# COVID-19 Impact on Employment and Labour Market in Myanmar
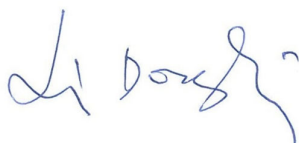
# Foreword

We are living in a truly unprecedented time. What started as a global health crisis triggered by COVID-19 quickly turned into an economic and jobs crisis of unthinkable scale. The pandemic has upended the livelihoods of workers and families in countries around the world. Worldwide travel restrictions, workplace and school closures, and other measures to contain the spread of COVID-19 have protected innumerable lives. However, the disruption to the global economic system has been stark, and the resultant consequences on enterprises and workers have been equally devastating. In Myanmar, the pandemic could ultimately lead to a socioeconomic crisis if the right policies and plans are not well designed and implemented.

During this challenging period, the ILO has assisted the Government of the Union of Myanmar as it works tirelessly in combatting the impacts of COVID-19. This rapid assessment of the employment and labour market impact of COVID-19 was prepared by an ILO team that comprised of Phu Huynh, Jonathan Bird, Anne Boyd, Sara Elder, Tite Habiyakare, Piyamal Pichaiwongse and Ron Than Htut Lwin, and includes important contributions from the Ministry of Labour, Immigration and Population. The assessment was only possible as a result of a strong and longstanding collaboration between the ILO and the Ministry of Labour, Immigration and Population in the production and exchange of robust and reliable labour market statistics.

I hope that the findings of the assessment will help guide the Government of the Union of Myanmar and the social partners in their unrelenting efforts to support affected businesses and vulnerable workers to navigate this crisis and foster a robust and inclusive recovery.

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# 1. Introduction

**Myanmar reported its first positive case of COVID-19 on 23 March.** As of 13 July, the country had 336 confirmed cases and six deaths.[1] In order to prevent the spread of COVID-19, the Government has implemented various measures, including international travel restrictions starting in February, the banning of public events and festivals and widespread limits on business and workplace operations.

**Likewise, stringent lockdown measures were implemented around the world including in Myanmar's key export destination countries** (see Annex 1, Figure A1.1). Regional and global supply chains have been severely disrupted as a result, and Myanmar's manufacturing industry has slowed. The tourism industry remains inactive with worldwide travel restrictions still in place. In neighbouring Thailand, lockdown measures have decelerated economic activity and forced the return of tens of thousands of migrant workers back to Cambodia, the Lao People's Democratic Republic and Myanmar.[2] It has also weighed down remittance flows to Myanmar, which totalled US$2.8 billion or 4.3 per cent of GDP last year, further weakening domestic demand.[3]

**The IMF forecasts that the economy in Myanmar will grow only 1.8 per cent in 2020, after averaging around 6.5 per cent in the previous two years.**[4] Similarly, the World Bank estimates economic growth of just 0.5 per cent for the fiscal year 2019/20.[5] Other macroeconomic and leading indicators point to a slowdown in sectors key for jobs and incomes, including agriculture, manufacturing, retail trade and tourism (see Annex 1).

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[1] Source: Myanmar Ministry of Health and Sports.

[2] ILO: *COVID-19: Impact on migrant workers and country response in Thailand* (Bangkok, Apr. 2020), https://www.ilo.org/asia/publications/issue-briefs/WCMS_741920/lang--en/index.htm.

[3] Source: World Bank, Migration and Remittances Data, https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data.

[4] IMF: World Economic Outlook Database (Apr. 2020).

[5] World Bank: *Myanmar Economic Monitor: Myanmar in the time of COVID-19* (June 2020).

## 2. Impact on enterprises and jobs

**By mid-May, the crisis had led to temporary business closures, especially in Yangon Region and Mandalay Region.** Temporary closures among formal establishments registered with the Social Security Board were reported by more than 5,100 firms as of 18 May (see Figure 1). At the time of reporting the closure, these enterprises employed a workforce of more than 129,000 in total. Geographically, around 51 per cent of the impacted workers were based in Yangon Region. Conversely, the bulk of the affected establishments (60 per cent) were concentrated in Mandalay Region. Separately, evidence from a nationally representative enterprise survey conducted in May found that 16 per cent of firms reported stopping operations for an average of eight weeks due to the pandemic.[6]

**Figure 1: Formal establishments and workers impacted by temporary closures by state/region, as of 18 May 2020**
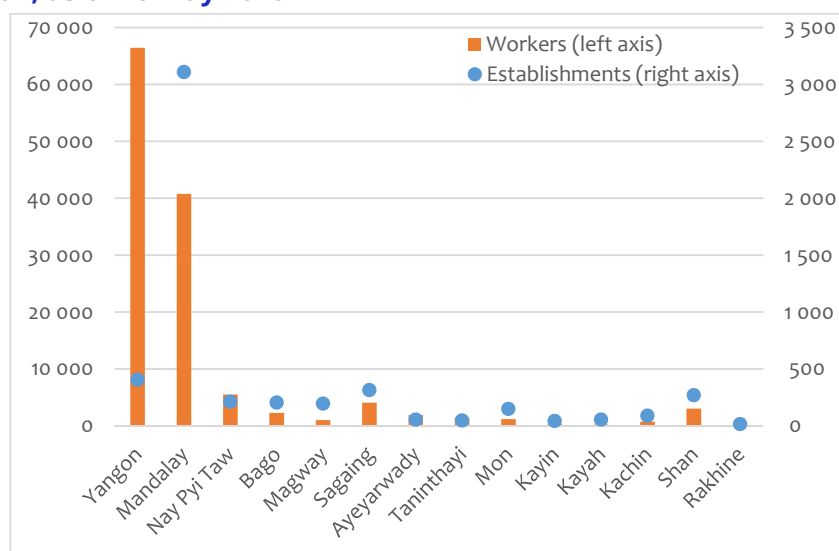


Source: Myanmar Ministry of Labour, Immigration and Population, Social Security Board.

## 2.1. Assessment of sectoral risk

To estimate the sectoral risks of the impact during 2020, economic sectors were assessed based on existing evidence of economic impact. The assessment relied on macroeconomic and other leading indicators outlined in Annex 1, various media reports

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[6] World Bank, op. cit.

and published research studies and surveys. Using the available information, a risk rating of low, medium or high impact was assigned to each economic sector (see Table 1).[7]

**Table 1: Risk assessment of COVID-19 economic disruption and baseline employment by sector**

| Economic sector | Expected impact of crisis on economic output in 2020 | Baseline employment (000) |
|---|---|---|
| Financial and insurance activities | Low | 205 |
| Education | Low | 574 |
| Human health activities | Low | 73 |
| Mining and quarrying | Low | 162 |
| Public administration and defence | Low | 178 |
| Utilities and water | Low | 54 |
| Real estate; business and administrative activities | Low-medium | 300 |
| Transport, storage and communication | Medium | 1,310 |
| Recreation, personal and other services | Medium | 449 |
| Construction | Medium | 1,237 |
| Agriculture; forestry and fishing | Medium | 10,187 |
| Wholesale and retail trade | Medium | 4,125 |
| Accommodation and food service activities | Medium | 205 |
| Manufacturing | Medium-high | 2,378 |

Note: See Annex 2 for methodology.
Source: Baseline data are ILO estimates based on Myanmar Ministry of Labour, Immigration and Population: Labour force survey (Quarter 3, 2019). Risk assessment of crisis impact on economic output are ILO estimates.

**The ILO estimates that at the onset of the COVID-19 crisis in Myanmar nearly 19.9 million women and men worked in the industries at medium to high risk of economic disruption.** Half of these workers were based in agriculture, which has suffered a notable decline in exports primarily due to supply chain disruptions with China.[8] More than one-quarter of the workers in the medium to high-impact sectors were employed in construction and wholesale and retail trade, the latter of which has been hurt by restrictions on the opening of retail outlets and on the movement of consumers (see Annex 1, Figure A1.4). Likewise, manufacturing, which employed 2.4 million workers before the onset of the pandemic, has witnessed a marked drop in

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[7] While the assessment was conducted based on the International Standard Industrial Classification of All Economic Activities (ISIC), Revision 4, at level 2 of disaggregation, the main results are presented at the 1-digit level. Please see Annex 2 for the 2-digit level risk assessments.

[8] X. Diao et al.: *Assessing the impacts of COVID-19 on Myanmar's economy: A social accounting matrix (SAM) multiplier approach*, Working Paper 01 (IFPRI, 2020).

exports (see Annex 1, Figure A1.2). In addition, a sizeable workforce at risk was also employed in transport and accommodation and food services, which underpin the tourism and hospitality industries.

**An estimated 6.9 million to 7.3 million jobs could be disrupted in Myanmar during the course of this year as a result of the pandemic and related containment measures** (see Table 2). The disruptions will vary from unpaid leave to reduced earnings and working hours to complete job and income losses. By industry, the disruption in jobs could amount to nearly 3.5 million working women and men in agriculture, 1.5 million in wholesale and retail trade, 1.2 million in manufacturing, and around 400,000 in both construction and transport. Overall, the impact on jobs could equate to nearly 37 per cent of total pre-crisis baseline employment, with the disruption in manufacturing even higher.

**Table 2: Potential job disruption, hours of work and earnings in sectors of medium to high impact in the COVID-19 crisis**

| | Potential job disruption (000) | Potential job disruption (% of baseline employment) | Baseline average usual weekly hours worked | Baseline average monthly earnings of employees (000 MMK) |
|---|---|---|---|---|
| Agriculture, forestry and fishing | 3,490 | 34.3 | 44 | 126 |
| Manufacturing | 1,202 | 50.5 | 47 | 196 |
| Construction | 408 | 33.0 | 50 | 200 |
| Wholesale and retail trade | 1,546 | 37.5 | 48 | 178 |
| Transport, storage and communication | 398 | 30.4 | 47 | 253 |
| Accommodation and food service activities | 85 | 41.2 | 49 | 240 |
| Recreation, personal and other services | 138 | 30.8 | 44 | 149 |
| Total | 7,267 | 36.5 | 46 | 173 |

Note: Figures presented for potential job disruption reflect the upper bound based on a higher-impact scenario.
Source: Same as Table 1.

According to baseline estimates, workers in these medium to high-impact sectors averaged 46 working hours per week before the COVID-19 crisis, although this ranged from 44 hours in agriculture and recreation and personal services to 50 hours in construction. For many women and men who have not lost their job altogether, working hours have likely decreased substantially as limits on business operations have been imposed during the pandemic. In the broader South-East Asia region, the ILO estimates

that working hours decreased by 10 per cent in the second quarter of 2020, compared to the fourth quarter of last year.[9]

Moreover, any decrease in earnings, even temporary, could be catastrophic for household well-being given the already low level of wages in the at-risk sectors.[10] On average, employees in the seven highlighted industries earned merely 173,000 Kyats per month (or approximately US$114) before the onset of the COVID-19 crisis.[11] In both agriculture and recreation and personal services, average wages were considerably lower.

## 2.2. Impact on vulnerable populations

**Women are disproportionately vulnerable to job disruption in several of the medium to high-risk sectors.** Men account for around three-fifths of the jobs in the highlighted industries due to their high representation in construction and transport (see Figure 2). Conversely, women are engaged in around two in five jobs overall, but their employment share is around three in five in manufacturing, wholesale and retail trade and in recreation and personal services.

**Young people aged 15 to 24 years make up approximately one in six of the workforce in the at-risk industries.** In manufacturing and recreation and personal services, the share of youth employment is higher at around one in four. For working youth, the situation can be especially concerning given their limited workplace experience. Compounded with the adverse impact of the COVID-19 crisis on education and training, young people could face weaker career prospects throughout their working lives or long-term discouragement particularly if the crisis and recovery phases are protracted.[12]

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[9] ILO: *ILO Monitor: COVID-19 and the world of work, Fourth edition* (Geneva, May 2020).

[10] As a point of reference, the statutory minimum wage in Myanmar, which was set in mid-2018, is 4,800 Kyats per day or an estimated 104,000 Kyats per month (assuming 5 working days per week and 4.33 weeks each month).

[11] Official exchange rate for 2019 are based on World Bank: https://data.worldbank.org/.

[12] For further discussion on the COVID-19 crisis impact on young people, see: ILO: *ILO Monitor: COVID-19 and the world of work, Fourth edition*, op. cit.

**Figure 2: Share of women and youth employment in sectors of medium to high impact in the COVID-19 crisis (per cent)**
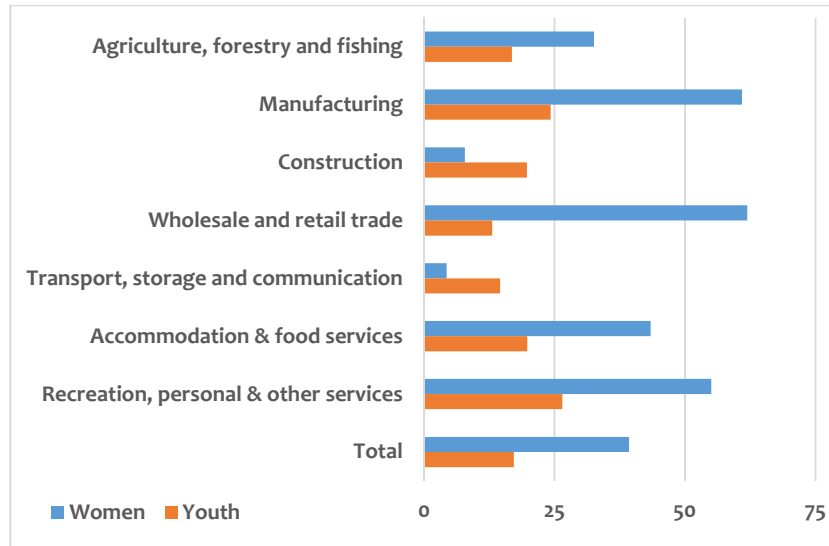


Source: Baseline data are ILO estimates based on Myanmar Ministry of Labour, Immigration and Population, op. cit.

**Jobs are especially vulnerable and precarious across the medium and high-impact sectors.** Self-employment accounts for around two-thirds of all employment in the industries deemed at medium to high risk of disruption, with wage employment making up the remaining one-third (see Table 3). In agriculture and wholesale and retail trade, the wage employment share is just one-fifth. If the COVID-19 crisis protracts and the recovery is slow, the majority of non-permanent wage employees could face extreme insecurity given that two-thirds hold short-term contracts of three months or less. Furthermore, if a situation arises where temporary leave is required due to illness from COVID-19 to the employee or a family member, only around 15 per cent have sick leave benefits and less than 9 per cent have paid leave benefits.

Recognizing these gaps, the Social Security Board has implemented various response measures. These include reducing the time limitation of the paying contributions of employers and employees, providing medical care and cash benefits for income support to insured workers who are unable to work due to factory closures, and allowing medical leave and providing cash benefits to insured pregnant workers as well as to insured workers who are quarantined or become ill. In addition, 50 billion Kyats from the Social Security Fund was contributed to the COVID-19 Fund to provide loans to enterprises which were hit by the impact of COVID-19.

**Table 3: Selected characteristics of employment in sectors of medium to high impact in the COVID-19 crisis (per cent)**

| | Share of wage employees in total employ-ment | Share of non-permanent employees with contract duration of 3 months or less | Share of wage employees with paid leave | Share of wage employees with sick leave | Share of informal employ-ment in total employ-ment | Share of total employ-ment outside formal sector |
|---|---|---|---|---|---|---|
| Agriculture, forestry & fishing | 21.3 | 77.7 | 1.3 | 1.7 | 78.7 | 58.6 |
| Manufacturing | 60.8 | 47.7 | 16.9 | 37.3 | 93.9 | 72.3 |
| Construction | 93.8 | 73.7 | 4.4 | 5.3 | 98.8 | 86.9 |
| Wholesale and retail trade | 19.4 | 46.0 | 13.1 | 15.5 | 81.9 | 67.0 |
| Transport, storage & communication | 33.2 | 39.7 | 16.3 | 23.8 | 73.8 | 63.1 |
| Accommodation & food services | 40.8 | 21.3 | 31.2 | 32.4 | 83.7 | 56.8 |
| Recreation, personal & other services | 48.3 | 68.1 | 10.2 | 11.1 | 92.3 | 83.4 |
| Total | 31.7 | 65.9 | 8.7 | 14.5 | 82.5 | 64.6 |

Note: Outside formal sector includes both the informal and household sectors.

Source: Baseline data are ILO estimates based on Myanmar Ministry of Labour, Immigration and Population, op. cit.

**Pervasive informality complicates policy support for the most vulnerable workers.** Informal workers, many of whom are self-employed, not only have less security of employment during the COVID-19 crisis but also usually lack basic benefits such as social and legal protections. On average, around four in five workers in the at-risk industries have an informal work arrangement, although the proportion is even higher in manufacturing, construction and recreation and personal services. In addition, nearly two-thirds of the workers in the medium to high-risk industries are employed in an unregistered establishment outside the formal sector. This prevalence constrains policy response measures that target assistance to micro, small and medium firms and their vulnerable workforce.

## 2.3. Impact on garment and textile manufacturing

**In the garment and textile industry, an estimated 600,000 to 790,000 jobs could be disrupted as a result of supply chain issues in China, border closures and a collapse in external demand from Europe.**[13] Myanmar's garment sector relies on China for around 90 per cent of its raw materials, and many factories were forced to shut down in

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[13] The range of potential job disruption in the garment and textile industry are ILO estimates based on the methodology outlined in Annex 2.

February and March due to supply chain disruptions.[14] On the demand side, around 70 per cent of all garment exports were destined for Europe, and the widespread cancellation of large numbers of orders from Europe in the third week of March led to widespread closure of export-oriented factories in April.[15] The extent to which demand will contract in the coming 12 months and its impact on future production needs is not yet known. To-date, support for the industry – including Government-backed, low-interest loans and cash assistance from the European Union – have focused on the export-oriented cut-make-pack (CMP) subsector.

**Figure 3: Selected characteristics of employment in the garment and textile industry (per cent)**
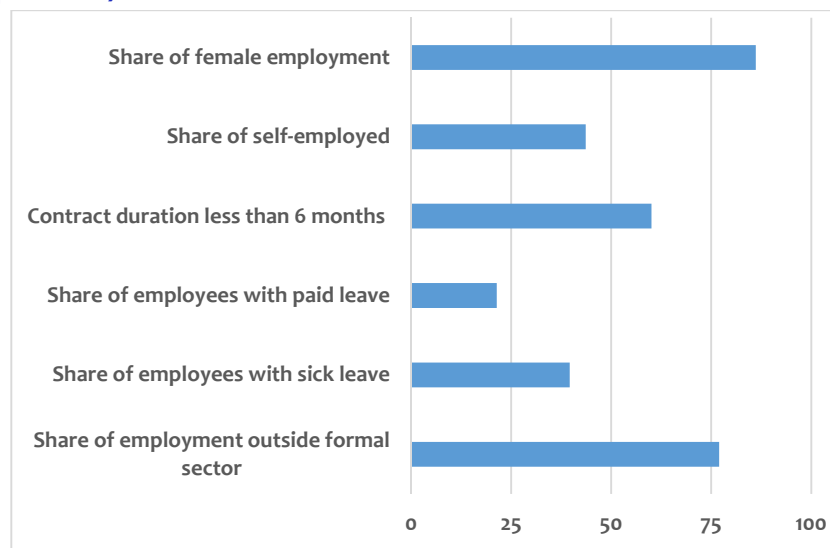


Note: Contract duration as a share of non-permanent wage employees. Outside formal sector includes both the informal and household sectors.
Source: Baseline data are ILO estimates based on Myanmar Ministry of Labour, Immigration and Population, op. cit.

**Continued support for the garment and textile industry is critical given its important contribution to export revenues and job creation, especially for women.** Before the onset of the pandemic, garment and textile manufacturing employed a combined 1.2 million workers, 86 per cent of whom were women (see Figure 3).[16] Around two-thirds of the workforce were based in Yangon Region (492,000), Mandalay Region (195,000) and Ayeyawady Region (101,000). Many garment and textile workers, while

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[14] X. Diao et al., op. cit.
[15] Ibid.
[16] All baseline data on employment and earnings in the garment and textile industry are ILO estimates based on Myanmar Ministry of Labour, Immigration and Population, op. cit.

benefiting from the rise of Myanmar's global market integration, still lack the protections needed to survive the ongoing COVID-19 crisis. Among non-permanent employees, around three in five have a contract of less than 6 months in duration. The majority of garment and textile employees lack paid or sick leave entitlements. Moreover, approximately three in four are employed in an unregistered enterprise in the non-formal sector, limiting the reach of state assistance measures.

## 2.4. Impact on tourism and hospitality

**The collapse of international travel could impact the 510,000 women and men who were employed in the tourism and hospitality sector at the onset of the COVID-19 crisis.** As early as February 2020, Myanmar began to impose restrictions on travellers arriving from China, which accounted for nearly 39 per cent of all tourist arrivals at the end of last year (see Annex 1, Figure A1.5). With additional travel bans announced in Myanmar and around the world in March, the flow of international visitors came to a halt, disrupting an industry that accounts for around 11 per cent of the country's exports and jeopardizing the incomes and jobs of more than half a million women and men (see Table 4).[17]

Some tourism businesses, including hotels and restaurants, have resorted to reducing staff salary or asking employees to take unpaid leave. Many are now operating with less than half their workforce.[18] In addition, an ILO survey of hotels and restaurants in Myanmar found that 94 per cent of enterprises had temporarily stopped operations due to COVID-19, primarily based upon instructions from authorities, and 39 per cent reported a lack of staff as a result of restrictions in movement, quarantines, fears of infection, and family care responsibilities.[19]

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[17] Tourism export data based on World Bank, https://data.worldbank.org/. For further discussion on the impact of COVID-19 on tourism in the Asia-Pacific region, see: ILO: *COVID-19 and employment in the tourism sector: Impact and response in Asia and the Pacific* (Bangkok, Apr. 2020).

[18] X. Diao et al., op. cit.

[19] J. Bird and A. Hlaing: *COVID 19 Survey on SCORE HoCo-trained hotels & restaurants in the tourism sector, Myanmar: How are enterprises affected, what actions are they taking and what are their support needs?* (ILO, May 2020).

## Table 4: Selected characteristics of employment by subsector in tourism

| | Baseline employ-ment (000) | Baseline average earnings (000 MMK) | Share of female employ-ment (%) | Share of self-employed (%) | Share of wage employees without paid leave (%) | Share of wage employees without sick leave (%) | Share of total employ-ment outside formal sector (%) |
|---|---|---|---|---|---|---|---|
| Accommodation for visitors | 70 | 246 | 38.0 | 38.7 | 57.2 | 37.8 | 60.4 |
| Food and beverage services | 152 | 192 | 46.8 | 71.7 | 83.9 | 66.7 | 59.9 |
| Road passenger transport | 217 | 231 | 2.5 | 75.8 | 88.3 | 71.4 | 52.8 |
| Other transport and tourism services | 70 | 282 | 19.0 | 53.6 | 65.1 | 58.5 | 76.9 |
| Total | 510 | 233 | 22.9 | 66.4 | 75.0 | 59.3 | 58.8 |

Note: Other transport and tourism services include railway, water and air passenger transport, transport equipment rental, travel agencies, cultural activities and sports and recreation. Average earnings indicate average monthly wages for employees. Outside formal sector includes both the informal and household sectors.

Source: ILO estimates based on Myanmar Ministry of Labour, Immigration and Population, op. cit.

**The bulk of tourism workers in Myanmar are concentrated in just three subsectors: road passenger transport, accommodation for visitors and food and beverage services.** Collectively the three subsectors account for around 86 per cent of all tourism and hospitality workers. While the industry is dominated by male workers overall (around 77 per cent), women make up 38 per cent and 47 per cent of jobs in accommodations and food and beverage services, respectively.

**Myanmar's tourism industry is generally characterized by low earnings, minimal protections and widespread informality.** For the tourism industry as a whole, baseline wages before the onset of the pandemic were around 233,000 Kyats, but this rate was weighed down by food and beverage services where employees earned around 18 per cent less. In the accommodations subsector, by contrast, earnings and paid and sick leave entitlements exceeded the industry average, yet nearly three in five in that subsector were working in an unregistered establishment outside the formal sector. Conversely, road passenger transport, which employed almost exclusively men, had the highest rate of self-employment and lowest access to leave benefits.

# 3. Policy response in Myanmar

**Although the health impact of COVID-19 thus far appears to be relatively less severe in Myanmar, many enterprises and workers have been hard hit and require robust policy support.** In response to the economic fallout, the Government of the Union of Myanmar issued on 27 April the COVID-19 Economic Relief Plan (CERP) which covers a range of emergency fiscal and monetary measures at an estimated cost of US$2-3 billion.[20] The CERP aims to alleviate the expected economic impact caused by COVID-19, while establishing a foundation to underpin a rapid economic recovery. Various fiscal stimulus measures include an emergency loan scheme, deferral of tax payments, and exemptions on income tax on exports, although stronger efforts are still needed to raise awareness and effectively implement these initiatives.[21] Furthermore, goal 3 of the CERP aims to ease the impact on affected workers and returning migrants through implementation of labour-intensive community infrastructure projects.

In addition, the Ministry of Labour, Immigration and Population has announced the provision of 40 per cent of the social security fees for about 1.3 million insured workers from factories that are temporarily suspended for health inspections.[22] The Social Security Board has extended income support and sickness and maternity benefits to its insured members who are unable to work due to quarantine, illness, pregnancy and temporary factory closures, and the period for social security contributions has been extended for up to three months. To promote employment retention, the Government on 12 June announced further tax relief on additional salary and wage expenses, and expenditures for capital equipment.

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[20] Cost estimate is based on United Nations Myanmar: *A UN framework for the immediate socio-economic response to COVID-19 in Myanmar* (June 2020).
[21] A random survey of 750 businesses conducted in late April to early May found that two-thirds of the interviewed businesses were not aware of the emergency loan scheme targeting small and medium enterprises and the garment and textile and tourism industries. An even higher proportion of respondents did not know of the tax deferral and exemption measures. See: The Asia Foundation, DaNa Facility and UKAid: *Myanmar Business Environment Index (MBEI): COVID-19 impact on businesses: A survey*, 5 June 2020.
[22] IMF: Policy responses to COVID-19: Policy tracker, https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19.

**To contribute to the CERP, the United Nations has established a socio-economic response framework (UN-SERF) to foster an inclusive, rights-based recovery during the forthcoming 18 months.**[23] In addition to promoting health, macroeconomic policies and social cohesion, the UN-SERF highlights the need to enhance social protection and support jobs, small and medium-sized enterprises and vulnerable workers in the informal economy. Key response measures aimed to assist and protect the most vulnerable populations in the labour market, including women and migrant workers, consists of, among others:

- design a comprehensive strategy to promote rural and community infrastructure and agricultural development, including labour-intensive employment projects and cash for work schemes;
- support export-oriented industries, such as garment manufacturing;
- provide income and in-kind support to affected rural communities and women-headed households;
- assist the Social Security Board to expand the social protection system, including establishment of the Migrant Workers Fund and Unemployment Insurance branch;
- strengthen labour market information and conduct assessments to better monitor crisis impacts and direct policies and programmes;
- enhance the employability of youth, women, returning migrants and small holder farmers through active labour market programmes, including skills training; and
- promote the expansion of business development services which support the start-up and growth of small and medium enterprises, including women entrepreneurs.

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[23] United Nations Myanmar, op. cit.

# 4. Conclusions and way forward

**Figure 4: ILO four key pillars for a COVID-19 policy response**



Source: ILO: *ILO Monitor: COVID-19 and the world of work, Fourth edition*, op. cit.

**Easing the immediate economic disruption and stimulating a strong recovery in the medium term necessitate continued support for Government efforts and greater tripartite engagement.** As lockdown and containment measures are gradually lifted in Myanmar and factories and workplaces reopen, it is critical to ensure that the policy measures to drive the social and economic recovery are designed and implemented through tripartite engagement, and the most vulnerable workers in the labour market are protected. The enormity of the COVID-19 crisis calls for an integrated response underpinned by international labour standards, including measures to: stimulate the economy and employment; support to enterprises, jobs and incomes; protecting workers in the workplace; and relying on social dialogue for solutions (see Figure 4). It is also critical to foster social cohesion as highlighted in pillar 5 of the UN-SERF. While the COVID-19 pandemic has exposed many long-standing social and labour market fragilities, it also presents a rare opportunity for Myanmar to build a new and better normal that is environmentally sustainable and inclusive of all.

# Annex 1: Selected macroeconomic and context indicators

**Figure A1.1: Stringent lockdown measures in key external partners have disrupted global supply chains and weighed down Myanmar's export sector.**
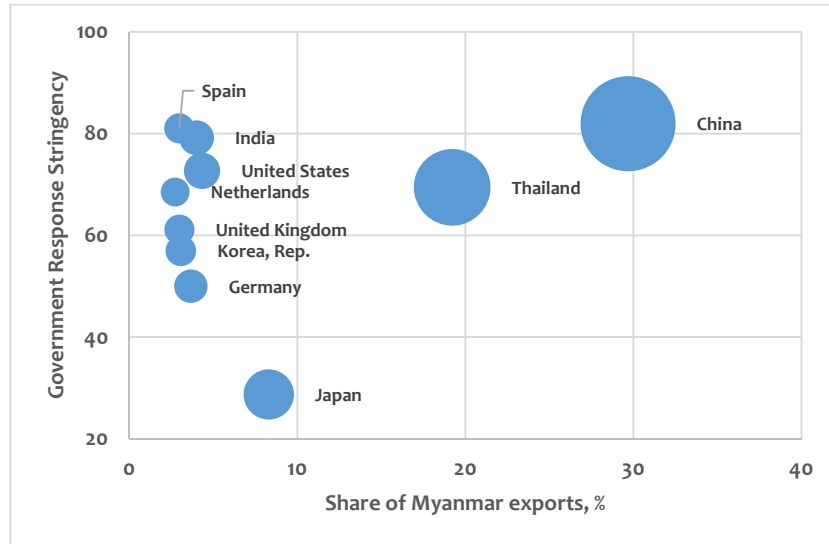


Note: Share of Myanmar exports (% of total) in 2018/19 and stringency of government COVID-19 response measures (0=low, 100=high), latest available data as of 4 June 2020.
Source: Myanmar Ministry of Commerce; T. Hale et al.: Oxford COVID-19 Government Response Tracker (Blavatnik School of Government, 2020).

**Figure A1.2: Exports from Myanmar have slowed, reflecting a decline in agricultural products and a collapse in demand for its manufacturing goods.**
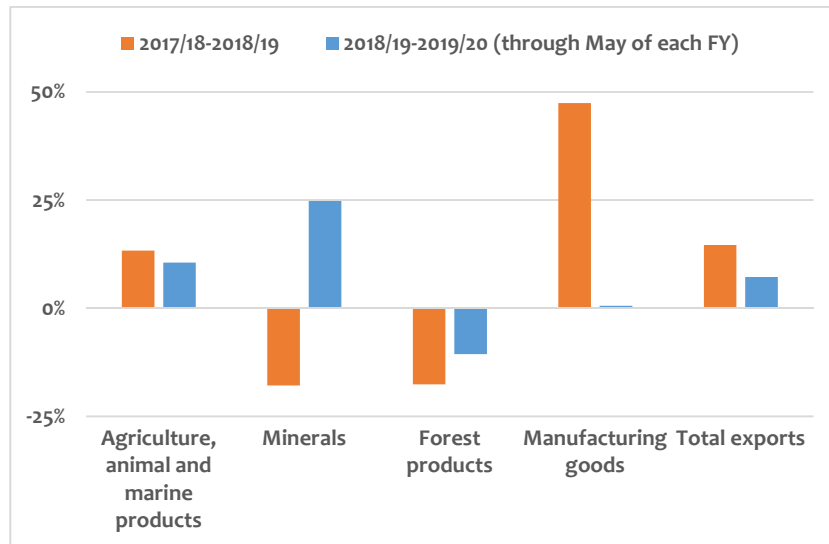


Note: Change in Myanmar exports by sector in fiscal year 2018/19 and through May of 2019/20 (%, year-on-year).
Source: Myanmar Ministry of Commerce.

**Figure A1.3: Downward trends in Myanmar manufacturing are reflected in a waning outlook for the industry, which accounted for 56 per cent of exports and employed nearly 2.3 million (or 11 per cent of all workers) before the COVID-19 crisis.**
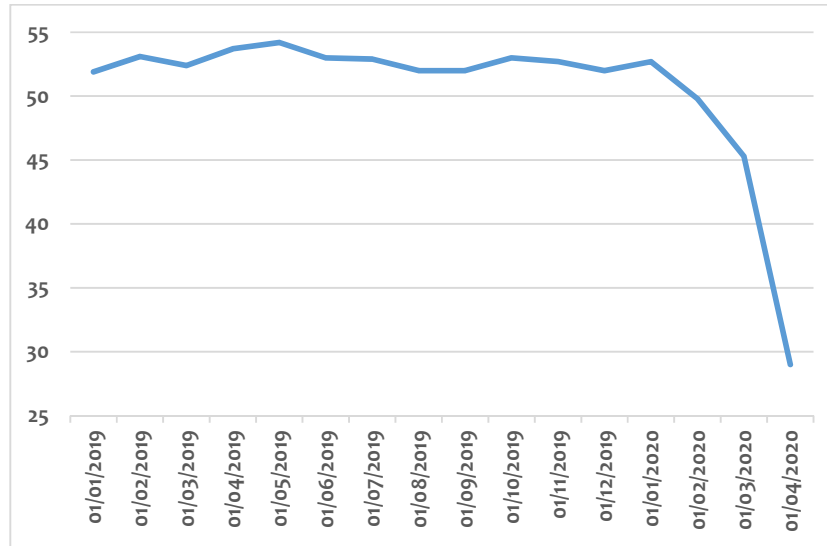


Note: Manufacturing purchasing managers index (PMI) as of 4 May 2020.
Source: Trading Economics.

**Figure A1.4: Movement at workplaces, transit hubs and retail shopping areas have contracted considerably, reflecting weakening domestic economic activity.**
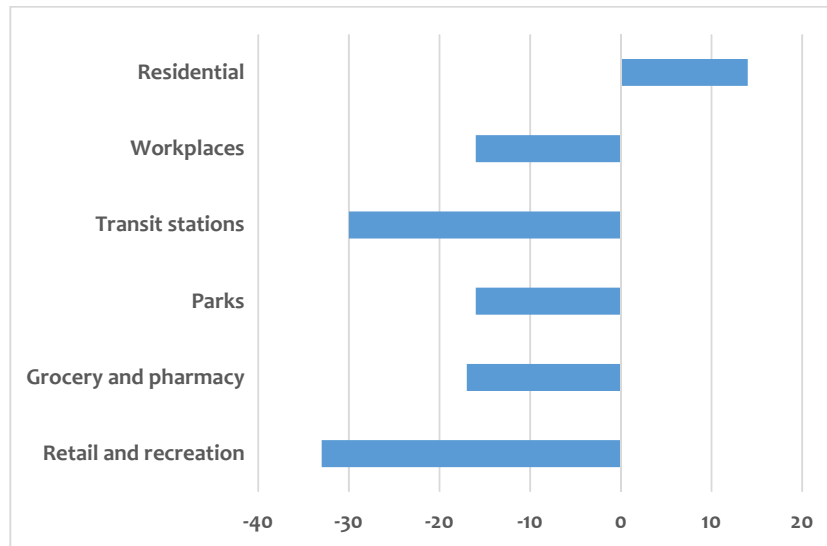


Note: Mobility compared to baseline as of 29 May 2020 (% change).
Source: Google: COVID-19 Community Mobility Reports,
https://www.google.com/covid19/mobility/.

**Figure A1.5: International travel restrictions and lockdowns abroad have curtailed the inflow of tourists, especially from China, impacting jobs and incomes in Myanmar's tourism industry.**
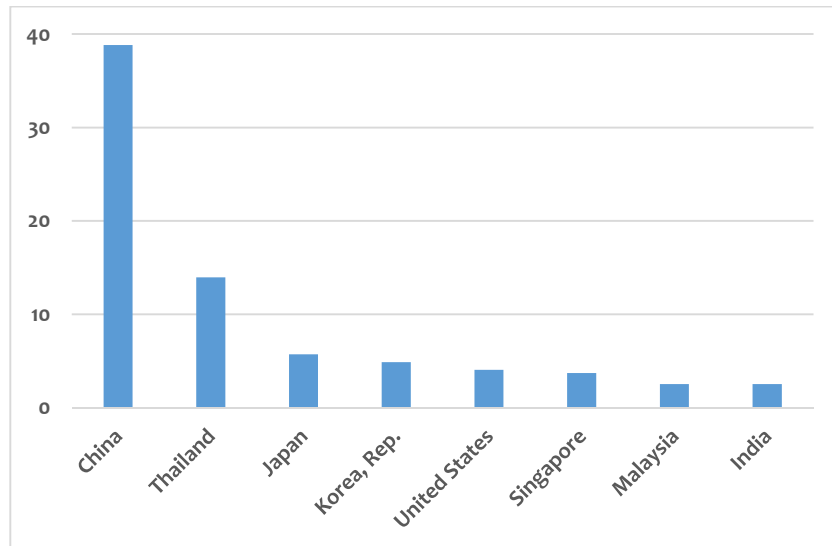


Note: Tourist arrivals by country in Dec. 2019 (% of total).
Source: Myanmar Ministry of Hotels and Tourism; CEIC data.

# Annex 2: Methodology note

The number of jobs vulnerable to disruption as a result of the COVID-19 crisis is estimated by using a two-step process. First, the level of expected impact to economic output in each sector is assessed in a manner similar to that used for the ILO global analysis in its ILO Monitor on COVID-19 and the world of work (latest available is the fifth edition).[24] As a second step, the share of jobs at risk within each impacted sector is estimated.

To complete the first step, we examine economic sectors based on the International Standard Industrial Classification of All Economic Activities (ISIC), Revision 4, at level 2 of disaggregation. As a measure to evaluate the indirect impact on each sector, we look at the composition of exports in the country and associated macroeconomic and leading indicators related to production of goods and services in the trade-related sectors. We combine this information with data from the Oxford COVID-19 Government Response Tracker, which ranks the stringency of social distancing measures implemented by Governments in 144 countries and territories. For domestic-oriented service sectors, we draw on Google mobility reports, media news reports and published research studies. Using the information on hand, we apply a rating of low, medium and high risk of economic disruption (see Table A2.1). Risk ratings are then aggregated at the 1-digit level of ISIC based on an average of the risks assigned at the relevant 2-digit level, weighted by the sectoral employment shares.

The term "at risk sector" in this context is adapted from the term applied first in the ILO Monitor second edition. In the Monitor, the assessment of the impact of the crisis on economic output by different sectors is based on real-time economic and financial data. A similar approach is applied here, but at the country level only and applying the risk assessment at the 2-digit level.

As a next step, we assign coefficients representing low and high level of economic output reduction to each sector. We apply a lower- and higher-impact scenario with differences in the coefficients multiplied by the baseline employment in the detailed sector to generate a range of workers impacted. The lower-impact scenario reflects a situation in which the containment measures, both domestically and in Myanmar's key external partners, are fairly short-term and not overly stringent and in which production losses

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[24] ILO: *ILO Monitor: COVID-19 and the world of work, Fifth edition* (Geneva, June 2020).

are not especially severe. Conversely, in the higher-impact scenario, the lockdown measures are severe and the expected economic downturn from the collapse in global demand bring especially negative consequences to the Myanmar labour market.

The baseline employment data used are the quarter 3, 2019 Labour Force Survey produced by the Myanmar Ministry of Labour, Immigration and Population. In assessing the direct and indirect sectoral impacts in Myanmar, the methodology relies on proxy indicators such as government stringency metrics and mobility reports, as noted above. This constraint is due to limitations in the national statistical system and the lack of up-to-date and reliable economic and labour market data covering the first two quarters of 2020, including, for example, statistics on national accounts and gross value added, manufacturing production, retail sales, tourism arrivals and receipts, and sectoral employment, working hours and earnings.

## Table A2.1: COVID-19 disruption risk assessment for employment in Myanmar at the 2-digit sector level

| 2-digit ISIC code | Risk assessment | 2-digit ISIC code | Risk assessment |
|---|---|---|---|
| 01 - Crop and animal production, hunting and related service activities | Medium | 50 - Water transport | Medium |
| 02 - Forestry and logging | Medium | 51 - Air transport | High |
| 03 - Fishing and aquaculture | High | 52 - Warehousing and support activities for transportation | Medium |
| 06 - Extraction of crude petroleum and natural gas | Low | 53 - Postal and courier activities | Medium |
| 08 - Other mining and quarrying | Low | 55 - Accommodation | High |
| 09 - Mining support service activities | Low | 56 - Food and beverage service activities | Medium |
| 10 - Manufacture of food products | Medium | 58 - Publishing activities | Low |
| 11 - Manufacture of beverages | Medium | 59 - Motion picture, video and television programme production, sound recording and music publishing activities | Low |
| 12 - Manufacture of tobacco products | Medium | 60 - Programming and broadcasting activities | Low |
| 13 - Manufacture of textiles | High | 61 - Telecommunications | Low |
| 14 - Manufacture of wearing apparel | High | 62 - Computer programming, consultancy and related activities | Low |
| 15 - Manufacture of leather and related products | High | 63 - Information service activities | Low |
| 16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials | High | 64 - Financial service activities, except insurance and pension funding | Low |
| 17 - Manufacture of paper and paper products | High | 66 - Activities auxiliary to financial service and insurance activities | Low |
| 18 - Printing and reproduction of recorded media | Medium | 68 - Real estate activities | Medium |
| 19 - Manufacture of coke and refined petroleum products | Medium | 69 - Legal and accounting activities | Low |
| 20 - Manufacture of chemicals and chemical products | Medium | 70 - Activities of head offices; management consultancy activities | Low |
| 21 - Manufacture of pharmaceuticals, medicinal chemical and botanical products | Medium | 71 - Architectural and engineering activities; technical testing and analysis | Low |
| 22 - Manufacture of rubber and plastics products | Medium | 73 - Advertising and market research | Low |
| 23 - Manufacture of other non-metallic mineral products | Medium | 74 - Other professional, scientific and technical activities | Low |
| 24 - Manufacture of basic metals | Medium | 75 - Veterinary activities | Low |
| 25 - Manufacture of fabricated metal products, except machinery and equipment | Medium | 77 - Rental and leasing activities | Medium |
| 26 - Manufacture of computer, electronic and optical products | Medium | 78 - Employment activities | Low |
| 27 - Manufacture of electrical equipment | Medium | 79 - Travel agency, tour operator, reservation service and related activities | High |
| 28 - Manufacture of machinery and equipment n.e.c. | High | 80 - Security and investigation activities | Medium |
| 29 - Manufacture of motor vehicles, trailers and semi-trailers | Medium | 81 - Services to buildings and landscape activities | Medium |
| 30 - Manufacture of other transport equipment | Medium | 82 - Office administrative, office support and other business support activities | Low |

| | | | |
|---|---|---|---|
| 31 - Manufacture of furniture | High | 84 - Public administration and defence; compulsory social security | Low |
| 32 - Other manufacturing | Medium | 85 - Education | Low |
| 33 - Repair and installation of machinery and equipment | Low | 86 - Human health activities | Low |
| 35 - Electricity, gas, steam and air conditioning supply | Low | 87 - Residential care activities | Low |
| 36 - Water collection, treatment and supply | Low | 90 - Creative, arts and entertainment activities | Medium |
| 37 - Sewerage | Low | 91 - Libraries, archives, museums and other cultural activities | Medium |
| 38 - Waste collection, treatment and disposal activities; materials recovery | Low | 92 - Gambling and betting activities | Medium |
| 41 - Construction of buildings | Medium | 93 - Sports activities and amusement and recreation activities | Medium |
| 42 - Civil engineering | Medium | 94 - Activities of membership organizations | Low |
| 43 - Specialized construction activities | Medium | 95 - Repair of computers and personal and household goods | Medium |
| 45 - Wholesale and retail trade and repair of motor vehicles and motorcycles | High | 96 - Other personal service activities | Medium |
| 46 - Wholesale trade, except of motor vehicles and motorcycles | High | 97 - Activities of households as employers of domestic personnel | Medium |
| 47 - Retail trade, except of motor vehicles and motorcycles | Medium | 98 - Undifferentiated goods- and services-producing activities of private households | Low |
| 49 - Land transport and transport via pipelines | Medium | 99 - Activities of extraterritorial organizations and bodies | Low |