



## ► ILO Brief

August 2022

# Employment in Myanmar in the first half of 2022: A rapid assessment

### Key points

- ▶ Eighteen months since the military takeover on 1 February 2021, Myanmar remains deeply affected by heavy job losses and growing decent work deficits.
- ▶ The ILO estimates that 1.1 million fewer women and men were employed since 2020 in an updated estimate that indicates a small recovery in jobs, but well below 2020 levels.<sup>1</sup> An estimated 19.3 million women and men were employed in the first half of 2022, compared to an estimated 18.6 million in 2021 and 20.4 million in 2020.
- ▶ Job losses remain higher among women than men. In the first half of 2022, total employment is estimated to have been 5.4 per cent below the level estimated for 2020, while the corresponding figure is 6.5 per cent for female employment.
- ▶ The quality of jobs is under serious strain. Labour conditions are tenuous for many workers with severe incursions of labour rights as referred to by the ILO Committee on Freedom of Association, ILO Governing Body and in the International Labour Conference Resolution of 2021.
- ▶ Labour productivity contracted by nearly 8 per cent in 2021 and a further 2 per cent in 2022, reversing the strong gains that had been made in previous years prior to the military takeover.
- ▶ The current context has taken a toll on enterprises and workers in key sectors. In the garment industry, increasing reports show workers in precarious employment including casual or daily labour, irregular working hours and workers receiving lower pay. Entitlements such as severance pay when workers are terminated are also often not granted.
- ▶ In agriculture, real incomes of farmers have been squeezed by rising import prices of key inputs including fertilizer, fuel and livestock feed. The recovery in tourism and hospitality has been limited through the first part of the year.
- ▶ Rising fuel and food prices are placing greater pressure on the economy and affecting livelihoods.

<sup>1</sup> The estimates of employment of 18.6 million and employment losses of 1.8 million in 2021 are revisions from previous estimates released in January 2022 of 18.9 million employed and 1.6 million in job losses. The revisions are due to adjustments to the estimation methodology that now includes price inflation and external trade to reflect the changing macroeconomic landscape and explicitly captures the impact of these factors on employment.

## ► Background

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Myanmar remains mired in an unprecedented and multi-faceted human rights and humanitarian crisis eighteen months after the military takeover in February 2021. Unrelenting political turmoil combined with the fallout of the COVID-19 pandemic has constrained the economy. As well, the crisis has been compounded by the emergence of macroeconomic factors – including the depreciation of the Myanmar Kyat and rapid price inflation of basic commodities – that have weighed down household incomes and exacerbated poverty.

For the first time, the number of internally displaced persons in Myanmar has exceeded one million, including nearly 700,000 men, women and children displaced by armed conflict, violence and heightened insecurity since the military takeover.<sup>2</sup> Moreover, an estimated 40,200 persons have sought refuge in neighboring countries after being displaced.<sup>3</sup>

Real incomes and household welfare have been under heavy strain in recent months due to mounting food and fuel price inflation underpinned by volatile global economic conditions as well as idiosyncratic factors. Continued conflict and deteriorating security particularly in the northwest and southeast have limited access to markets in these regions, disrupted transportation routes, and spurred further increases in the retail price of primary commodities and consumer goods.<sup>4</sup> Cash shortages and exchange rate depreciation have further aggravated the situation.<sup>5</sup> By the end of April, the average cost of the basic food basket had

increased by 31 per cent on a year-on-year basis, while fuel prices in the beginning of May were nearly two and a half times higher than in February 2021.<sup>6</sup> Simulations indicate that poverty in 2022 doubled compared to the estimated level in March 2020, with around 40 per cent of the population now living below the poverty line.<sup>7</sup>

The International Monetary Fund (IMF) forecasts that gross domestic product (GDP) in Myanmar will rebound slightly in fiscal year 2022, growing by 1.6 per cent after contracting by 17.9 per cent in 2021.<sup>8</sup> Likewise, the World Bank estimates GDP growth of 3 per cent in fiscal year 2022, after a severe contraction in 2021 that resulted from the impact of the military takeover and the third wave of COVID-19 infection.<sup>9</sup> Foreign direct investment also sharply declined in 2021 and the first part of 2022.<sup>10</sup>

This Brief is the third rapid assessment of the labour market in Myanmar since the military takeover in February 2021, covering the whole labour force, including all workers in both the formal and informal economy.<sup>11</sup> The assessment provides revised estimates of employment trends through the first half of 2022 based on the estimation methodology outlined in the Annex, which is broadly aligned with the approach used in the previous assessments and extends on previous methodologies used by the ILO to estimate labour

<sup>2</sup> United Nations Office for the Coordination of Humanitarian Affairs (OCHA), *Myanmar Humanitarian Update No. 18*, May 2022.

<sup>3</sup> OCHA, op. cit.

<sup>4</sup> World Food Programme, *Myanmar Market Price Update*, Apr. 2022.

<sup>5</sup> The Myanmar kyat has weakened against the US dollar in the first nine months of fiscal year 2022, depreciating by 9 per cent as of the end of June compared to the end of December 2021, and by 23 per cent relative to the same period last year. See: World Bank, *Myanmar Economic Monitor: Reforms reversed*, July 2022.

<sup>6</sup> World Food Programme, op. cit. A basic food basket in Myanmar comprises of rice, oil, chickpeas and salt in quantities adjusted for the average household size.

<sup>7</sup> World Bank, *Progress, setbacks, and uncertainty: Effects of COVID-19 and coup on poverty in Myanmar*, July 2022.

<sup>8</sup> IMF, *World Economic Outlook Database*, Apr. 2022. The fiscal year in Myanmar corresponds to 1 October to 30 September.

<sup>9</sup> World Bank, *Myanmar Economic Monitor: Reforms reversed*, op. cit.; World Bank, *East Asia and the Pacific Economic Update April 2022: Braving the storms*, 2022.

<sup>10</sup> ILO analysis based on foreign investment data from the Myanmar Directorate of Investment and Company Administration (DICA).

<sup>11</sup> See: ILO, *Employment in Myanmar in 2021: A rapid assessment*, Jan. 2022; ILO, *Employment in Myanmar since the military takeover: A rapid impact assessment*, July 2021.

market trends during the COVID-19 crisis.<sup>12</sup> It utilizes robust empirical relationships established on the basis of detailed, cross-country indicators, including price inflation and external trade. The estimates and analysis

may not fully capture the volatility of the ongoing multi-dimensional crisis and thus should be interpreted as indicative.

## ► Employment profile

### Employment remains lower in 2022 compared to 2020

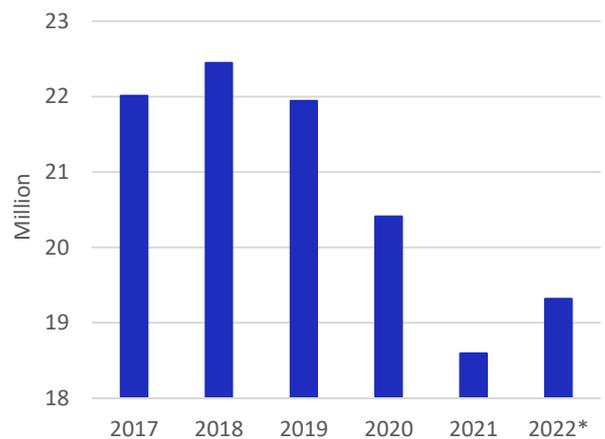
The ILO estimates that 1.1 million fewer women and men in Myanmar were working relative to the level in 2020. In the first half of 2022, an estimated 19.3 million women and men were employed, which is a modest improvement compared to the 18.6 million estimated for 2021 (figure 1). The number of working-age people in employment was still far below the levels of employment seen before the military takeover. The ILO now estimates that 1.8 million jobs were lost in 2021 relative to 2020, and that employment in the first half of 2022 was still 1.1 million below the employment level in 2020.<sup>13</sup> The modest rebound in employment coincides with some stabilization in the business environment earlier this year, despite continued uncertainty, with more and more firms operating at full capacity and fewer resorting to layoffs or reducing wages or working hours compared to mid-2021.<sup>14</sup>

### Uneven employment impacts

Survey evidence suggests that the limited job gains after the military takeover have been disproportionately concentrated among workers from urban and higher income households.<sup>15</sup> With slow employment recovery, fragile economic outlook and persistent security concerns, some migrants continue to cross borders in search of work, including through irregular channels, despite the heightened risks of detention and exploitation.<sup>16</sup> There has also been an unequal impact on gender. While the overall employment loss in 2021

of 1.8 million workers corresponds to a contraction of 8.9 per cent, this report estimates a loss of 10.2 per cent when focusing on women workers only. Also in the first half of 2022, total employment is estimated to have remained 5.4 per cent below the level estimated for 2020, while the corresponding figure is 6.5 per cent for female employment.

► **Figure 1. Total employment in Myanmar, annual average (million)**



**Notes:** 2022 refers to the first two quarters of the year. See Annex for details about the estimation methodology.

**Source:** ILO estimates based on Myanmar Labour Force Survey and ILO, ILOSTAT Database.

<sup>12</sup> See, for example, Annexes of ILO, *ILO Monitor: COVID-19 and the World of Work, 8th edition*, 2021.

<sup>13</sup> The estimates of employment in 2021 are revisions from previous estimates released in the last ILO employment assessment in January 2022. See footnote 1 for further discussion.

<sup>14</sup> World Bank, *Myanmar Firm Monitoring Survey, Round 11*, 31 May 2022.

<sup>15</sup> UN Women and UNDP, *Regressing gender equality in Myanmar: Women living under the pandemic and military rule*, 2022.

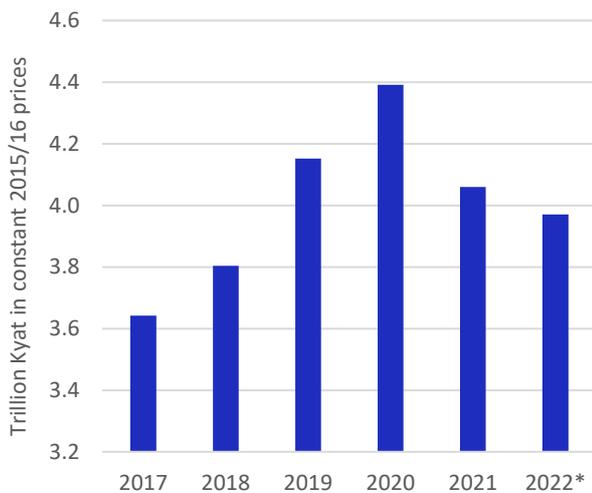
<sup>16</sup> A. Tun, *Migration in post-coup Myanmar: A critical determinant in shaping the country's future?*, 13 Apr. 2022; ILO, *TRIANGLE in ASEAN Quarterly Briefing Note: Myanmar (January – March 2022)*, 2022.

## ► The quality of jobs is deteriorating

Labour conditions in Myanmar are tenuous for many workers with serious incursions of labour rights as referred to by the ILO Committee on Freedom of Association<sup>17</sup> as well as Office reports to, and decisions of the ILO Governing Body.<sup>18</sup> The International Labour Conference Resolution of 2021 called on Myanmar to respect Convention No. 87 and ensure that workers and employers are able to exercise their freedom of association rights in a climate of freedom and security, free from violence, arbitrary arrest and detention.<sup>19</sup>

### Labour productivity further deteriorated in early 2022

► **Figure 2. Average labour productivity in Myanmar** (trillion Kyat in constant 2015/16 prices)



**Notes:** 2022 refers to the first two quarters of the year. Labour productivity is measured as real GDP per worker. See Annex for details about the estimation methodology.

**Source:** ILO estimates based on IMF World Economic Outlook April 2022, Central Bank of Myanmar, Myanmar Labour Force Survey and ILO, ILOSTAT Database.

Labour productivity contracted by nearly 8 per cent in 2021 and a further 2 per cent in 2022, reverting the strong gains that had been made in previous years prior to the military takeover and that had contributed to an improvement of economic conditions for many households (figure 2). The decline in labour productivity is likely to be largely driven by the absence of productive employment opportunities, leaving many workers with no choice other than to engage in lower productivity sectors such as agriculture or retail trade, often as an informal worker and with poor working conditions and low pay.

### Declining working conditions in key sectors

Continued political conflict and economic uncertainty have weighed on enterprises and workers in critical sectors. In agriculture, which employed half of the Myanmar workforce at the end of 2020, farmer incomes have been squeezed by rising import prices of key agricultural inputs – including for fuel, fertilizer and livestock feed – reflecting global supply constraints driven by the Russia-Ukraine conflict as well as sharp local currency depreciation.<sup>20</sup> Consequently, the agriculture sector is forecast to contract by 2.9 per cent in fiscal year 2022 with production limited by not only higher input prices but also insufficient access to capital for farmers.<sup>21</sup>

Likewise, in the garment sector, mounting evidence reveals a deterioration in working conditions for garment workers including reduced take-home pay, overtime and attendance bonuses as well as the increased use of casual or daily labour, irregularity of working hours, and hiring under piece-rate pay arrangements.<sup>22</sup>

<sup>17</sup> ILO, *397th Report of the Committee on Freedom of Association*, GB.344/INS/15/1 (2022), paras. 503-584.

<sup>18</sup> ILO, *Second Supplementary Report: Report on developments in Myanmar*, Report of the Director-General, GB.345/INS/5/2/Decision (2022).

<sup>19</sup> ILO, *Resolution for a return to democracy and respect for fundamental rights in Myanmar*, International Labour Conference, 109th Session, 19 June 2021.

<sup>20</sup> World Food Programme, op. cit.

<sup>21</sup> Asian Development Bank, *Asian Development Outlook 2022*, Apr. 2022.

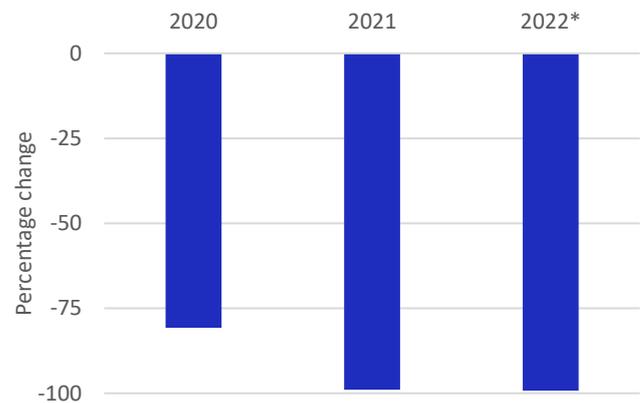
<sup>22</sup> EuroCham Myanmar, *Myanmar garment sector factsheet*, Jan. 2022.

Through the early part of 2022, the tourism and hospitality sector saw minimal recovery, weighed down by continued border closures, political instability, and heightened security risks. During the first three months of the year, international visitor arrivals remained around 99 per cent below levels in 2019 (see figure 3). To restart tourism, Myanmar dropped a ban on international commercial flights in April and resumed issuing tourist visas in May after a two-year suspension. Despite these recent developments, the rebound for enterprises and workers in the tourism and hospitality sector will likely be sluggish. International outbound travel from China – the leading country of origin of international arrivals – remains limited and numerous countries have issued official advisories to avoid travel to Myanmar owing to political and security concerns.

When workers lose their job, entitlements are often not granted on termination. ILO survey data shows that among workers who had their employment terminated by their employer since early 2020, 42 per cent were dismissed with no notice.<sup>23</sup> Many workers whose employment was terminated did not receive severance pay and many also did not receive any payment for unused annual leave. The survey also revealed pressures on livelihoods with two thirds of respondents

reporting lower incomes due to reduced work days and overtime.

► **Figure 3. Decrease in international visitor arrivals, 2020–2022 (percentage change relative to 2019)**



**Notes:** 2022 refers to the first quarter of the year. Includes arrivals with visa by air, cruise and land border gates. Figures are based on annual decreases relative to the same period in 2019.

**Source:** ILO estimates based on data from Myanmar Ministry of Hotels and Tourism.

## ► Conclusion

Eighteen months since the military takeover on 1 February 2021 and after more than two years of the pandemic, Myanmar remains in a deep economic, human rights and humanitarian crisis. Global macroeconomic volatility has also exacerbated the impacts on livelihoods already deeply affected by conflict and insecurity. Employment levels, while showing some signs of recovery, remain significantly lower than in 2020 and labour productivity also continues to decline.

The quality of jobs is under serious threat with increasing numbers of workers in precarious employment. Furthermore, a recent ILO report

estimates that the incidence of child labour in countries affected by armed conflict was 77 per cent higher than the global average, and the incidence of hazardous work was 50 per cent higher.<sup>24</sup> This suggests that the current context in Myanmar will likely exacerbate the child labour situation as well.

The absence of democracy and consequent impact on social dialogue to address labour market issues remains a key threat to advancing decent work. The restoration of democratic order and civilian rule as provided for in ILO Governing Body decisions and in the International Labour Conference Resolution of 2021 remains critical to resolving this deep crisis.<sup>25</sup>

<sup>23</sup> ILO, *Descriptive report: Survey on unemployment protection in time of crisis in Myanmar*, forthcoming.

<sup>24</sup> ILO, *Vulnerabilities to child labour*, 2022.

<sup>25</sup> ILO, *Resolution for a return to democracy and respect for fundamental rights in Myanmar*, International Labour Conference, 109th Session, 19 June 2021.

## ► Annex: Methodology

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This Brief presents employment trends in Myanmar in 2017-22 and relies on an estimation procedure to assess employment after the first quarter 2020. The definition of employment applied in this brief is based on the international statistical standards which are also utilized in the Myanmar Labour Force Survey.<sup>26</sup> The details of the estimation methodology are outlined below.

The estimates are derived using a cross-country panel data regression analysis. The latest actual data points for employment, based on official labour force survey data for Myanmar, are available for the first quarter 2020. An ordinary least squares (OLS) regression with country fixed effects is run on an unbalanced quarterly panel dataset, including data from 76 countries for the period from the first quarter 2020 to the first quarter 2022, taken from official labour force and household surveys as compiled in the ILO's ILOSTAT Database.<sup>27</sup> Coefficients estimated in this regression are used to estimate employment in Myanmar for each quarter from the second quarter 2020 to the second quarter 2022. Annual estimates for employment are then derived by taking a simple average of the quarterly estimates. The regressions are run to estimate total as well as female employment.

As explanatory variables, the regression model includes four components:

- an indicator of mobility consisting of the average of workplace and retail mobility from Google Mobility reports;<sup>28</sup>
- an indicator of the stringency of lockdown measures imposed by governments, taken from the COVID-19 Government Response Tracker Database compiled by the University of Oxford.<sup>29</sup> It reflects the strictness of policies that restrict people's behaviour, such as workplace and public transportation closings, restrictions on gathering and mobility, travel restrictions and stay at home requirements. This indicator provides a normative metric to account for any additional impacts that these restrictions might have on working hours and employment, beyond the observed impact in workplace and retail mobility captured in the first component. The inclusion of this variable is also instrumental in estimating the labour market situation in 2020 and dynamics related to the COVID-19 crisis before the military takeover;
- an indicator of the inflation rate, measured as the annual percentage change of consumer prices, taken from the IMF's World Economic Outlook April 2022 database<sup>30</sup>;
- an indicator of the external trade environment, measured as the annual percentage change in the volume of imports of goods and services, taken from IMF's World Economic Outlook April 2022 database.

The estimated coefficients are as expected (table 1). Mobility is positively associated with employment. In other words, the more people are mobile, the more workers are in employment. The stringency index has the expected statistically significant negative association, conditional on the other explanatory variables being part of the regression. The

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<sup>26</sup> Persons in employment include those aged 15 years and above who, during a reference period of 7 days, were engaged in any activity to produce goods or provide services for pay or profit. They comprise of employed person at work, i.e. who worked for at least one hour during the reference period and employed persons not at work due to temporary absence from a job or due to working-time arrangements (such as shift work, flexitime, and compensatory leave for overtime). See: Myanmar Ministry of Labour, Immigration and Population, Department of Labour, *Report on Labour Force Survey 2015*, 2016.

<sup>27</sup> ILO, ILOSTAT Database, <https://ilostat.ilo.org/>.

<sup>28</sup> Google, COVID-19 Community Mobility Reports, <https://www.google.com/covid19/mobility/>.

<sup>29</sup> Oxford COVID-19 Government Response Tracker, <https://www.bsg.ox.ac.uk/research/research-projects/covid-19-government-response-tracker>.

<sup>30</sup> IMF, World Economic Outlook April 2022 database, <https://www.imf.org/en/Publications/WEO/weo-database/2022/April>.

inflation rate enters the estimated equation as expected with a negative sign, while the growth of imports is positively associated with employment.<sup>31</sup>

► **Table 1. Results of cross-country panel regressions used to estimate employment in Myanmar**

	Total employment	Female employment
<b>Mobility (percentage change relative to the baseline)</b>	0.002***	0.002***
<b>Stringency of lockdown measures (index)</b>	-0.001***	-0.001***
<b>Inflation rate (annual percentage change)</b>	-0.006**	-0.007**
<b>Goods and services import volume (annual percentage change)</b>	0.002***	0.002***
<b>Country fixed effects</b>	Yes	Yes
<b>R2</b>	0.39	0.40
<b>Number of observations</b>	488	485

**Notes:** \*\*\*, \*\* and \* respectively indicate statistical significance at the 1 per cent, 5 per cent and 10 per cent level. R2 indicates the share of within-group variation explained by the model.

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<sup>31</sup> The latter two variables were not yet part of the estimation model used to estimate employment in Myanmar in the previous two ILO assessments. Given the changing macroeconomic landscape and increased global importance of these factors in recent months, these variables were introduced in the estimation model used for this third assessment, in order to explicitly and more accurately reflect the impact of these factors on employment.