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PRESS RELEASE

EU announces €5 million [7.9 billion kyat] emergency cash fund for Myanmar garment workers impacted by COVID-19

25,000 Myanmar garment workers already lost their jobs because of the COVID-19 pandemic. The European Union is establishing a Myan Ku emergency fund that will pay cash directly to workers to help them through this crisis.

Yangon, 9th April 2020 - The European Union has announced the creation of a €5 million [almost 8 billion Myanmar Kyat] emergency cash fund named “Myan Ku” to support thousands of Myanmar garment workers who have lost their jobs due to the COVID-19 pandemic.

As of end March, over 25,000 workers from more than 40 factories have been laid off as Myanmar’s formerly booming garment industry grapple with the devastating economic impact of COVID-19. It is estimated that out of the 700,000 predominantly female base of garment industry workers in the country, 350,000 are at great risk of either being suspended without pay or losing their jobs permanently.

“There are nearly 600 garment factories across Myanmar and since last March we have seen many closures and layoffs of workers in tens of thousands. We expect to see more this April. This Myan Ku emergency cash fund will be a critical lifeline to these vulnerable workers and their families as they face the extremely challenging months ahead,” said Daw Khine Khine Nwe, Secretary General of the Myanmar Garment Manufacturers Association.

The Myan Ku Fund will provide direct cash transfers to affected garment workers employed in locally-owned, joint venture or foreign owned factories. Myan Ku means “quick assistance” in Myanmar language.

The cash relief will be disbursed through Wave Money 1) to workers in crisis who are jobless and/or face eviction from their homes; 2) to workers whose contracts were illegally terminated, thereby also countering irresponsible practices, and; 3) to workers of Small and Medium Enterprises (SMEs) who agree to retain workers and to provide at least a matching support. Recipients will be selected in consultation with trade unions and local civil society organisations.

EU Ambassador Kristian Schmidt said, “Garment exports to the European Union has been an immense success story, with Myanmar selling 70% of its garment exports to Europe, creating some 450,000 new jobs for women from across the country. This has helped improve the lives of millions of people throughout Myanmar; and given a significant boost to the expansion of labour rights, higher environmental standards and the emergence of a manufacturing base in the country, since we opened our markets in 2011. It is thus of great sorrow that we witness factories shutting down and tens of thousands of young female garment workers losing their jobs. Immediate action is needed to support these women and their families.”

The COVID-19 crisis is disrupting the global supply chain, hit by the lack of imported raw materials, suspended demand worldwide, and the risk of contagion at the garment workplace.



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"CTUM and the workers of Myanmar are very much encouraged by the swift political decision and the concrete support by the EU on this Myan Ku action. The political leadership of Myanmar are now providing the needed actions for preventive action and containment, the people are responding and participating. The preventive actions implemented locally, and with the support from the international community, Myanmar will surely overcome the pandemic and its consequences successfully," said U Maung Maung, President of the Confederation of Trade Unions Myanmar.

Meanwhile, Dr. Zaw Oo, Executive Director of the Centre for Economic and Social Development, said, "CESD appreciates the swift and substantial support from EU to the Myanmar garment industry before the combined effects of supply chain disruptions and order cancellations can have a knock-on effect. According to a rapid assessment of the garment sector conducted by the CESD, as many as 40% of the factories are severely affected by Covid-19, and out of them, one third of factories are dependent on the EU market. The assistance can cushion the impact and keep the solidarity between tripartite stakeholders to fight against the pandemic. The assistance should also help develop and design the long-term strategies of social protection and rehabilitation for the CMP sector."

The European Union has mobilised the €5 million Myan Ku cash fund through its Humanitarian Development Peace Nexus Response Mechanism (NRM) managed by UNOPS. In cooperation with Wave Money, the Myan Ku project will be implemented by SMART Textile & Garments, the European Union's long-standing flagship project to strengthen production standards and corporate social and environmental responsibility in the Myanmar garment sector.

The Myan Ku project team are cooperating with government, social partners and brands, and in close coordination with the Myanmar Garment Manufacturers Association (MGMA) and the Confederation of Trade Unions of Myanmar (CTUM).

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