

3<sup>rd</sup> March 2021

President  
Union of Myanmar Federation of Chambers of Commerce and Industry  
No. 29, Min Ye Kyaw Swar Road,  
Lanmadaw Township #11131  
Yangon, Myanmar

Dear Sir,

Reflection on Latest Business Situation in Myanmar

In regard to the latest situation in Myanmar, we are writing this letter to further express our concerns on the problems that the factories in the garment sector has been facing as below:

**1. Cancellation of Current Order:**

Because of the civil disobedience movement (CDM) in Myanmar, many of the workers have joined the demonstration. The garment manufacturing sector is now under a huge pressure of insufficient/instable productivity. Brands are now cancelling the existing orders due to being incapable of meeting the delivery requirement.

**2. Relocation of Coming Orders to Other Countries:**

Besides the garment factories are losing their existing orders, customers are also moving the orders of coming season out from Myanmar due to the concerns about the possibilities of economic sanctions (Cancellation of GSP, Embargo etc..) to be imposed by overseas countries. Without any new orders, factories will be gradually closed after finishing the remaining orders on hand. As the garment sector is labor intensive, the closure of factories may seriously affect the livelihood of hundreds of thousands workers who will lose their job due to shut down.

**3. Negative Impact of Curfew on the Productivity:**

Having the irregular worker attendance, the factories are also suffering from the curfew that the local workers cannot work overtime to help increase the productivity, which in turn worsen the situation of unstable production. The curfew enforcement has started to cause a dramatic collapse in the production of remaining orders that the factories have, and the companies cannot ensure the order production and delivery time.

**4. Customers' Concerns on the Tense Situation and the Blurred Picture of Future Myanmar Development:**

Customers are raising their concerns about the current tense situation and the uncertain outlook of Myanmar. There is an urgent need for a positive picture within one month to dispel customers' doubt on the production in Myanmar. Otherwise, the running factories will be closed due to the discontinuousness of raw materials and finished goods and the breakdown of supply chain cycle.

The garment sector is still struggling for survival under the current atmosphere with the above difficulties after suffering from the COVID-19 pandemic. This is a critical moment that the manufacturing factories may start to close if the buyers continue to cancel orders and relocate the production from Myanmar to other countries. Any factory closure will have a negative effect on numerous local workers' livelihood due to unemployment.

In addition to the above issues, concerns have also been raised regarding the slow progress in the improvement of custom clearance and bank operation which was mentioned in the previous letter dated

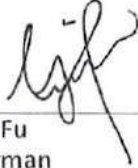
23<sup>rd</sup> February 2021. It would be much appreciated if you would kindly understand the mentioned issues and seek for possible solutions to help the garment sector get through the tough times.

Thank you very much for your kind attention.

Yours faithfully,



Chairman  
*Chinese Textile &  
Garment  
Association in  
Myanmar*



Gina Fu  
Chairman  
*Hong Kong  
Manufacturers'  
Association Limited*



Chairman  
*Japan Garment  
Manufacturers  
Association*



Chairman  
*Korea Garment  
Association in  
Myanmar*