



# Creating Sustainable Apparel Value Chains

Preface to the Burmese Edition

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Impact Economy  
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## Preface

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Myanmar's garment industry is booming. It earned more than USD 917 million in exports in 2012 and could easily employ more than 100,000 people by 2015. Garments are already the country's most important manufactured export and numerous new factories are being built accordingly. The renewal of the industry could yield important development dividends as the country modernizes and most international sanctions continue to be lifted.

There is nonetheless an important twist to this story. The growth of the country's garment cluster comes at a time when the global textile and garment industry faces a watershed moment. Apparel is a three trillion dollar industry that encompasses the manufacturing and selling of textiles, apparel and luxury goods, and it has long had both a shiny and an ugly face: the industry is a catalyst for national development and industrialization while also being a persistent repository of poor labor conditions and heavy environmental pollution. The advent of fast fashion has added further pressure on producers with respect to cost and speed. The collapse of the Rana Plaza factory in neighboring Bangladesh in April of 2013 set into motion intense scrutiny of the industry, and led to the creation of buyer-led initiatives to improve fire and building safety. Greater supply chain sustainability is gradually becoming a requirement to compete in all sourcing locations, Myanmar included.

As a result, I am especially pleased to share the Burmese Edition of "Creating Sustainable Apparel Value Chains" with you: the report offers a way forward to achieve the sustainable transformation of the global garment and textile industry. This topic needs to be discussed as widely as possible among a country's

stakeholders in order to enable improvements in scale, hence this Burmese Edition of the report.

Upgrading global supply chains to improve both working and environmental conditions *as well as* increasing productivity to stay competitive need not be a tradeoff. Achieving both goals is actually possible. In addition to a number of country spotlights, the report emphasizes four key levers that industry players must act upon in order to convert the shortcomings of the garment industry into opportunities for industry-wide impact.

First, tackling working conditions in emerging market sourcing locations with a much higher level of ambition is a precondition to breaking out of the prevailing unproductive cycle of suboptimal factory productivity, high absenteeism and high staff turnover. Women constitute the overwhelming majority of workers that power the world's multitrillion-dollar textiles, apparel and luxury goods industry on which fashion depends. In fact, 80 percent of the workforce in most developing countries producing apparel for export is comprised of women. Improving working conditions also translates into important development dividends.

Second, lean manufacturing is a crucial ingredient for unlocking productivity. Achieving greater total resource productivity and transparency across the supply chain via front-of-pipe process design, lean manufacturing and energy efficient infrastructure can lower the use of chemicals by up to 20 percent, energy by up to 40 percent, and water by up to 50 percent.

Third, building sustainable supply chains will require upgrades in the factory infrastructure

on a broad front. Given the high cost of local capital in emerging markets, (impact) investments can provide the resources to finance infrastructure upgrades.

Finally, replicating and scaling the best practices of frontrunner producers that are addressing manufacturing issues are the easiest way forward. The rationale for this lever is clear: sustainable production and sourcing are not an otherworldly vision but will soon become a necessity to compete, as it has already happened in other industries. The need to upgrade supply chains will only become more stringent as consumer demand shifts. Government policies in leading consumer markets are increasingly demanding producers to assume responsibility for issues such as forced labor and environmental pollution in their supply chains. The good news is that pockets of best practices exist, and some are discussed in this report—the key is to now mainstream them.

Myanmar has a lot going for it, including: a strategic location bordering China and India (among others) and about 500 million people living in relative proximity; a youthful population with over 30 percent below the age of 18; a growing domestic demand that is creating a huge potential market with an estimated 19 million members of the consuming class in 2030 from 2.5 million in 2010; potentially tripling spending by 2030 from USD 35 to USD 100 billion; and abundant natural resources such as petroleum, timber, precious stones, natural gas, and hydropower,

and an ambitious reform program under way. Critical to unlocking the sector's full potential is determining how growth and the ability to compete with other sourcing countries can be reconciled with better social and environmental performance. What's more, the process of creating higher in-country value added and sustainable supply chains needs to be linked to enabling a country's aspiring apparel cluster to graduate from competing mainly on cost and providing only very basic value added.

The opportunity is massive: As Asia's new apparel frontier, Myanmar could take steps based on best practices that would enable the industry to leapfrog others in terms of competitiveness, and social and environmental achievement, thereby avoiding the slower path of trial and error.

A special thanks to the translators who have effectively navigated all obstacles in translating the report into Burmese, an especially arduous task considering that content published on this topic in Burmese has not been widely available to date.

I hope this report can be useful as the stakeholders in Myanmar's textile and garment industry work with their international counterparts toward greater sustainability.

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Lausanne, March 2014

## Paper Download Link

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