

Responsible business conduct in Myanmar fisheries sector

Global decent work challenges in the sector

Global fisheries and aquaculture production reached 178 million metric tonnes (MT) in 2019, which was 1% less than the 2018 production rates (FAO 2021). Of this total, capture production (fishing at sea) amounted to nearly 93 million MT in 2019, which was a 4.3% decrease in comparison with the previous year. The following seven fishing countries accounted for almost half of total global production in capture fisheries: (i) China – 15.1%; (ii) Indonesia – 8.1%; (iii) India – 5.9%; (iv) Russian Federation – 5.4%; (v) Peru – 5.2%; (vi) United States of America – 5.2%; and (vii) Viet Nam – 3.7%. However, as fish stocks continue to decline over the years, longer voyages where

vessels journey further and further from port are required to attain sufficient yield, leaving workers on board for longer periods of time.

About 89% of total fishery and aquaculture production was used for direct human consumption and the remaining 11% was utilized in the manufacture of non-food products such as fishmeal (FAO 2021). Of the fish used for human production, 44% was in live and fresh form.

World exports of fish and fish products reached US\$ 162 billion, representing 37% of total fish production (FAO 2021). The top exporting countries were China, followed by Norway, Viet Nam and India. The European Union was the largest importer with a share of 33%. This was followed by United States (15%) and Japan (11%).

The fish global value chain can be divided into three levels (SLD 2016): (i) sourcing and production of raw materials; (ii) processing and exporting; and (iii) import and distribution. At the helm of the fish global value chain are the supermarket chains, large retailers, and food service operators. To a significant extent, they drive the practices in the industry. Large integrated traders, who coordinate the trade between domestic production and international market, also exert control over large segments of the seafood industry. The processing plants constitute the interface between domestic production and international market. Processing activities range from simple gutting, heading, or slicing, to more advanced value addition such as breeding, cooking, and quick freezing. Purchasing practices of buyers affect the way that suppliers manage their workforce and production.

Fish supply comes from fish farming or aquaculture and capture fisheries. Oftentimes, the source of fish, especially in the capture fishery segment, is hard to trace. A complex and opaque seafood supply chain opens the door to irresponsible fishing practices and poor labour practices. The dwindling fish population today requires the exertion of two times the fishing effort that it did to capture the same number of fish in the 1950s, leading some fishing operations to engage in serious labour abuses.

The world fishing fleet consisted of about 4.29 million vessels in 2019, with 38% composed of nonmotorized vessels (FAO 2021). Asia accounted for 67% of the vessels, followed by Africa at 23%. The remaining 10% were distributed across the Americas, Europe, and Oceania.

In 2019, women comprised about 15% of the 61.04 million people engaged in the primary sector of capture fisheries (68% of workers) and aquaculture (32% of workers) (FAO 2021). The highest numbers of primary sector workers were found in Asia (85%), followed by Africa (9%), the Americas

(4%), and Europe and Oceania (1% each). Across all functions in the global fish value chain, the total number of workers is estimated to be between 660 to 820 million people (Fisher 2021).

Numerous studies indicate that workers in the fish industry suffer from low wages, inadequate living facilities, unsafe work, and long working

hours. Many of the workers, especially in fishing vessels and processing plants are transnational and domestic migrants, who are more vulnerable to labour exploitation. In many cases, the identity documents of migrant workers are withheld either by their employers or the recruitment brokers, thereby restricting their freedom of movement. There have been many accounts of migrant workers forced to work to pay off debts such as their recruitment fee. Others were victims of human trafficking, and worked against their will for very low to no pay at all. Some workers suffered physical, sexual, and mental abuse. Working conditions on industrial fishing vessels are generally poorer than in other parts of the supply chains, and suffer from a high rate of injuries, diseases, and fatalities. The ILO and FAO estimate that between 24 000 and 32 000 deaths occur annually in the pursuit of fishing (Fisher 2021).

The fish supply chains, especially fishing vessels and fish processing facilities, have also grown increasingly reliant on temporary labour rather than permanent workers to cope with lower and increasingly unpredictable catches. Temporary labour is also utilized as a means to sustain price competitiveness by maintaining low operational costs. The growing casualization of workforces in processing facilities has had a significant impact on women, who constitute the bulk of the workers. The absence of security of tenure does not only have negative implications on workers' income, it also seriously limits workers' rights to freedom of association and expression for fear of losing their jobs or not being hired again. Instances of child labour have also been reported in seafood processing facilities, especially shrimps.

Public health responses to the COVID-19 pandemic and associated movement restriction measures disrupted supply chains and lowered demand, which, in turn, led to reduced and more volatile prices. Lockdowns disrupted employment in seafood supply chains for workers, and access to labour for seafood enterprises. The most affected groups were the small fisheries and informal workers, as they do not have the safety net of social protection programmes. Likewise, many of the informal workers are paid on a piece-rate basis dependent on the volume of fish caught.

Myanmar: generating decent work in the fisheries sector through responsible business practices

The Myanmar fish supply comes from fish farming or aquaculture and capture fisheries. Total fish production grew from 5.05 million MT in 2013/14 to 5.87 million MT in 2017/18, or a CAGR of 3.88%. In 2017/18, freshwater fish made up 46% of production, while marine fish comprised 54% (DoF 2018).

On average, about 10% of total fisheries production are exported. Top exported seafood products in 2018 were frozen fish and crustaceans. Main export destinations were China and Thailand through the border trade routes. The top species exported were rohu (farmed); live mud crab (captured); ribbon fish (captured); hilsa (captured); live eel (captured); soft shell crab (farmed); pink shrimp (captured); squid (captured); and tiger shrimp (farmed). Fishery exports to the EU resumed in 2013 under strict food safety requirements. Of the 130 fish processing plants in Myanmar, 29 have been accredited by the EU.¹ In 2018, the EU accounted for about 1.91% of export sales of frozen fish.

On 1 February 2021, the military seized full control of the country and declared a year-long state of emergency under sections 417 and 418(a) of the 2008 constitution (Reuters 2021). There is no certainty on what the ultimate outcome of the present political crisis could be. However, most of the analysts and news reports acknowledge that the country is currently in a state of chaos, where the State Administration Council (SAC) and the National Unity Government (NUG) each attempt to establish their legitimacy and steer the situation towards their own optimal outcomes. The NUG

has the support of most of the populace while the caretaker government has their battalions of soldiers and control of the state resources.

The following were the economic impacts of the coup and the COVID-19 movement restrictions on the fishery sector: (i) export revenue during the eight-month period of the financial year 2020/21 amounted to US\$ 538.6 million, which was US\$ 115.79 million lower than sales during the same period in 2019/20; (ii) processing plants continue to operate but at a lower capacity (average 50% capacity); (iii) price of fish has significantly gone up due to fuel price increase and, consequently, transportation costs; (iv) vendors have difficulties in getting stocks (fresh and processed fish) from outside their township; and (v) demand for fish went down due primarily to reduced income of consumers. All these impacts have negatively affected the livelihoods of the estimated 3.2 million Burmese workers engaged in the fish value chains in Myanmar.

Some progress has been made in increasing workers' rights and reducing decent work deficits in Myanmar's labour market during the last decade. Among the substantial improvements made were the introduction of a minimum wage, legalization of labour organizations, establishment of processes for dispute resolution, adopting higher standards for occupational safety and health and expansion of social security coverage (Harkins, et al. 2021). Many of the changes however, especially in the fish supply chains, were still at an incipient stage of development. There are indications that the return to military rule has already begun to roll back many of the gains made in expanding labour protection during the last decade. Decent work deficits prevalent in the global fish industry are also prevalent in Myanmar.

¹ The EU accreditation means that these companies have passed the stringent food safety requirements and, as such, are eligible to export to EU.

Decent work at a glance: Myanmar fisheries sector	
Employment promotion	It is estimated that about 3.2 million people work in the sector, with most of them engaged in low-wage labour (WorldFish 2021)
Social security	About 75% of the workforce are part-time and daily wage workers, and as such, are not covered by social security.
Forced labour	- Forced labour appear to be most prevalent in the kyarr phong (stow net/raft) fishing. Workers are rendered indebted and immobile as a strategy to keep them at sea, which effectively suggests captivity for the duration of the nine-month fishing season. Women involve in offshore processing for raft fishing enterprises are also subjected to movement restrictions. In many cases, the women are wives of crew workers. - Many of the workers in offshore vessels are migrants from other regions of Myanmar, who are recruited through brokers who, oftentimes, earn commission from both the crew and the employers. The workers are not allowed to leave the vessel until they have paid off their advances. As per news reports, supervisors resort to violence to force intense work.
Child labour	Many of the child labourers start working at the age of 10. Boys engage in spear fishing, diving for fish, collecting crabs, etc. They may also be found working in markets as porters and brokers, with shifts reaching more than 10 hours. Girls, on the other hand, are generally employed in processing units. The wages of child labourers are generally lower than adult workers. In some cases, children are forced to substitute for their injured/sick parents.
Equality of opportunity	- Fishing and aquaculture activities are considered as men's work. Women's work is undervalued and oftentimes invisible, especially in the informal sector. - In EU-accredited fish processing companies, there was no marked evidence of discrimination. Women comprised more than 60% of the workforce. Likewise, in many such companies, women occupied supervisory and management roles. Women and men were provided the same training opportunities as their male counterparts.
Security of employment	Of the 3.2 million people employed in the fishery sector, only about 25% are engaged in fulltime employment. Permanent workers can be found mostly in large processing plants, aquaculture farms, and as supervisors of offshore fishing vessels.
Training	The key provider of extension services are the training centers established by the Department of Fishery. Large companies provide basic skills training to their workers.
Conditions of work and life	- The minimum wage is only enforceable in the formal sector but, somehow, has an effect and influence in raising wage levels in the informal sector. - Excessive overtime and long work hours, especially in fishing vessels. - Occupational safety and health (OSH) improved in formal processing plants but primarily focused on personal protective equipment. Among fishing vessels, OSH remains a problem with injuries, diseases, and fatalities not reported.
Industrial relations	Workers are not organized. Likewise, collective bargaining was not practiced due to: (i) channels for negotiations were non-existent; and (ii) collective actions were not encouraged and, in some cases, suppressed with the help of the police.

Given the current political crisis, the private seafood companies face increasing challenges to adhere to their social responsibility, parallel to ensuring that their operations do not contribute to perpetuating military rule. A key challenge, therefore, is to move corporate social responsibility (CSR) from philanthropy to shared value creation,

or strategic CSR where businesses operate on a commercially viable model that provides innovative and systematic solutions to address the social, environmental, and economic concerns of their stakeholders while also strengthening their market competitiveness and sustainability.

Good socially responsible labour practices

Texchem Marine Labutta Limited/ Texchem Food (seafood): Employment promotion

Texchem Marine Labutta Limited (TexMLL) is a joint venture involving Texchem Food Sdn Bhd (Malaysia; 65% share), E-Sprint Company Limited (Myanmar; 30% share) and Mascot Industries Company Limited (Myanmar; 5%). E-Sprint is an investment holding company while Mascot is engaged in the business of production and exportation of frozen and dried seafood, such as prawns, soft shell crabs, spanner crabs, squid and fish.

The main activities of Texchem are processing and marketing marine products such as soft-shell crabs, prawns and hamaguri (orient clams). The primary product sold by the company is soft-shell crabs, which are exported to China, Korea, Taiwan, Malaysia, Indonesia, EU, and USA.

The traditional business model is the supply of wild crabs from fishermen. The crabs are kept up to 40-60 days, until they moult. Mud crabs are among the most important exported seafood species and also among the least sustainable harvest. Over-collection of crabs from the wild has already led to a declining catch per unit of effort, and to rapidly decreasing average size. This affects the income of fishers and the livelihood security of workers in farms and processors, as well as sustainability of processing and exporting businesses.

To address the declining supply of crabs, Texchem has set-up a hatchery in collaboration with the MYSAP Program, which is implemented by World Fish, and funded by the European Union. The company has invited local farmers to participate in the grow-out of crablets. Farmers are provided with crablets, training, and technical advisory services. The company plans to incrementally expand the number of grow-out farmers as a platform for achieving sustainable soft-shell crab aquaculture and employment, without depleting marine resources in the wild.

OSH training is regularly conducted in their processing plants and grow-out farms. Annual OSH audits are conducted.

Aside from the current political turmoil and the struggling economy dominated by oligarchic structures connected with the military and state-owned enterprises, the following are the barriers that impede the implementation of CSR/RBC among enterprises in the fish supply chains:

- Limited CSR understanding and knowledge on how to integrate CSR into their business model.
- The lack of business case, as most enterprises perceived CSR as a cost which, in one part, may be attributed to the fact that their activities are focused on donation and, on another end, a failure to recognize CSR as an enabler of sustained business growth.
- Weak economic incentives since a greater part of export sales is through the border trade, which almost always does not demand stringent requirements.
- Predominance of spot transactions/products traded not visible in the end markets.
- Nascent stage of workers' and farmers'/fishers' organizations and, corollary to this, a greater majority of workers and upstream actors in the agriculture and fishery sectors are not members of organizations.
- Weak regulatory enforcement of labour laws
- Lack of a national action plan for CSR implementation.

The way forward

The ILO MNE Declaration

Corporate social responsibility (CSR) as defined by the International Labour Organization (ILO) is “a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and their interaction with other actors.” The main guiding instrument regarding the labour dimension of CSR or responsible business conduct (RBC) is the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration), which was adopted in 1997 and most recently updated in 2017. The MNE Declaration sets out principles in the fields of general policies, employment, training, conditions of work and life and industrial relations which governments, employers ‘and workers ‘organizations and multinational and national enterprises are recommended to observe on a voluntary basis.



How a company relates with its workers, suppliers, host communities, and the marketplace can greatly contribute to the sustainability of its business success. For companies to stay productive, competitive, and relevant in the face of rapid globalization, they have to become environmentally viable and socially responsible. Labour related CSR entails companies taking responsibility for their impacts on decent work throughout their operations and with their business partners and identifying ways to enhance their positive contribution to decent work in dialogue with their workers, suppliers, host communities, and buyers. Responsible businesses create social value by addressing needs and challenges of their stakeholders while simultaneously creating their own economic value.

The Responsible Supply Chains in Asia (RSCA) programme hosted a series of thematic dialogues and roundtables to raise awareness and support efforts by actors and stakeholders in the Myanmar fisheries sector to embed RBC in their business model and supply chains. The dialogues were organized in partnership with the European Chamber of Commerce (EUROCHAM), the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI), the Confederation of Trade Unions of Myanmar (CTUM), the Myanmar Centre for Responsible Business (MCRB), Directorate of Investment and Company Administration, and the National Human Rights Commission (MNHR). Participants to the dialogues included

agribusinesses, workers, foreign enterprises operating in Myanmar, and representatives of government agencies.

Below are the policy recommendations put forward by participants during the various dialogues to foster implementation of RBC in the fisheries sector with a view of enhancing the capacity to enterprises to anticipate, withstand, adapt to, and recover from shocks and stresses in the market systems brought about by the political turmoil and COVID-19 crisis in ways that reduce vulnerability, support worker retention, and promote decent work. These recommendations are guided by the principles of the ILO MNE Declaration, and other international instruments on responsible business.

Policy recommendation	Stakeholder
a) MCRB, EUROCHAM, and civil society organizations (CSOs) should continue the promotion of RBC/CSR from the perspective of labour among Burmese companies, especially small and medium enterprises, in collaboration with organizations supporting the development of enterprises in the country	■ MCRB ■ EUROCHAM ■ CSOs
b) ILO, in partnership with other international development partners and CSOs, should support the broad dissemination and implementation of the practical CSR/RBC tools and instruments through continuing dialogues with business associations once the situation is stabilized.	■ ILO ■ Other international development partners
c) MCRB and employers' organizations should initiate a simple labour related CSR performance measurement, monitoring and disclosure/reporting mechanism among key lead firms in the fisheries sector. With the aim of providing a clear picture of labour practices within the sector, the findings from this mechanism can be shared online and through regular dialogues. This will contribute to the creation of a critical accountability mechanism and promote greater supply chain transparency. The CSR performance monitoring can also contribute to the development of a business case and drive behavior change, as well as highlight opportunities for innovation.	■ MCRB ■ Employers' organizations
d) ILO, in partnership with CSOs, should build the capacity of trade unions and workers' organizations to effectively engage workers in the fishery sector.	■ ILO ■ CSOs
e) ILO, in partnership with CSOs, should provide technical assistance to trade unions and workers' organizations in the customization and implementation of tools that will ensure their effective participation in RBC initiatives.	■ CSOs

Policy recommendation	Stakeholder
f) ILO, in partnership with other international development partners, should support the establishment of a Burmese platform on policies, strategies, tools, trainings, and relevant material related to International Labour Standards, Fundamental Principles and Rights at Work, and the labour dimension of CSR/RBC.	■ ILO ■ Other international development partners
g) MCRB and CSOs should continue engaging with universities and academic institutions and set a structured curriculum on RBC for university students in areas such as business, economics, law, fishery, and agriculture.	■ MCRB ■ CSOs
h) ILO, in partnership with other international development partners, should provide technical support and policy advisory services for the government to engage in inter-sectorial dialogue (coordination and dialogue among ministries) on labour rights and RBC/CSR, as soon as the political situation improves and stabilizes.	■ ILO ■ Other international development partners

For more information:

MNE Declaration web portal – www.ilo.org/mnedeclaration

Responsible Supply Chains in Asia

<https://www.ilo.org/asia/projects/rsca/lang--en/index.htm>

Responsible Supply Chains in Asia – Vietnam

https://www.ilo.org/hanoi/Whatwedo/Projects/WCMS_632390/lang--en/index.htm

Labour Standards in Global Supply Chains: An ILO training module for SMEs and other enterprises

https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/instructionalmaterial/wcms_725761.pdf

Labour Standards in Global Supply Chains (Burmese language)

https://www.ilo.org/yangon/publications/WCMS_835471/lang--en/index.htm

ILO Helpdesk for Business on international labour standards (www.ilo.org/business)

How to align corporate policies and practices with International ILS and build good industrial relations

Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/--multi/documents/publication/wcms_094386.pdf

https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_684935.pdf

Responsible Business: Key Messages from International Instruments

https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_724747.pdf

Labour Issues in CSR: Examples from the ILO Helpdesk for Business Q & A

https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/instructionalmaterial/wcms_740229.pdf

ILO company-union dialogue facilitation

https://www.ilo.org/empent/areas/mne-declaration/WCMS_572115/lang--en/index.htm

Measurement for the employment and labour-related impacts of the Multinational Enterprises (MNEs)

https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_620788.pdf

The ILO MNE Declaration: What's in it for Workers?

https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/publication/wcms_627351.pdf

Engaging multinational enterprises on more and better jobs

http://www.oit.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_175477.pdf

Responsible business -- labour standards in global supply chains

<https://www.itcilo.org/courses/responsible-business-meeting-labour-standards-global-supply-chains> - rolled out together with the ILO SCORE programme, targeting SMEs in global supply chains (enhance manager-workers workplace cooperation)

Responsible Supply Chains in Asia (RSCA) Programme in Myanmar

<https://mneguidelines.oecd.org/eu-ilo-oecd-responsible-supply-chains-in-asia-myanmar-english.pdf>

The “Responsible Supply Chains in Asia” (RSCA) programme (RAS/16/13/EUR) is a programme developed by the European Union together with the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD). The programme promotes corporate social responsibility (CSR) / responsible business conduct (RBC) with regard to the environment, decent work and the respect of human rights.

This initiative is a part of the EU’s long-standing commitment to promote human rights, decent work and sustainable development, a pledge underpinned by the EU Treaties and reinforced in the European Commission’s trade policy strategy of 2015 “Trade for All”. It falls in particular under the Commission’s commitment to identify opportunities for responsible supply chain partnerships and the EU’s strategic approach to responsible business conduct, which is based on internationally agreed principles and guidelines. It will also contribute to the EU strategic approach to CSR/RBC as put forward in the Commission 2011 Communication “A renewed EU strategy 2011-14 for Corporate Social Responsibility.”

The four-year programme (2018-2021), carried out in collaboration with Japan, China, Myanmar, Philippines, Thailand and Vietnam, has two broad objectives to:

- a) Promote smart, sustainable and inclusive growth by ensuring that investors and businesses have a better understanding of corporate social responsibility;
- b) Create policy environments conducive to promoting responsible business conduct and increased opportunities for dialogue.

The programme in Myanmar is making an impact in a number of areas, including through:

Organising dialogues to raise awareness on international labour standard guidelines with trade unions, government institutions, businesses and factory workers in Yangon and Ayeyarwady regions.

Providing support to government institutions including the Department of Agriculture, Directorate for Investment and Company Administration, Myanmar Investment Commission, the Management of Special Economic Zones (SEZ), and Ministry of Labour to identify concrete areas for collaboration.

Implementing joint training with the Training and Human Resource Development Department of the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) and regional chambers of commerce in order to increase understanding and support for responsible businesses conduct among their members

Promoting policy coherence, including by integrating responsible business conduct in the investment policy review as requested by the Myanmar government.

Supporting better business practices in the agricultural supply chain in Southeast Asia through a dedicated pilot project to implement the OECD-FAO Guidance for Responsible Agricultural Supply Chains.

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