

BOTTOM OF ASEAN PROJECT CONSULTATION

HIGHLIGHTS FROM MMN'S SECONDARY RESEARCH



Mekong Migration Network (MMN)

1. INVESTMENT TRENDS

- Burma, Cambodia and Laos: the last frontier
- Primary investment in labour intensive manufacturing and extractive industries
- ‘Thailand-plus-one’ strategy
- Real risk of ‘race to the bottom’ led by investment in Burma – where competition causes deregulation and leads to lower wages and worse working conditions

1. INVESTMENT TRENDS

- Main investment from Asian corporations – have the greatest power to influence development
- World Bank “Doing Business” Index 2013:

Country	Rank
Burma	182 out of 189
Laos	159 out of 189
Cambodia	137 out of 189

Regional average in South East Asia: 88 out of 189

2. RESPONSIBLE INVESTMENT IN BURMA

- The responsible investment approach is having an effect on companies already operating in Burma
- Problems with CSR and responsible investment on the ground
 - European Union Comprehensive Framework for investment in Burma – consultation with civil society
 - US Framework for Responsible Investment – reporting requirements

2. RESPONSIBLE INVESTMENT IN BURMA

- Companies must adhere to **international standards** for human rights and not only self-regulating ethical codes
- Increased scrutiny in Burma may encourage companies to be more **transparent and accountable**
- Expectation that all corporations investing in Burma earn a **'social licence'** to operate – responsible investment could become a regional norm

3. LABOUR STANDARDS IN BURMA

- Continued problems with freedom of association and discrimination against unionists.
- Labour disputes – implementation and enforcement problems

3. LABOUR STANDARDS - REGIONAL

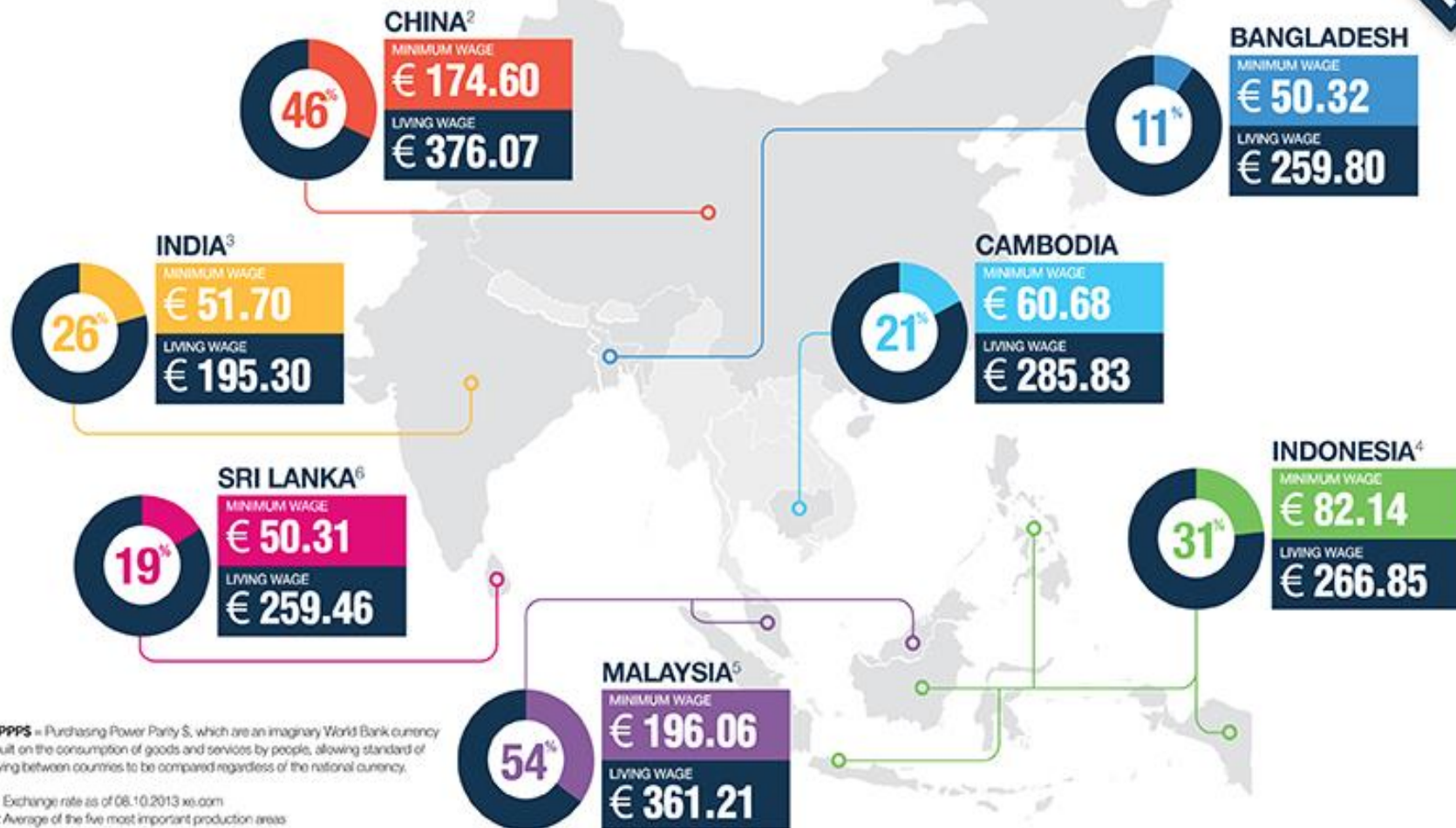
Country	Minimum wage per month	Working Conditions Index 2014*
Burma/ Myanmar	No legal minimum wage. Yangon factory study: \$25 - \$37 MGMA: \$70 - \$100	14 (1 in 2013)
Bangladesh	\$68	5
Laos	\$78	
Cambodia	\$100	24
Vietnam	\$90 - \$128	26
Thailand	\$220	
China		37 (6 in 2013)

Maplecroft's Working Conditions Index evaluates 197 countries on their minimum wage levels, working hours, and health and safety in the workplace.

*<http://www.irrawaddy.org/business/irrawaddy-business-roundup-february-22-2014.html>

MINIMUM WAGE VS LIVING WAGE

The difference between the minimum wage¹ and a living wage.
To say instead - The Living Wage is based on the Asia Floor Wage 2013 figure of PPP\$725.



*PPPS = Purchasing Power Parity \$, which are an imaginary World Bank currency built on the consumption of goods and services by people, allowing standard of living between countries to be compared regardless of the national currency.

¹ Exchange rate as of 08.10.2013 xe.com

² Average of the five most important production areas

³ Average of key regions: Tamil Nadu, West Bengal, Maharashtra (unskilled, Zone II)

⁴ Average of all provinces

⁵ In July 2012 the Malaysian government announced that workers in Malaysia would receive minimum wages of RM 900 (USD291) for Peninsular Malaysia and RM800 (USD250) for Sabah and Sarawak

⁶ Lowest entrance wage for first year, grade IV and without any bonuses

TABLE 1

Monthly real wages in 15 of the top 21 apparel exporters to the United States, In 2001 currency

	Monthly real wage in 2001 currency				Percent change
	2001		2011		
	LCU	USD, PPP	LCU	USD, PPP	
Bangladesh	2,083.00	\$93.67	2,033.60	\$91.45	-2.37%
Cambodia*	51.00	\$161.89	39.78	\$126.26	-22.01%
China	480.00	\$144.86	1,076.57	\$324.90	+124.29%
Dominican Republic	2,698.00	\$293.52	2,057.45	\$223.83	-23.74%
El Salvador*	162.00	\$332.44	143.34	\$294.14	-11.52%
Guatemala	1,414.66	\$397.62	1,230.10	\$345.75	-13.05%
Haiti	1,014.00	\$104.42	1,502.99	\$154.78	+48.22%
Honduras	2,514.83	\$359.47	2,294.53	\$327.98	-8.76%
India	2,019.55	\$150.20	2,281.27	\$169.67	+12.96%
Indonesia	421,958.00	\$134.90	583,786.75	\$186.64	+38.35%
Mexico	4,766.00	\$755.14	3,386.54	\$536.57	-28.94%
• Mexico (Min Wage)	1,258.00	\$199.32	1,297.31	\$205.55	+3.12%
Peru	487.50	\$335.93	570.94	\$393.43	+17.12%
Philippines	4,979.00	\$249.25	4,662.19	\$233.39	-6.36%
Thailand	5,748.50	\$360.33	5,378.25	\$337.12	-6.44%
Vietnam	730,167.00	\$182.43	1,019,766.50	\$254.78	+39.66%

Worker Rights Consortium, Global Wage Trends for Apparel Workers, 2001–2011, July 2013, <http://www.americanprogress.org/wp-content/uploads/2013/07/RealWageStudy-3.pdf>

4. IMPACT OF SUPPLY CHAINS

- Unsustainable model – jobs creation limited to low skilled jobs which pay less than a living wage only perpetuates a cycle of poverty
- The end of cheap clothing? Is the industry at breaking point? An opportunity for Burma to avoid the mistakes of other developing economies by better managing the development of this industry
- The need for strong leadership from companies, and the political will and commitment from the government to promote sustainable, inclusive development and respect for human rights.