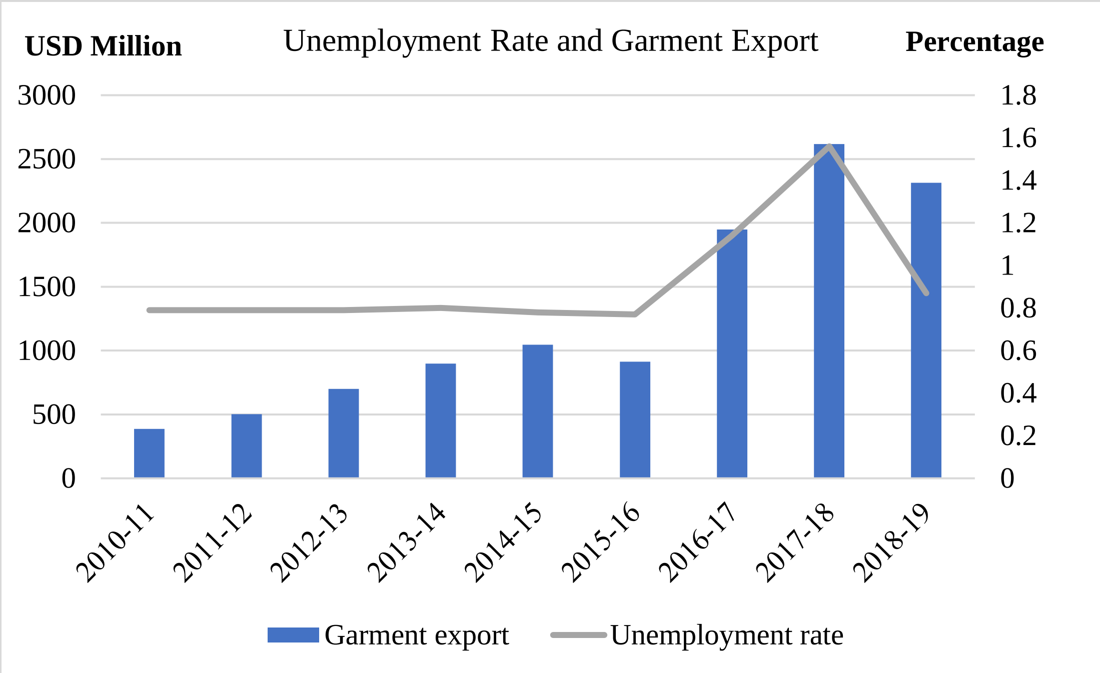
**Figure (4.1) Garment Export and GDP**




Source: World Bank, Myanmar Statistical Year Book (2016,2017,2018,2019)

Figure (4.1) shows there is positive relationship between GDP and value of garment export. When the value of garment export increased, an increase value of GDP support the economic growth of the country. So, it can be seen that the positive relation between garment export and country's GDP means garment industry play a key role in Myanmar economy. As garment export increased, garment production and employment also increased.

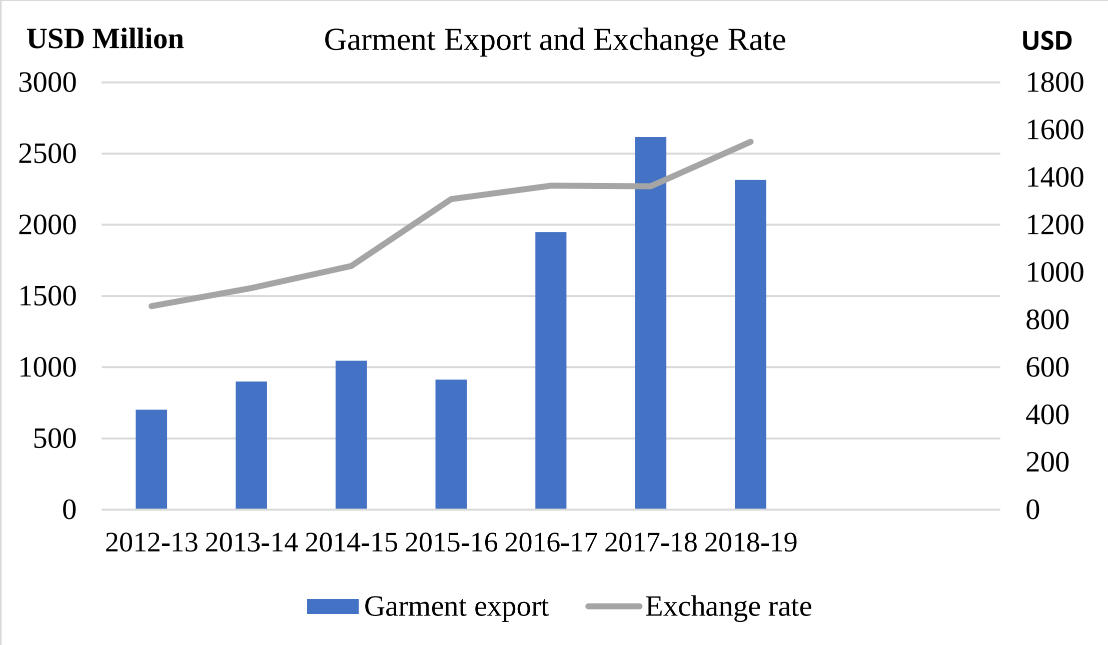
**Figure (4.2) Garment Export and Unemployment Rate**




Source: Myanmar Statistical Year Book (2016,2017,2018,2019)

When garment export increased, the garment production and employment also increased. From 2010-2015, the garment export increased year after year and unemployment rate was nearly constant rate at 0.79 percent. Government of Myanmar set the minimum wage 3600kyat per day in September 2015.Foreign garment companies invested to Myanmar's garment industries because of lower wages in Myanmar than other countries. But cost of garment production is still expensive due to raw materials, cost of factories' rent and electricity. So, manufacturers cannot afford to pay designated minimum wage. So, the owners of garment industries reduced number of labors and still remain the qualified labour. So unemployment rate increased in 2016 and it can be observed that the growth of garment industry cannot influence on overall level of unemployment rate in Myanmar.

**Figure (4.3) Garment Export and Exchange Rate**




Source: Myanmar Statistical Year Book (2016,2017,2018,2019)

A depreciating exchange rate favors foreign investors by lowering the cost of domestic assets, enabling acquisitions of land and taking advantage of bargain prices that lead to an increase in foreign investment inflow and improve a nation's trade balance. Thus, the devalued Myanmar currency with garment export state exporters can have opportunities.

When production increases to meet increasing demand, it leads to a lower unemployment rate. So, consumers spend more freely, which leads to the country's GDP growth and inflation. As the world's population grows, so does the demand for clothing, as well as the cost of producing it. As inflation increases, the exchange rate also depreciates, which in turn enhances the export of the garment industry.

## 4.2 Garment Export and Foreign Direct Investment in Myanmar

Foreign investment law was initiated in 1988 with the aim of attracting foreign capital into country. At the beginning, there was a slow inflow of foreign investment. After integration with ASEAN Free Trade Area in the second half of 1990s, significant inflow of foreign investments were most in manufacturing sector including garment industry. The first foreign firm that developed were Taiwan and Hong-Kong and then followed by South Korea. With more increasing demand from oversea buyers, local entrepreneurs also set up small, medium and large operation factories. Although

Myanmar garment sector is foremost step of industrial development ladder, government supporting in garment sector are relatively low. Large garment factories are foreign investment and joint venture factories. Small and medium factories owned by local entrepreneurs faced restriction to expand their productivity. Opportunities of employment, capital, technology and machinery are scarce for Myanmar factories compare with foreign and joint ventures factories. It can be observed that the growth of Myanmar garment industry depends on foreign investment devoted in garment industry.

Myanmar has occurred the political, economic and social reforms since 2011, it engaged as a member country with international financial institutions-IMF and World Bank and remove all foreign exchange restrictions by the end of 2011. Myanmar open economy's new journey began from 2011. In 2015, Myanmar inflation rate is highest, 9.45 percent, according to World Bank because of a strong US dollar, current account deficit and foreign investment inflow. After that, according to Myanmar-World Bank Group Partnership: Country Program Snapshot data, the economics growth rate of Myanmar had 8.5% in 2014-2015.

According to Myanmar Garment Manufacturers Association's membership list 2019, number of active factories registered in MGMA is total 553. Among them 355 are foreign companies, 89 are Myanmar companies, 49 are local company which are local market, embroidery and shop, 29 are joint venture companies, 20 are fashion design and inspection company and 11 are sub-con and cooperation. It can be observed that participation rate of foreign garment companies (64.2%) are more than participation rate of Myanmar garment companies (16.09%) in Myanmar in 2019. And then local garment companies participate (8.86%), joint venture garment companies participate (5.24%), fashion design and inspection companies participate (3.62%) and subcon and cooperation participate (1.99%) respectively.

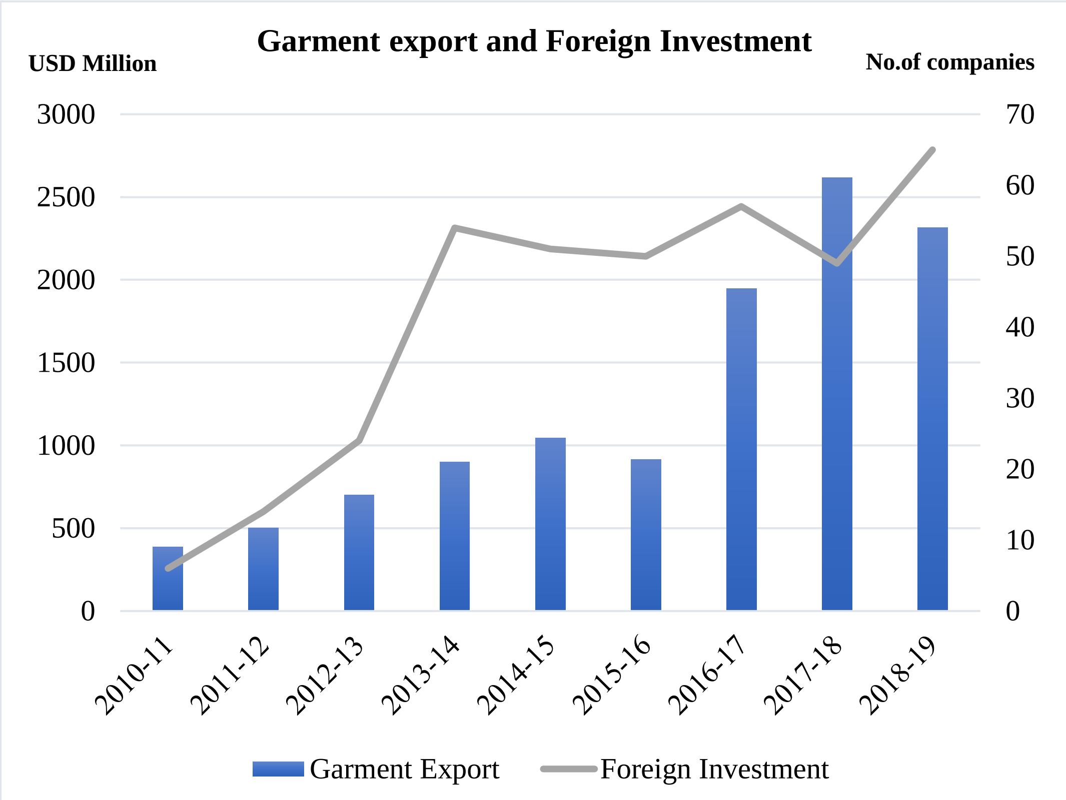
**Table (4.5) Number of Garment Industries in Myanmar (2010-2011 to 2018-2019)**

| Year | Foreign Companies | Share of Percent of FC | Myanmar Companies | Share of Percent of MC | Joint Venture Companies | Share of Percent of JV | Total Number of Companies |
|---|---|---|---|---|---|---|---|
| 2010-2011 | 5 | 18.52 | 21 | 77.78 | 1 | 3.70 | 27 |
| 2011-2012 | 14 | 43.75 | 18 | 56.25 | - | - | 32 |
| 2012-2013 | 22 | 57.90 | 14 | 36.84 | 2 | 5.26 | 38 |
| 2013-2014 | 45 | 69.23 | 11 | 16.92 | 9 | 13.85 | 65 |
| 2014-2015 | 46 | 76.67 | 9 | 15.00 | 5 | 8.33 | 60 |
| 2015-2016 | 48 | 87.27 | 5 | 9.10 | 2 | 3.64 | 55 |
| 2016-2017 | 56 | 86.15 | 8 | 12.31 | 1 | 1.54 | 65 |
| 2017-2018 | 46 | 77.97 | 10 | 16.95 | 3 | 5.08 | 59 |
| 2018-2019 | 63 | 84 | 10 | 13.33 | 2 | 2.67 | 75 |
| **Total** | **345** | | **106** | | **25** | | **476** |

Source: Myanmar Garment Manufacturers Association (2019)

Yearly investment of MGMA members are increasing year after year. Foreign investment contributes over 50 percent of total investment. During 2010 to 2012 Myanmar owned garment companies are more than foreign owned garment companies. Foreign companies are gradually increased since (2012-2013) because free from EU sanctions in 2013.Inflow of foreign investment depend on host country's production cost, infrastructure and exchange rate (Kudo, 2009). Exchange rate are gradually higher and highest exchange rate is 1USD=1550kyat in 2019. In 2019, it can be seen highest number of foreign companies invested in garment industry, Myanmar.

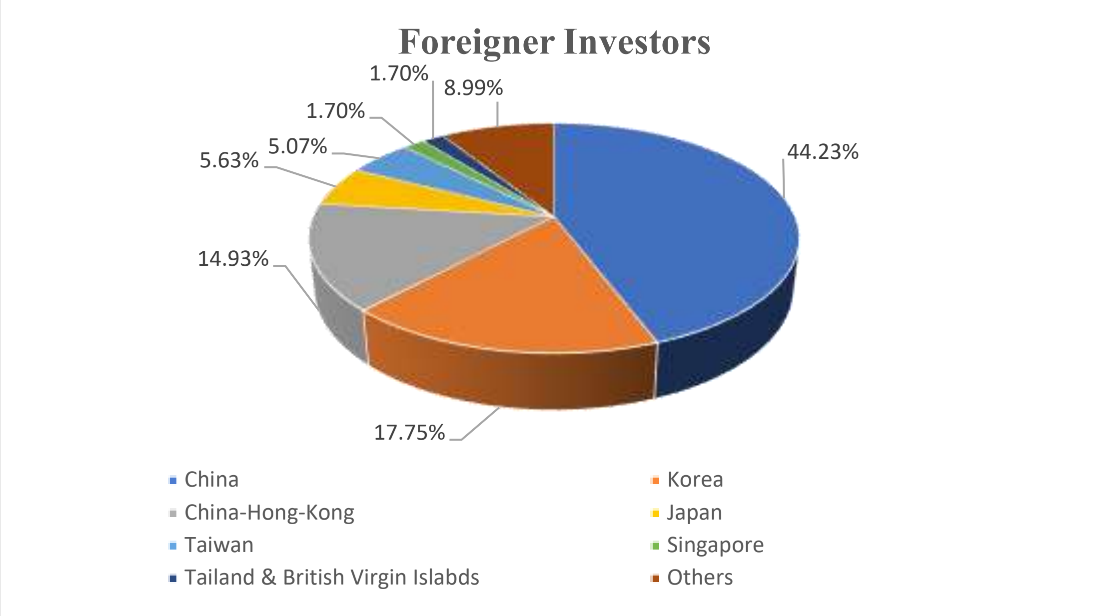
**Figure (4.4) Garment Export and Foreign Investment**
**(Foreign Companies and Joint Venture)**




Source: Myanmar Statistical Year Book (2016,2017,2018,2019), Myanmar Garment Manufacturers Association

Figure (4.4) shows the value of garment export and the number of foreign garment companies in garment industry, Myanmar. It can be seen that the number of foreign garment companies increased with the value of garment export. All of foreign investments are Cut-Make-Pack companies. Growth of Myanmar garment industry rely on foreign capital, technology, raw materials and machinery for garment industry.

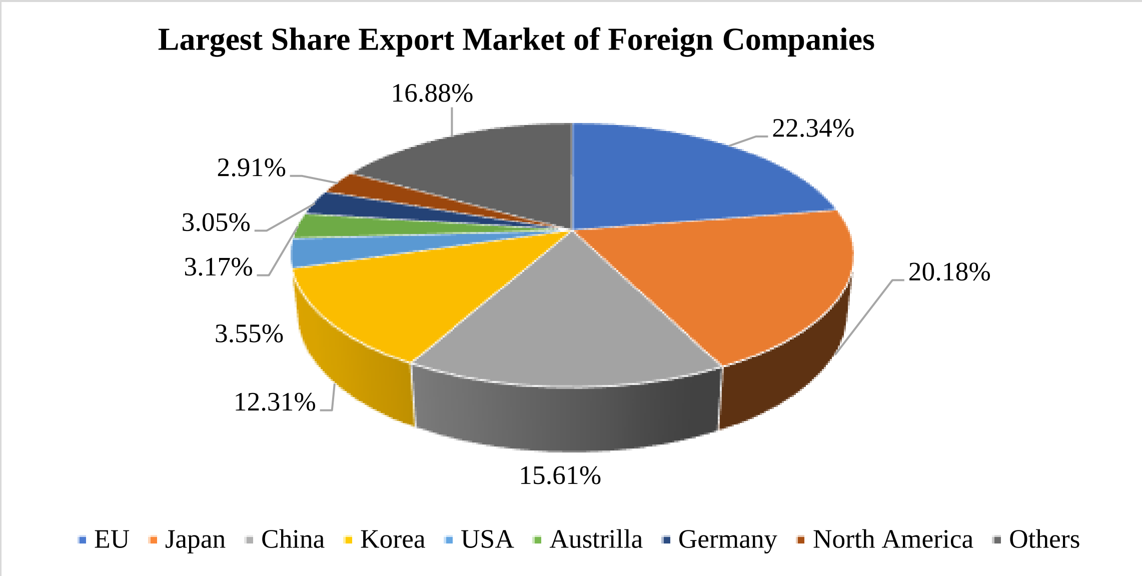
**Figure (4.5) Top Investors in Foreign Garment Company in Myanmar (2019)**




Source: Myanmar Garment Manufacturers Association (2019)

All of 355 are foreign owned Cut-Make-Pack companies. China owned CMP garment companies are 157 (44.23%), Korea owned CMP garment companies are 63 (17.75%), China-Hong Kong owned CMP garment are 53 (14.93%), Japan owned CMP garment companies are 20 (5.63%), Taiwan owned CMP garment companies are 18 (5.07%), Singapore owned CMP garment companies are 6 (1.07%) and others CMP garment companies 38 (8.99%) are Thailand, Malaysia, British virgin island, Sirilinka, Cambodia, Austria, USA owned companies. China is largest amount of investor and also the source of raw materials. Managing Directors of these foreign companies are respective citizens and other managers such as office manager, HR manager, shipping and administrative managers are Myanmar citizens. Foreign garment companies created job opportunities for Myanmar labor and to provide well-being of the Myanmar citizens.

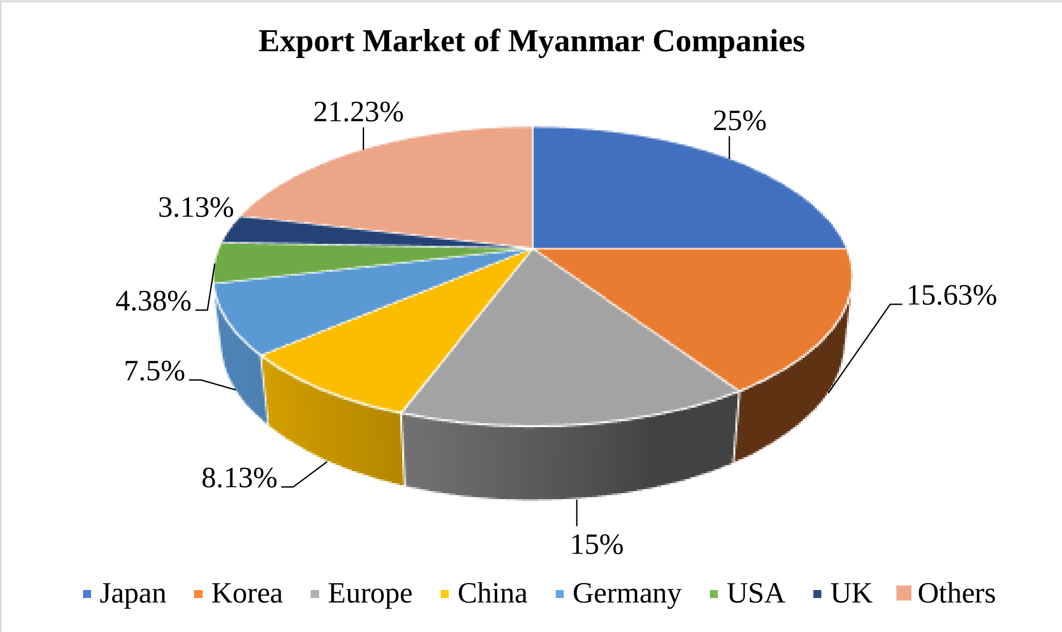
**Figure (4.6) Export Market of Cut-Make-Pack Foreign Companies**




Source: Myanmar Garment Manufacturers Association (2019)

Foreign garment companies especially cut-make-pack companies mainly exported to other foreign countries such as EU (22.34%), Japan (20.18%), China (15.61%), Korea (12.31%), USA (3.55%), and Australia (3.17%), Germany (3.05%), North America (2.91%) and other countries (16.88%) in 2019. Export garment products from Myanmar to EU market are men's shirt, polo shirt, T-shirt, sweaters, underwear, jackets, suits, and ladies wear. After that, CMP foreign garment companies in Myanmar also exported to Japan market especially wedding dress, petti coat, skirt and trousers. CMP garment companies arranged to obtain the raw materials and produce the final garment products in Myanmar and re-export to other foreign countries. China is the one of the major investors of foreign investment in garment industry, Myanmar and also one of the largest exporters and can also export to its largest market. Foreign CMP garment companies in Myanmar can also export to foreign markets especially Italy, Canada, UK, Poland, Netherland, South America and France which are popular for the largest fashion industry of the world. Myanmar garment industry practiced the experience of good quality manufacturing in CMP process.

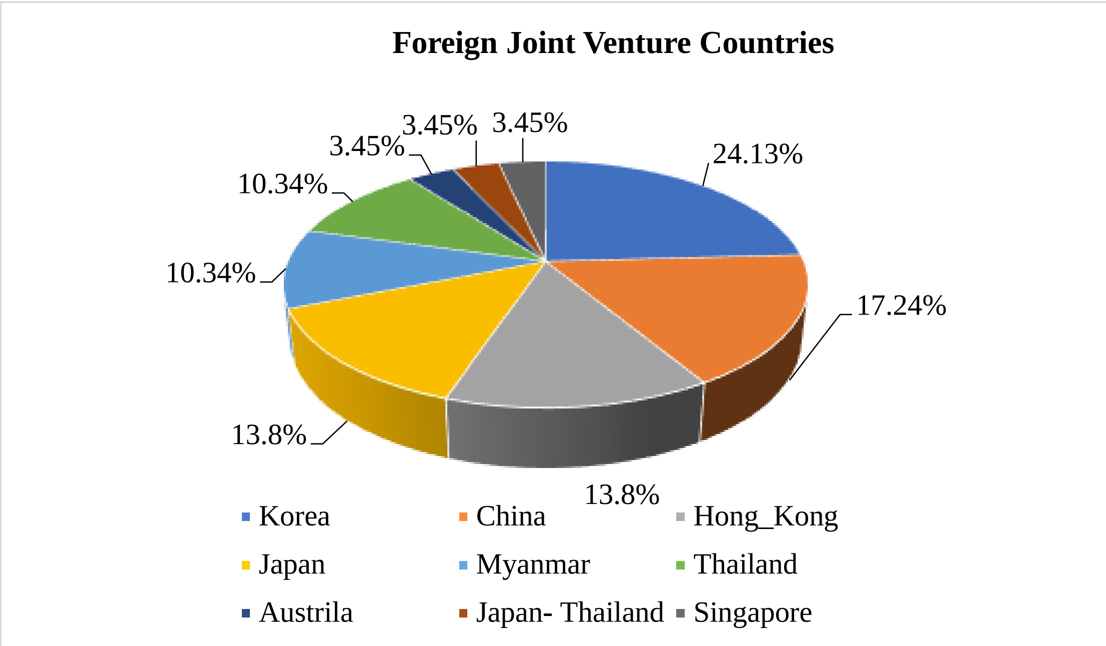
**Figure (4.7) Export Market Myanmar Owned Cut-Make-Pack Companies**




Source: Myanmar Garment Manufacturers Association (2019)

Since EU imposed sanctions on Myanmar, Myanmar export to EU are gradually decreased and needed to find new export market. Japan and ASEAN became new market for Myanmar garment export. The largest share of export markets for Myanmar owned Cut-Make-Pack companies is Japan (25%), and then Korea (15.63%) and followed by Europe (15%). Export share to EU had been gradually increased since EU lifted its sanctions to Myanmar. Others 21.23% export market included Spain, Poland, Thailand, Canada, France, Brazil, England, Australia, Italy, Canada, Russia, India and so on in 2019.Some Myanmar owned companies distribute only in domestic market.

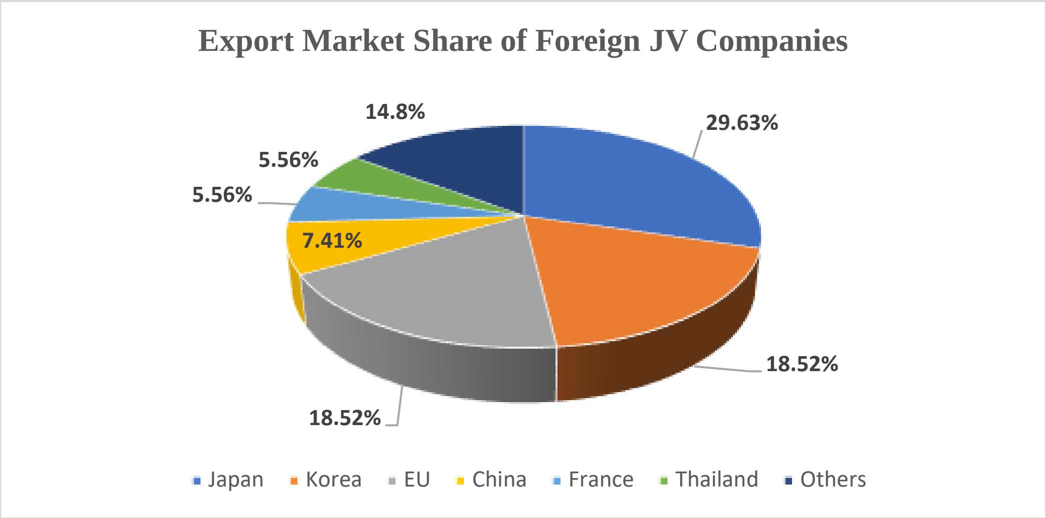
**Figure (4.8) Cut-Make-Pack Foreign Joint Venture Companies**




Source: Myanmar Garment Manufacturers Association (2019)

The main investor of joint venture in Cut-Make-Pack process is Korea 24.13 percent among total all 29 JV companies, China (17.24%), Hong-Kong (13.8%), Japan (13.8%) and Myanmar (10.34%). Joint Venture companies are 3$^{rd}$ most employed workers after Myanmar Company. These JV companies' target export market is worldwide mainly to Japan, EU and Thailand. Unlike the foreign companies, Managing Directors of companies are Myanmar and some are foreigners. Thus, joint venture Cut-Make-Pack companies also created employment for Myanmar labors.

**Figure (4.9) Export Market Share of Foreign Joint Venture Companies**




Source: Myanmar Garment Manufacturers Association (2019)

According to Myanmar Garment Manufacturers Association membership list 2019, Korea Joint Venture garment companies created large number of labors in its companies and exported 30% to America, 30% to Korea and 40% to EU. Joint venture garment companies are foreign-foreign joint venture garment companies, foreign-Myanmar joint venture companies and Myanmar-Myanmar joint venture companies. Among them the numbers of foreign-foreign joint venture companies are largest and also they are the largest share of capital in Myanmar garment industry.

# CHAPTER V
# CONCLUSION

## 5.1 Findings

In this study, the trend of garment export and macroeconomic variables is based on garment export and selected macroeconomic variables- GDP, unemployment rate, exchange rate and foreign investment based on available annual data for the 2010-2019 period. Among these variables, as the growth of garment export occurred, the value of GDP also increased in Myanmar. It can be observed that the growth of GDP can support the economic growth and the value of garment export contributes the value of GDP, which can provide the economic growth in Myanmar. Although there was a growth in garment exports, it did not change the unemployment rate. However, growth in garment exports was primarily dependent on foreign direct investment in Myanmar and FDI was also encouraged the introduction of garment factories in Myanmar.

When a country want to increase its export, production efficiency needs to expand, and then more employed people. Myanmar is labor abundant, least developing country and catch to advance technology is still far away. To achieve development in all sectors, Myanmar need to invest more in its human resources, capital, infrastructure and communication.

Despite the fact that garment exports are increasing on a yearly basis and account for a sizable portion of total exports, the unemployment rate does not fall significantly. Because of changed minimum wage, which effects higher production cost for manufacturers. So, manufacturers reduced the labor costs as the variable cost and then unemployment rate has immediately increased since 2015-2016. The specified minimum wage is comparatively low with neighbor countries, and unemployed workers move to neighbor countries that have higher wages. Myanmar face an increasing unemployment rate and is losing it workforce.  The minimum wage law was initiated in 2015. labor migration also increase nearly five thousands workers in 2010 to 146 thousands in 2016, 162 thousands in 2017 and 238 thousands in 2018 respectively (Statista Research Department, 2021). It can be observed that when it introduced minimum wage law, the migration has immediately increased in Myanmar.

The exchange rate cannot be left when considering macroeconomic variables that linked to garment industry export. The exchange rate is essential in garment industry because growth of garment industry is driven by external countries. Foreign investment inflow to Myanmar garment industry and raw materials are imported from foreign countries. When the Myanmar currency devalues, that can stimulate the garment exports and it can be expensive to imports. A higher foreign exchange rate can increase the production cost of garment exports.

Over half of all garment factories are foreign owned, particularly from China, Korea and Hong-Kong. These factories' export orientation market are EU, Japan and China and employed nearly 80 percent of all garment industry. All of these factories are CMP basic, raw materials, pattern and capital are arranged by investor companies and produced in Myanmar then re-export to oversea market. Otherwise, the export growth of Myanmar garment industry is driven by foreign investors.

The Myanmar garment sector has the potential for further industrial development and economic growth. No need to higher education: everyone can join in this industry with the training of MGHRDC and MGMA. When demand for garment from oversea countries increases, the production of garment and garment export also increase. Entering Myanmar garment industry into global market, Myanmar garment industry needs to meet international standards on both factories and employees and also create favourable environment for employees in the garment industry. MGMA also initiates to move CMP to FOB and more contribution in global market that can create higher wages and mores employment.

According to Robert-Slow, increasing wages encourages more saving and investment. This is the first rung of development ladder and it also contributes larger amount of export and GDP. Growth of investment in the region stimulate local business and then inflation rate, interest rate and exchange rate also. Because of these factors, growth of garment export affected on macroeconomic variables of Myanmar economy.

## 5.2 Suggestions

The garment industry contributes a large amount to the growth of Myanmar's economy by supporting job creation and foreign currency earnings. The main source of raw materials required for Myanmar's garment industry is mainly imported from overseas countries. So, the total import of raw materials dropped the total garment export trend. By encouraging the production of raw materials within the country, we can reduce our reliance on imports while also increasing the value of our garment exports.

The growth of Myanmar’s garment industry is dependent on the growth of the textile industry, which produces the raw materials required for the garment industry. Strong linkages between the textile industry and garment industry are critical for the textile industry’s development in tandem with the garment industry's expansion. It is important to produce high-quality textiles in large quantities to supply the garment industry. The majority of foreign investment flows into the garment industry, and the growth of the textile industry is lagging behind in Myanmar. The Myanmar Garment Manufacturers Association promotes the growth of Myanmar’s garment industry by offering advice on business development plans, training, technology, and facilitating foreign investment. The textile industry should form such organizations and collaborate on the development of Myanmar’s garment industry.

The growth of Myanmar’s garment industry cannot be accomplished by an organization alone, and government participation is essential. The government should create incentives for foreign investment in cotton production, one of the sub-sectors of agriculture, and provide support to improve the linkages between cotton production, textile production, and garment manufacturing. By establishing and facilitating investment alignment from raw materials to final products, Myanmar's garment industry can have more competitive advantages with neighboring countries and can easily move from CMP to FOB.

Each regional garment factory's linkages are also important. Coordination between small and medium-sized garment factories and large factories is needed to get a better performance. MGMA tries to collaborate with its member factories and informs the suppliers of information on market conditions, research and development, and policy advocacy with the government. But MGMA’s information and training are especially for its member factories and cannot cover all factories in the garment industry in Myanmar. Government loans are also granted for MGMA’s member factories, but not to a great extent. So, the government’s financial support is needed for the small informal garment factories that are not members of MGMA.

As Myanmar's garment industry is a labor-intensive industry, the quality of labor is important. The lower wage in Myanmar is an incentive for foreign investment and also the reason that labor in Myanmar's garment industry migrates to neighboring countries' garment industries. It is found that on-the-job training is needed to improve the quality of labor, and creating a favorable working environment for employees is also important for the growth of Myanmar's garment industry.

Myanmar's garment industry is gradually growing as foreign investment increases year after year. Government loans and support for local manufacturers, harmonizing investment and collaboration from raw materials to final products, training for labor, and a favourable working environment can help to achieve the sustainable growth of the garment industry in Myanmar and can contribute to the Myanmar economy.

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