

Coordinated Action for Sustainable Textiles in Myanmar (CAST Myanmar)

Introduction

The garment and textile sector in Myanmar has been growing strongly since the country's opening in 2012, largely driven by the rising importance of exports to the EU. Apparel production is characterized by multiple stages that often occur in different countries. The majority of manufacturing in Myanmar remains under a CMP (Cut, Make, Pack) model, with inputs largely imported from China and little major value addition occurring inside the country. This scenario is beginning to change, with increasing interest in wet processing and other activities throughout the supply chain. Much of this is driven by export-oriented foreign investment.

At the same time, global and regional experiences have repeatedly demonstrated significant environmental damage associated with activities such as washing, dyeing and finishing. Buyers, suppliers, governments and consumers have started to pay more attention to these impacts and brands increasingly assess suppliers' compliance with international and national standards regarding the use of water and chemicals as well as waste water management. Ultimately however, it is clear that outcomes at the factory level can depend to a large degree on a suitable holistic enabling environment.

Myanmar is at a critical point for action. Several factors required to incentivize and support sustainable production are currently lacking. At the same time, the country has the chance to learn from experiences and success factors of other textile producing countries. In this way, Myanmar has a unique opportunity to steer the sector towards sustainability during the early stages of growth, establishing itself a hub for sustainable manufacturing.

The objective

CAST Myanmar is a collaboration between Deutsche Gesellschaft für International Zusammenarbeit (GIZ) GmbH and Solidaridad, supported by the Ministry of Planning, Finance and Industry and H&M. CAST seeks

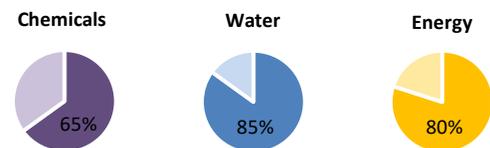
to create an environment that promotes and enables

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| Project | Coordinated Action for Sustainable Textiles in Myanmar (CAST Myanmar) |
| Partners | Key public agencies such as the Ministry of Planning, Finance and Industry, the Ministry of Natural Resources and Environmental Conservation, China National Textile and Apparel Council as well as representatives from the industry, buyers and selected civil society bodies |
| Partner Ministry | Ministry of Planning, Finance and Industry |
| Commissioned by | German Federal Ministry for Economic Cooperation and Development |
| Implemented by | GIZ FABRIC Asia together with Solidaridad |

sustainable growth and production in the apparel supply chain in Myanmar. It brings together public and private stakeholders that share the vision of guiding the textile industry in Myanmar towards a sustainable sourcing destination.

The challenge

Wet processing is a part of textile manufacturing that includes pre-treatment, dyeing, printing, washing and finishing of yarns and textiles. This process is far more resource-intensive regarding water, chemicals and energy than the final stages of garment manufacturing (Figure 1).



Resource use in textile production compared to garment production

This is because resource use is inefficient but also because the regulatory environment does not incentivize resource efficiency. The extensive use of water and hazardous chemicals and the discharge of unfiltered wastewater creates massive environmental damage, for





Contact

Eike Feddersen
E eike.feddersen@giz.de
I www.giz.de/myanmar

Sebastian Taylor
E sebastian.taylor@solidaridadnetwork.org
I www.solidaridadnetwork.org

example heavy groundwater depletion and degradation of surface water. This not only affects the safety of workers but also the welfare of communities, biodiversity, agriculture and aquaculture around textile processing zones

The future impacts of the sector will be strongly determined by its development, especially in terms of location and competitiveness, governmental regulation as well as the capacity of factories in sustainable processing. Experiences in the region, for example from Bangladesh, India and China, have shown that several factors are required to incentivize and support cleaner production of textiles. Once a sector has reached scale, it is extremely difficult to affect a sector-wide transition to sustainability. Therefore, a preemptive approach for Myanmar to support sustainable growth at an early stage is necessary.

Case studies: Bangladesh and India

Bangladesh: The 650-750 wet processing units around Dhaka consume up to 1,500 billion liters of water per year, with an estimated drop in groundwater table of 3m to 5m per year by 2030. This is projected to challenge the very viability of principal textile clusters.

India: Effluent from the Tirupur textile cluster had significant impacts on local communities, affecting health, agriculture and livestock. A series of legal challenges were pushed aside until finally in 2011 the issue had grown so serious that the High Court imposed a Zero Liquid Discharge (ZLD) order. This led to the closure of over 750 factories and despite significant spending on treatment solutions the cluster has struggled to recover.

Both cases underline that acting early is crucial and that remedial work is expensive and complicated.

The approach

With the **Steering Committee (SC)**, CAST provides a forum that brings together relevant industry stakeholders and representatives from public authorities and civil society to address sustainable textile processing in Myanmar. This multi-stakeholder dialogue helps to identify and implement activities, and further connects national planning to the requirements of international

actors in key export markets.

Since its inception in 2017, the program has brought together key stakeholders to identify priority actions, covering issues such as legislation and regulation, infrastructure and services, and education and skills. In its third phase (2019 – 2021), the project is focusing on two strategic priorities:

The first is to identify and promote development of **sustainable textile hubs**. These are conceptualized as zones with the right features, services and conditions to both promote sustainable processing and appeal to the market. CAST is working to develop a holistic tool based on the Eco-Industrial Park Framework, alongside detailed guidance that supports investors (suppliers, service providers, infrastructure) and their partners (brands) to assess suitability of locations for sustainable textile hubs. Moreover, it will also provide guidance for developers and Zone Management Committees to ensure that hubs match expectations. CAST is also working to facilitate dialogue with decision-makers from international finance institutions, business associations, brands and public authorities to allow for informed and coordinated identification and development of priority hubs.

The priority is to address a lack of information among suppliers, service providers, investors and public agencies, on environmental regulation, impacts and mitigation options, and the expectations of the international market in environmental management. CAST is therefore developing a series of **environmental guidance products** available in multiple languages, and will work together with both international and domestic partners to ensure optimal impact.

CAST Myanmar builds on GIZ's and Solidaridad's experience of working in the field of sustainability throughout the region and beyond.

Contributing to regional exchange

The textile and garment sector is vital for development and growth in all production countries. Therefore, CAST Myanmar aims to facilitate exchange, dialogue, and learning and to strengthening business relations at the regional level. Actors in Myanmar will be supported to benefit from events such as the Asian Dialogues on Sustainable Production in the Textile and Garment Sector that is facilitated by as part of the regional project GIZ FABRIC Asia.