Building responsible seafood supply chain in Myanmar

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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
Why seafood? Comparative and competitive advantages

**Indicators**

- 3,000 miles of coastline
- 200 miles territorial EEZ rich with marine resources
- Highest level of per-capita water resources in Asia
- 95% potential hydrology
- 12.25 million ha of rich arable land
- 25th world largest endowment

**Comparative Advantages**

- 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%)
- Geospatial location within a major fishery production and consumption with growing demands
- 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
- 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

**Implications**

- Serious marine resource depletion
- Environmental impact and livelihood challenges for coastal rural populations
- Lack of effective control over illegal fishing
- Aquaculture contribution to fishery sector has been slowing, given vulnerability to the natural disasters
- Lack of access to electricity is major constraint
- 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?**

Export growth for the sector between 2008 and 2015 has been flat. While crustacean exports have grown at an annual rate of 6%, fish exports have declined across all product categories.
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

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<tr>
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Pillars of decent work and status of Myanmar

**Pillar 1: Employment & enterprise development**
Availability of an adequate number of productive, quality jobs, which provide income to cover at least basic needs.

Significant job creations. However, quality of jobs particularly at primary production level is poor. Fishing fleets need awareness of decent work conditions.

**Pillar 2: Social Protection**
Protection from work-related injury and from lack of income due to unemployment, illness or age.

Occupational health and safety conditions and awareness are weak. Access to social security coverage and protection are low. Incidences of child labour exist.

**Pillar 3: Standards & rights at work**
Fundamental rights: freedom of choice & equality of treatment, freedom of association & opportunity at work.

Compliance to labour regulations and standards such as minimum wage law and freedom of association are good. Gender division of labour and wage gaps exist.

**Pillar 4: Governance & social dialogue**
Participation to decision making about work conditions and representation of interests in negotiations.

Very few trade unions in the fishery sector exist; however, fewer labour disputes arose in the past due to “traditional” social practices of the firms.
# Overview of four model cases of labour practices

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

- **SUPPLY CHAIN SCOPE**
  - Raw Materials
  - Indirect Suppliers
  - Direct Suppliers
  - Internal Operations

- **TRANSPARENCY MILESTONES**
  - Code of Conduct
  - Audit
  - Standards & Certifications
  - Traceability
  - Full Disclosure

The graph shows different categories and milestones for transparency in a supply chain, with a focus on the seafood supply chain in Myanmar.