



Female crab workers at Pyei Phyo Tun Company, Myeik District

Building responsible seafood supply chain in Myanmar

Ngu Wah Win
Centre for Economic and
Social Development
23 October 2019

Overview: Responsible business practices in Myanmar

- ❖ Business relations built upon social relations, and business networking requires good social relations
- ❖ Family-run businesses to running business like a “family” – traditional family values dictate good businesses
- ❖ Culturally-sensitive business practices make happy companies
- ❖ Introduction of linkages with global value chains and foreign investments lead to modernization of corporate social responsibility
- ❖ Transition from traditional social practices to socially-responsible practices including CSR/RBC require government’s recognition and support
- ❖ Adoption of responsible business conduct particularly labour practices are crucial for successful linkage with GVCs and RVCs



Building responsible supply chain in Myanmar

❖ ILO Criteria on responsible business ranking

- Pay a living wage to their workers.
- Gender pay gap
- Paid Time Off and parental leave policy
- Whether the company offers flexible work hours or day care.
- Companies recycles more waste.
- Whether the company pays fewer environmental fines, fewer worker safety fines, and fewer harassment/equal opportunity fines per dollar of revenue.
- Number of women in managerial positions

❖ Preliminary analysis on Myanmar

- Value chain mapping on upstream (production), middle segment and downstream (processing segments)
- Review of labour laws such as minimum wage, child labour and their compliance and enforcement mechanisms within the seafood sector
- Review of labour standards applicable to seafood value chain
- Case studies for model companies that are exporting seafood to regional and global value chains and how they have contributed to corporate social responsibility

Global awareness on responsible supply chain is growing

The Washington Post

—Why your morning cup of coffee may not be as Earth-friendly as you think

the guardian

Slavery and trafficking continue in Thai fishing industry, claim activists

FORTUNE

Inside Big Chocolate's Child Labor Problem

the guardian

Leading brands unsure if palm oil in products comes from rainforest land

TIME

The Surprising Link Between Trans Fat and Deforestation

The Economist




Intelligence Unit

A report from The Economist Intelligence Unit

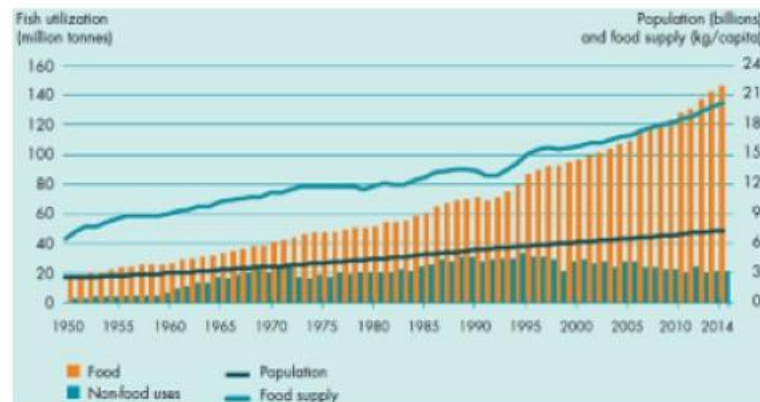
No more excuses

Responsible supply chains in a globalised world

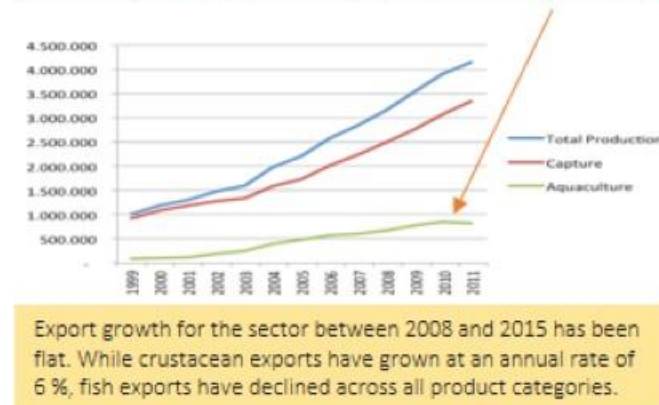
Why seafood? Comparative and competitive advantages

	Indicators	Comparative Advantages	Implications
1 COASTLINE 	<ul style="list-style-type: none"> ✓ 3,000 miles of coastline ✓ 200 miles territorial EEZ rich with marine resources 	<ul style="list-style-type: none"> ❖ Myanmar has rich marine resources including vast coastal waters and large areas of coastal mangrove swamps, the bulk of fishery production derived from both small-scale inshore and offshore capture fisheries (65%) ❖ Geostrategic location within a major fishery production and consumption with growing demands 	<ul style="list-style-type: none"> ➢ Serious marine resource depletion ➢ Environmental impact and livelihood challenges for coastal rural populations ➢ Lack of effective control over illegal fishing
2 Water 	<ul style="list-style-type: none"> ✓ Highest level of per-capita water resources in Asia ✓ 95% potential hydrology 	<ul style="list-style-type: none"> ❖ Fresh water capture fishery still accounts for 35% ❖ Large freshwater resources for aquaculture production: inland fishes (92%), shrimp (6%) and others. ❖ Sustainable electricity generation potentials for value chain support 	<ul style="list-style-type: none"> ➢ Aquaculture contribution to fishery sector has been slowing, given vulnerability to the natural disasters ➢ Lack of access to electricity is major constraint
3 Land 	<ul style="list-style-type: none"> ✓ 12.25 million ha of rich arable land ✓ 25th world largest endowment 	<ul style="list-style-type: none"> ❖ Rural people living near waterways and water resources can involve directly or indirectly with aquaculture ❖ Aquaculture can supplement food security and nutrition-sensitive smart agriculture development strategies 	<ul style="list-style-type: none"> ➢ National land use policy still prioritize crop sector while rigid land classification prohibits secure property rights for aquaculture ➢ Weak public awareness education for nutrition

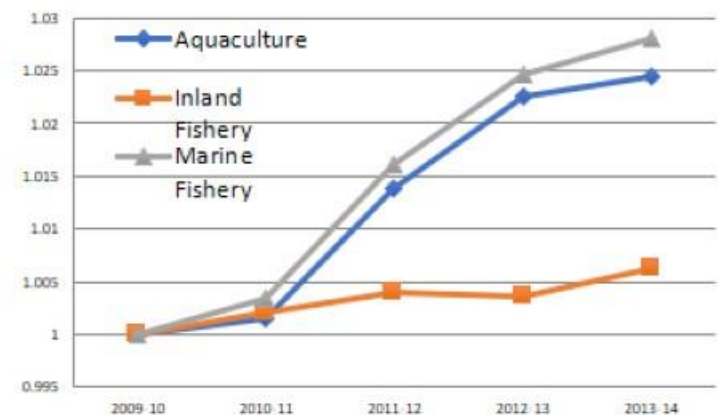
World fish food consumption is rising!



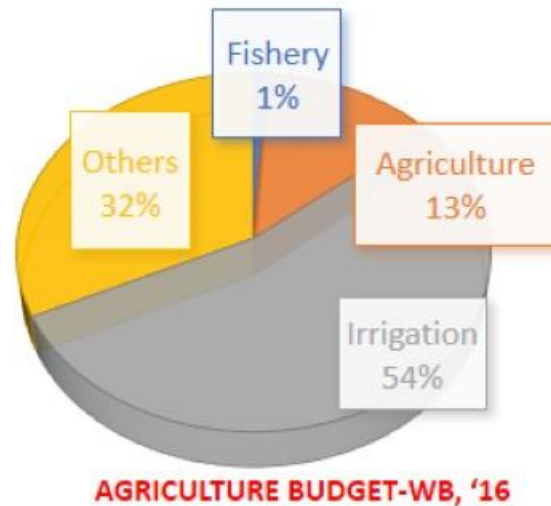
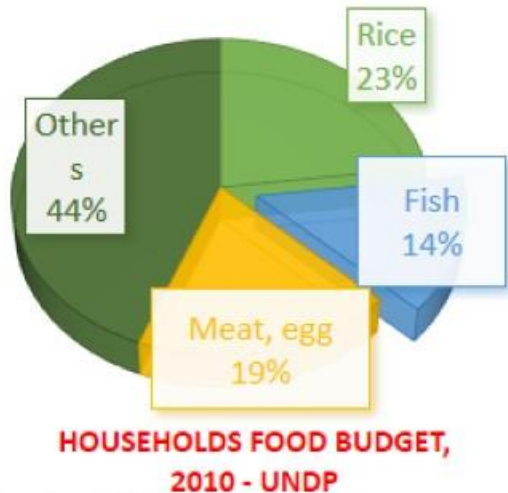
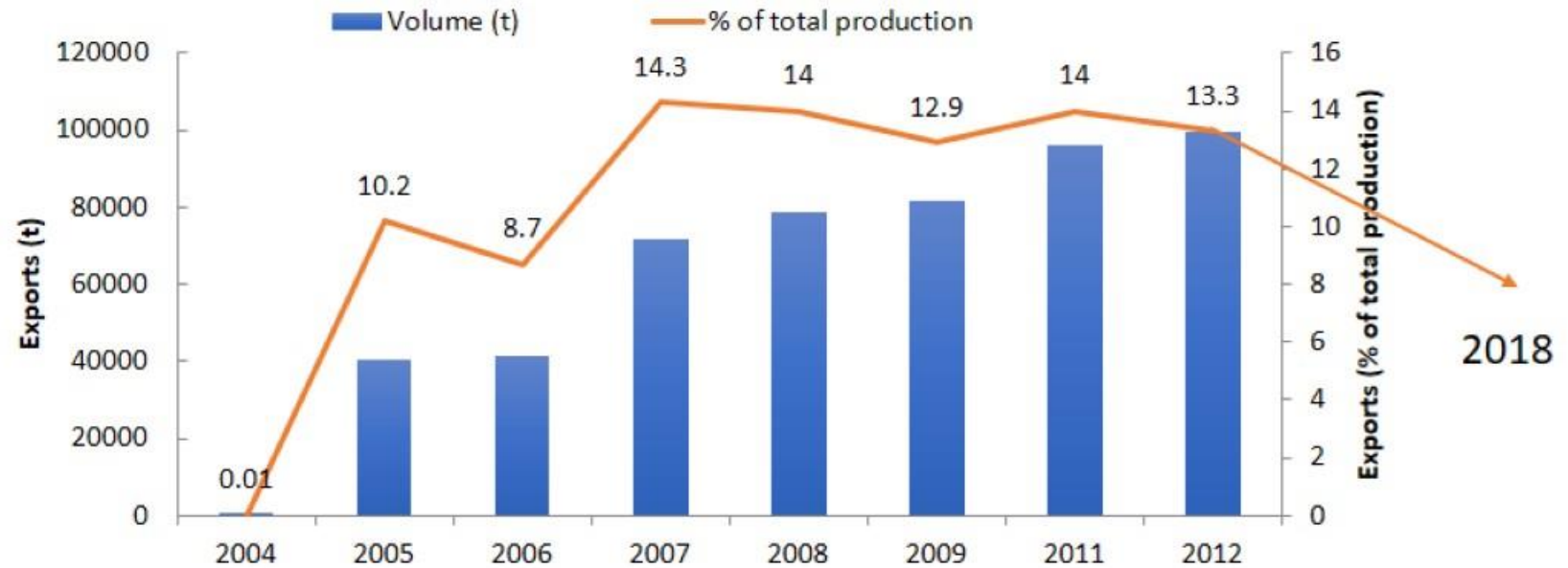
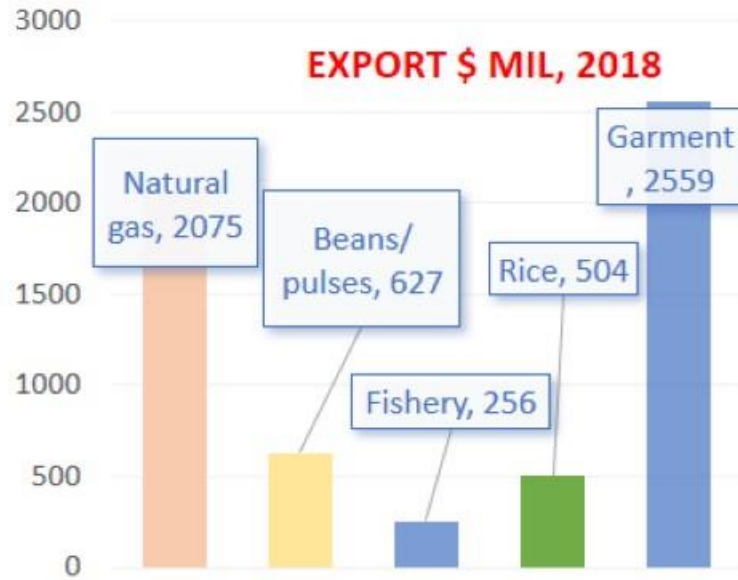
Fishery stagnates, export decline!



But employment growth increasing?



State of Fishery Sector in Myanmar: Role of export



Status quo ante: Prospects of fisheries sector growth

- ✓ Potentials for **productivity** – Medium
 - Fish consumption in household is low
 - DoF budget allocation in MoALI is very low
- ✓ Prospects of **competitiveness** – Low
 - Comparative advantages still exist
- ✓ Possible reforms in **governance** – Low
 - Land use, quality infrastructures, market access - low

Why responsible labour practices are important

Workers engaging in fishery sector

DOMAIN	STATUS	2010-11	2011-12	2012-13	2013-14	2014-15
AQUACULTURE	Full Time	123088	124751	125978	126219	126293
	Part Time	88739	89694	90306	90481	90507
INLAND WATER FISHING	Full Time	486300	486700	487000	488000	450000
	Part Time	299500	300500	300000	301000	330000
	Status Unspecified	785800	794000	796000	796500	796500
MARINE COASTAL FISHING	Full Time	220000	223000	230000	230550	254000
	Part Time	251000	254000	251000	252000	252000
	Occasional	916000	921000	916000	917000	917000
	Total	3170427	3193645	3196284	3201750	3216300

Pillars of decent work and status of Myanmar



Overview of four model cases of labour practices

Name of Company	Line of Business	Model Practices	Feature Story	Future Potentials
General Food Technology Industry Ltd, Insein Township, Yangon	Ready to eat tempura shrimp to world wide (UK, EU and Australia)	Workers training, working conditions and work flow process upgrade	Significant and empowered role of HR process	Brand builder of “Made in Myanmar” – pink crunchy coconut shirimp
Pyei Phye Tun Co. Ltd, Myeik, Tanintharyi	Crab farming and export (Singapore, Malaysia and Thailand)	Community-building and education support, corporate social responsibility	Migrant support and return migration (migrant family support)	Business network expansion through community-building initiatives
Aung Moe Khaing Co. Ltd, Thanhlin Township, Yangon	Softshell crab fattening and export (UK, US and Japan)	Social support for workers’ families	Special and franchised lunch services	Environmental safeguards for marine crab depletion
Min MM Shrimp Farm, Kyauktan Township, Yangon	Mangrove friendly shrimp farming and sivi-culture	Mangrove conservation and shrimp farming	Advocacy against misperception of mangrove destructions	Coalition building with local communities for PPP model
Tun Nay Lin Co. Ltd, Hlaing Thayar Township, Yangon	Largest cold storage and supplier to major seafood buyers	Child protection, job creations for single mothers	Vulnerability of migrant children in industrial zones	Practical model of eradicating child labour

General Food Technology Industry Ltd

- ❖ Brand builder of “Made in Myanmar” seafood products
- ❖ Successful seafood processor and final product exporter for 20 years
- ❖ Specialize in ready-to-eat shrimp tempura and other popular seafood snacks
- ❖ Build the brand through partnership with Malaysia-based popular supplier, Pacific West.
- ❖ Won the best seafood product from UK, try to win world-wide sourcing for pink-crunchy coconut shrimp
- ❖ Workers training, working conditions and work flow process upgrade through use of management consultants from Malaysia, monitoring and evaluation processes
- ❖ Significant and empowered role of HR process – HR managers are empowered to manage incentive and disincentive policies to reward and reprimand workers. Fully documented records of HR and competencies.





Pyei Phyoe Tun Co. Ltd

- ❖ Crab farming and export (Singapore, Malaysia and Thailand)
- ❖ Community-building and education support, corporate social responsibility as the company invested heavily in an ecologically-sensitive island to develop modern crab farming
- ❖ Migrant support and return migration (migrant family support) as the community relies upon sending labour to Thailand; provide scholarships for outstanding students to attend Thai universities and study community development
- ❖ Business network expansion through community-building initiatives as crab farming is fairly labour-intensive and women-dominated operations



Aung Moe Khaing Co. Ltd.

- ❖ Softshell crab fattening and export (UK, US and Japan) with suppliers from Ngaputaw, Ayeyawady region and Taunggoke, Rakhine State where natural marine crabs are captured and bring to Yangon to fatten and process for world wide export
- ❖ Social support for workers' families by providing free living and meal services
- ❖ Special and franchised lunch services – standard lunch services was transformed into franchise services where workers are given lunch stipends to choose among three vendors of their choice
- ❖ Environmental safeguards for marine crab depletion, as nowadays many farmers capture small-sized crabs and directly export to China rather than supplying to his farm. Although there is regulations against capturing and exporting of small-sized crabs, it is not strictly enforced.



Min MM Shrimp Farm

- ❖ Mangrove friendly shrimp farming and sivi-culture being introduced in Myanmar (successfully introduced in Vietnam)
- ❖ Mangrove conservation and shrimp farming in ecologically-sensitive coastal areas of the Gulf of Martaban
- ❖ Advocacy against misperception of mangrove destructions while mangrove depletion was mainly caused by fuel wood consumption
- ❖ Coalition building with local communities for PPP model although the government has recently suspended use of heavy machinery in canaling and water resource management activities, affecting the shrimp production



Way forward: Need public private partnership

