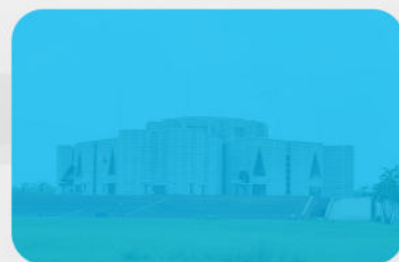
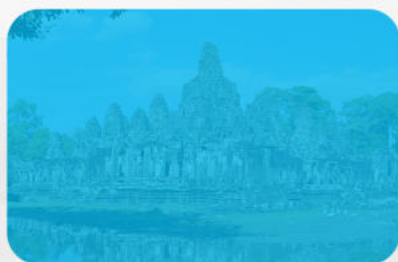


Survey Report on the Impacts of COVID-19 Pandemic on Overseas Chinese-invested Textile and Apparel Enterprises' Operation and Social Responsibility



Office for Social Responsibility,
China National Textile and Apparel Council
September 2021

**Survey Report on the Impacts of
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Preface

China is the largest textile and apparel producer in the world, and Southeast Asia and South Asia are important overseas destinations of investment for Chinese textile and apparel enterprises. According to statistics, more than half of Myanmar's apparel enterprises are invested by enterprises from China, and China is also a major supplier of raw materials for Myanmar's textiles; 70% of Cambodia's textile and apparel enterprises are funded by China (including Hong Kong, Macau, and Taiwan, China), of which the exports account for 52.5% of Cambodia's total exports, while the proportion of businesses invested by enterprises from China in Cambodia is still rising; Vietnam ranked second among the investment destinations of enterprises from China (Mainland) in the textile industry from 2015 to 2019, second only to Hong Kong, China; in recent years, Bangladesh has also become a "popular destination" for Chinese-invested textile and apparel enterprises, and the economic and trade exchanges between China and Bangladesh have become increasingly frequent.

At the beginning of 2020, the COVID-19 pandemic impacted the economies of all countries. The rampant spread of the pandemic in Southeast Asia and South Asia has paused the development of local textile industry since March 2021. Chinese-invested textile and apparel enterprises in Myanmar, Cambodia,

Vietnam, and Bangladesh have also been affected by the pandemic to varying degrees. In such a context, the Office for Social Responsibility of China National Textile and Apparel Council (CNTAC) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH jointly carried out this survey, with a view to assessing the impact of COVID-19 on overseas Chinese-invested textile and apparel enterprises in delivering corporate social responsibility (CSR), in operation, and in responding to the appeals of their stakeholders.

The survey results show that the pandemic has affected the production and sales of enterprises. Facing the impact of the pandemic, overseas Chinese-invested textile and apparel enterprises, following the pandemic prevention and control requirements of local governmental authorities, adopted various pandemic prevention and control measures, and positively undertook social responsibility, demonstrating a strong sense of social responsibility. In addition, the COVID-19 pandemic also brought about huge challenges to overseas Chinese-invested textile and apparel enterprises. They had clear appeals to their clients, local governments, local industry association, and CNTAC. However, most enterprises were optimistic about the prospect of overseas investment and operation in the long run.



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Abstract



Southeast Asia and South Asia are the key overseas destinations of investment for Chinese textile and apparel enterprises. Since March 2021, the COVID-19 pandemic has spread rapidly in Southeast Asia and South Asia, with a surging number of confirmed cases. Chinese-invested textile and apparel enterprises in Myanmar, Cambodia, Vietnam, and Bangladesh have also been hit by the pandemic. In such a context, the China National Textile and Apparel Council (CNTAC) carried out this survey from January to July 2021, with a view to assessing the impacts of COVID-19 on corporate social responsibility (CSR) and operation of overseas Chinese-invested textile and apparel enterprises. The survey conclusions only reflect the facts during the survey period.

Considering the constraint factors such as the development level and the characteristics of textile and apparel industries in the four countries, as well as the impacts of the Covid-19 pandemic, we adopted the methods including questionnaire, interview and desk research to conduct the survey, with a focus on the following aspects: First, the status quo of the pandemic, prevention and control measures, as well as the development trends and historical curve of the pandemic in sample countries; second, the economic situation, the developments of textile and apparel industry and the proportion and scale of Chinese-invested textile and apparel enterprises in sample countries; third, challenges caused by the pandemic to business operations, and to enterprises in responding to the appeals of their stakeholders and delivering on their CSR. 312 employees from 51 Chinese-invested textile and apparel enterprises participated in the questionnaire, and more than 30 enterprises attended the “Headquarter Interview” and the colloquiums which were carried out by the project team. The results of the survey are as follows:

First

Due to the pandemic, the enterprises were facing difficulties in both production and sales. In terms of production, as the proportion of inflected employees during the survey period is relatively low, the enterprises either maintained normal production or quickly resumed work and production. However, nearly 80% of the enterprises had to coordinate with their clients in adjusting the delivery deadline of their orders; in terms of sales, more than 70% reported a decline in revenue in 2020 compared with 2019, which were mainly attributable to the reduction of orders and shipping disruptions.

Second

The pandemic brought new challenges to labor relations. The survey reveals that, due to the pandemic, the labor costs for enterprises increased, so did the administrative costs of telecommuting, closed-off management, and other measures for pandemic prevention and control. In addition, the enterprises did not know which measures for pandemic prevention and control they were obliged to take, or didn't know how to address issues such as labor disputes arising out of pandemic prevention and control measures. As for employees, they were less motivated to work. Their core appeals centered around economic and health factors, i.e., wishing to gain a stable income and get vaccinated.

Third

Most of the enterprises were optimistic about the prospect amid COVID-19. Instead of withdrawing local investments, the enterprises made new development plans in respond to the impacts of the pandemic, which mainly includes: normalizing pandemic prevention and control, and reducing operating costs.

Fourth

Chinese-invested textile and apparel enterprises took almost all common prevention and control measures including introducing new management policies or procedures, providing cleaning and protective supplies, and requiring employees to use them at workplaces in strict accordance with relevant policies or procedures. More than 80% of the employees gave positive feedback on the prevention and control measures taken by the enterprises.

Fifth

Enterprises were eager to communicate with industry organizations, clients, and government authorities to seek support in the context of COVID-19.



I

Background and Methodology



(i) Status quo of the pandemic worldwide and in the four Southeast Asian and South Asian countries

Since the outbreak of the COVID-19, countries around the world have been hard hit by the pandemic. However, due to variations in the natural environment, development level, prevention and control strategies, and medical service level of the countries, the pandemic presented the characteristics of “spreading rapidly worldwide but significantly varying in different regions”.

According to the statistics on World Health Organization (WHO) Coronavirus Dashboard on June

6, 2021, the virus continued to spread, giving rise to the death toll. There occurred two peaks, one between October 2020 and January 2021 and the other between March and April 2021. In Southeast Asia and South Asia, where our attention is focused, we can see a surge in infections during the second-round global peak growth period.

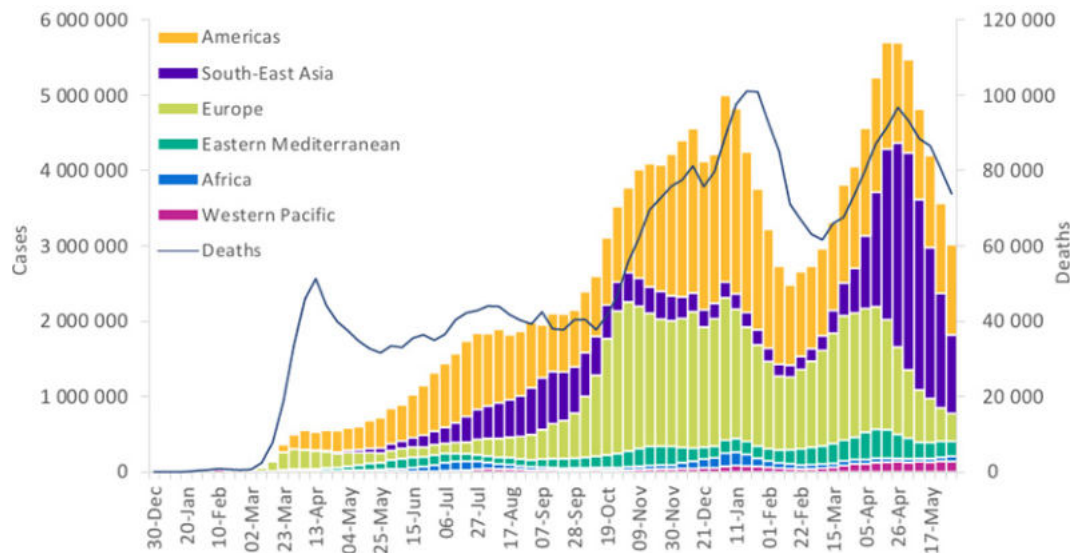


Figure I-I: Growth of Global Infected Cases and Deaths

This is mainly due to the underdeveloped economy, backward medical technology, and weak social foundation for pandemic prevention and control in Southeast Asia. Spreading at such a speed, the pandemic

will definitely affect the local economy to some extent, especially the production of manufacturing enterprises and labor relations in the production process.

(ii) Backgrounds of Sample Countries

I. Myanmar

Myanmar is one of the countries experiencing most stable economic growth in Southeast Asia. The apparel processing and export industry, as an important sector in Myanmar, serves as a sustainable driving force behind its economic growth. According to the estimates of the Myanmar Garment Manufacturers' Association (MGMA), as of July 2020, more than 500,000 people had been employed in the apparel industry in Myanmar; there had been 420 factories in total, of which 236 were Chinese-invested enterprises. In addition to directly funding factories in Myanmar, China is also the main country of origin of raw materials for Myanmar's textiles, about 90% of which are imported from China. And according to the data released by the Ministry of Commerce of Myanmar, 70% of the country's apparel have been exported to the EU market in recent years.

Due to Myanmar's overdependence on foreign countries in both production and sales, the apparel processing and export industry in Myanmar was severely affected by the pandemic. Many factories reduced working hours or downsized, and some were even temporarily or permanently closed. According to the statistics of the Ministry of Labor, Immigration and Population of Myanmar,

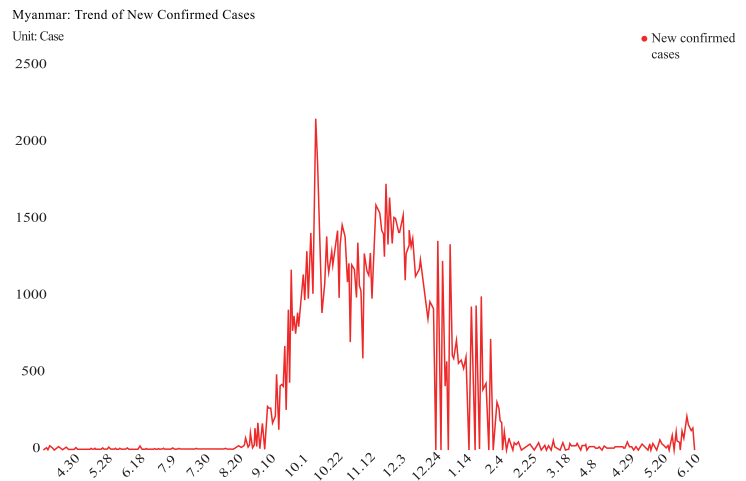


Figure I-2: Trend of New Confirmed Cases in Myanmar

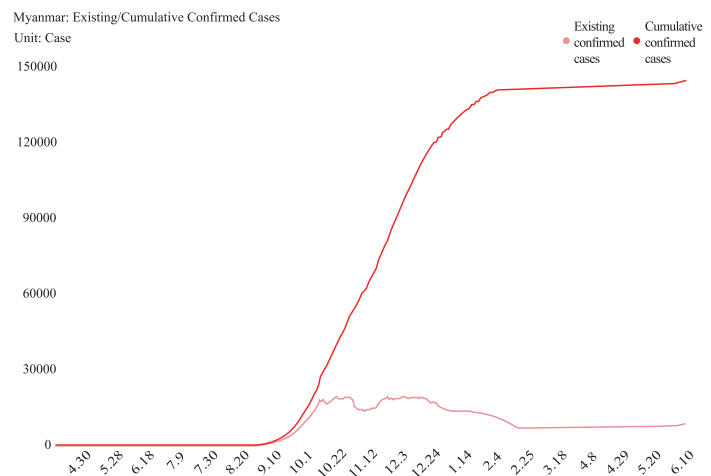


Figure I-3: Trend of Cumulative Confirmed Cases in Myanmar¹

as of December 2020, more than 100 CMP (cutting, manufacturing and packaging) factories had been temporarily closed due to the shortage of raw materials and reduction of demands, rendering tens of thousands of workers unemployed.

¹ World Health Organization. WHO Coronavirus (COVID-19) Dashboard[EB/OL]. <https://covid19.who.int/region/searo/country/mm>.

2. Cambodia

Cambodia is one of the world's important distribution bases for raw material processing, textile, clothing and footwear processing and manufacturing. Supported by several frameworks including the Belt and Road Initiative, Lancang-Mekong Cooperation, RECP and the Free Trade Agreement Between the Government of the People's Republic of China and the Government of Cambodia concluded on October 12, 2020, China has continued to expand its cooperation with Cambodia in recent years and increase investment and trade. As a result, the proportion of investment and business operation of Chinese enterprises has continuously increased in Cambodia. As shown by the data of the Ministry of Commerce of China², from January to December 2020, the trade volume between China and Cambodia reached \$9.56 billion, a YoY growth of 1.4%. Specifically, China's export to Cambodia reached \$8.06 billion, a YoY growth of 0.9%; the imports from Cambodia reached \$1.5 billion, a YoY growth of 3.7%.

In the field of textile and apparel, according to the data released by the Garment Manufacturers Association in Cambodia (GMAC) in 2021, Cambodia has approximately 1,000 factories of garments, footwear, travel supplies, employing a total workforce of about 750,000. Data of the Textile Enterprise Association of Chinese Chamber of Commerce in Cambodia show that, the textile and apparel enterprises funded by China³ in Cambodia account for 70% of total textile and apparel enterprises

Cambodia: Trend of New Confirmed Cases

Unit: Case

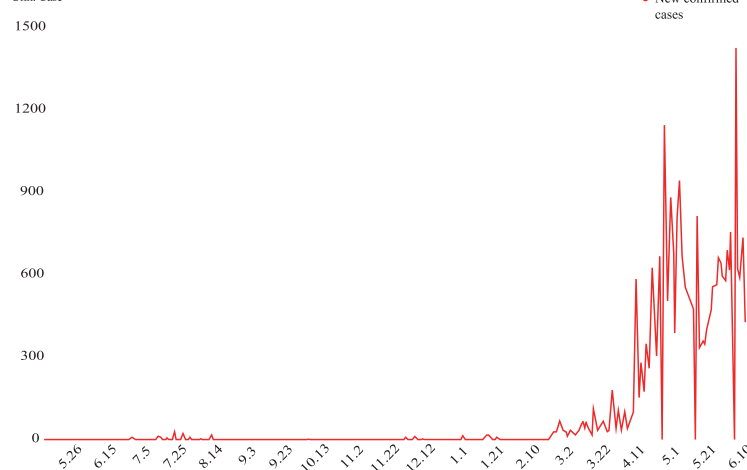


Figure I-4: Trend of New Confirmed Cases in Cambodia

Cambodia: Existing/Cumulative Confirmed Cases

Unit: Case

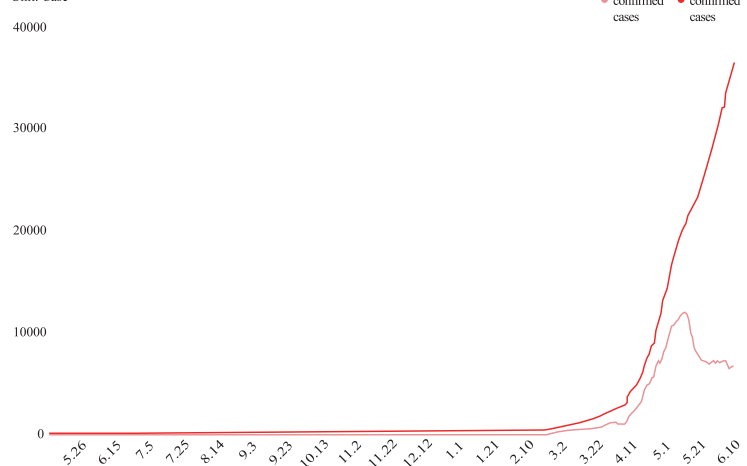


Figure I-5: Trend of Cumulative Confirmed Cases in Cambodia

in Cambodia, and the export volume of such enterprises accounts for 52.5% of Cambodia's total exports, providing jobs for nearly 500,000 Cambodians and benefiting a population of 1.8 million.

Cambodia's economy has been hard hit by the pandemic. According to preliminary statistics of the Cambodian Government, in 2020, Cambodia recorded a GDP of \$26.212 billion, a YoY decline of 3.7%. The gross production of apparel and shoes reached \$4.522 billion, a YoY decline of 51.5%. According to Cambodian Ministry of Labor and Vocational Training, a total of 129 garment factories were closed in 2020, rendering 71,202 workers unemployed (including 57,794 women workers).

² Ministry of Commerce of the People's Republic of China: The Brief Introduction of China-Cambodia Trade and Economic Cooperation from January to December, 2020 [EB/OL]. <http://yzs.mofcom.gov.cn/article/t/202103/20210303042833.shtml>

³ Including Mainland China, Hong Kong, Macau and Taiwan.

3. Vietnam

Vietnam is a less developed country. Labor-intensive light industries represented by the textile and apparel industry is a vital industry in Vietnam. According to the Vietnam Textile and Apparel Association (VITAS), there are 6,500 textile and apparel enterprises in Vietnam, of which apparel enterprises account for 70%, textile enterprises 17%, spinning enterprises 6%, dyeing and printing enterprises 4% and other supporting enterprises only 3%, employing a population of 4.3 million. The exports of these enterprises account for 13%-15% of Vietnam's GDP, and are growing at an annual rate of 10%-15%. Exports of Vietnam now account for 5% of the global apparel and textile consumption market. Moreover, Vietnam ranked second among investment destinations for Chinese (Mainland) enterprises in the textile industry from 2015 to 2019, second only to Hong Kong, China.

The pandemic has also caused severe impacts on the textile and apparel industry of Vietnam. According to VITAS, due to the COVID-19 pandemic, Vietnam recorded a textile and apparel export of about \$35.27 billion in 2020, down 9.29% YoY. According to a survey jointly conducted by the Vietnam Chamber of Commerce and Industry (VCCI) and the World Bank, 35% of enterprises in Vietnam had to lay off employees due to the impact of the pandemic, among which the textile and apparel sector reported the largest number of enterprises (97%) subject to negative impacts. However, it is worth noting that, as Vietnam had taken effective pandemic prevention measures, the pandemic didn't cause fatal impacts to

Vietnam's economy and textile industry. Vietnam's textile and apparel industry is recovering at an obviously fast speed, with an export of \$15.68 billion worth of goods in the first half of 2020.

Due to the China-US trade war and the pandemic, China's textile exports to the United States and other major developed countries have declined. At the time, Vietnam absorbed a significant proportion of China's output. Since Vietnam joined the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in 2016, its trade with the CPTPP member states increased significantly; in the UK and Europe, as the UK-Vietnam Free Trade Agreement (UKVFTA) officially went into force on May 1, 2021, the import duties on Vietnamese textiles dropped from the 12% to 0. According to incomplete statistics, Vietnam had signed nearly 20 free trade agreements. In the next decade, Vietnam will rely on its privilege in tariff to continue exploiting its comparative advantages.

Vietnam: Trend of New Confirmed Cases

Unit: Case

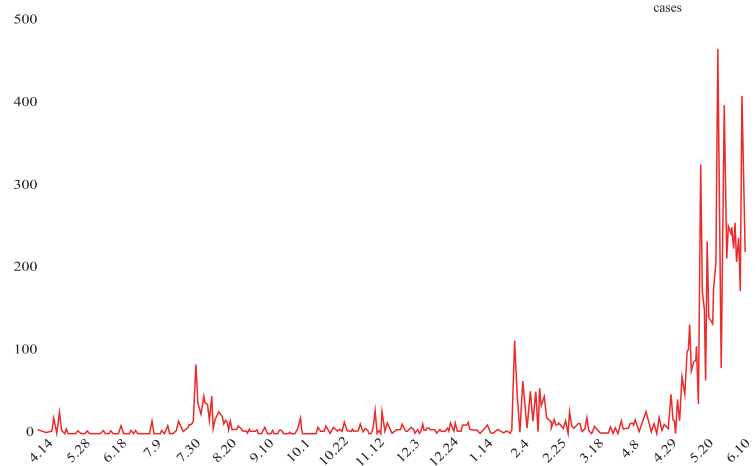


Figure I-6: Trend of New Confirmed Cases in Vietnam

Vietnam: Existing/Cumulative Confirmed Cases

Unit: Case

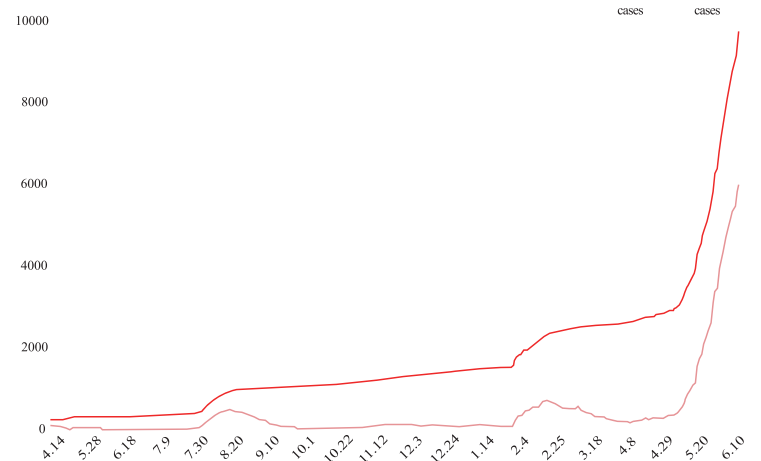


Figure I-7: Trend of Cumulative Confirmed Cases in Vietnam

4. Bangladesh

As a traditional robust pillar industry of Bangladesh, the textile and apparel industry plays an essential role in its economic system. Boasting an annual yield of \$20 billion, Bangladesh is the world's second-largest apparel producer second only to China. According to relevant reports of Bangladesh, there are more than 2,000 textile factories and more than 7,600 apparel processing factories, employing more than 5 million employees, of which 70% are female. Due to the pandemic, Bangladesh's economy deteriorated markedly. According to the report entitled World Economic Situation and Prospects (WESP) mid-2021 released by the UN Department of Economic and Social Affairs and cited by China's Ministry of Commerce in 2021,

Bangladesh reported a GDP growth of 5.1% in the fiscal year of 2020/2021, representing the lowest level in Bangladesh in nearly a decade.

The textile and apparel industry of Bangladesh has been severely impacted by the pandemic. In terms of exports, the data of Bangladesh Customs show that, from January to August 2020, Bangladesh exported textile raw materials and products to worldwide totaling \$20.09 billion, down 16.3% YoY. Affected by a decline in apparel exports, the imports of supporting textile products of Bangladesh also decreased dramatically. From January to August, textile raw materials and products imported by Bangladesh totaled \$8.46 billion, down 10.3% YoY.

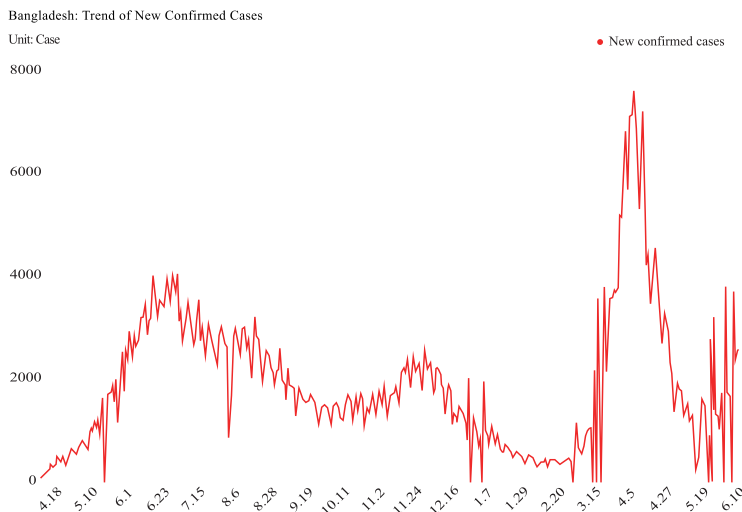


Figure I-8: Trend of New Confirmed Cases in Bangladesh

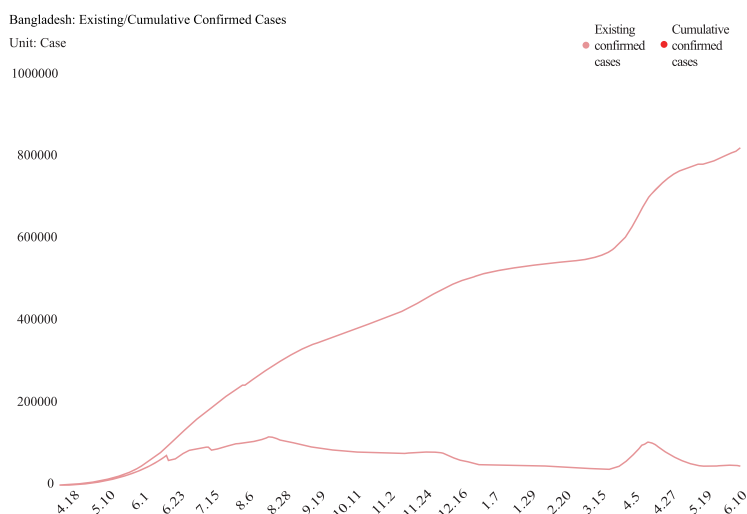


Figure I-9: Trend of Cumulative Confirmed Cases in Bangladesh

◆ During the same period of four countries' survey, the UNIDO, GIZ, and CNTAC cooperated to run the Survey of *Environmental, Social and Governance Performance of Textile and Apparel Enterprises in Ethiopia*, aiming at investigating and researching the environmental, social, and governance performance of Chinese-invested textile and apparel enterprises in Ethiopia as well as the impact of COVID-19 on their bearing social responsibility.

(iii) Methodology

Considering constraint factors such as the level of development and the characteristics of textile and apparel industries in the four countries, as well as the impacts of the pandemic, we adopted the methods of questionnaire, interview, and desk research in the survey to obtain cross-verified results. It is worth noting that the survey by questionnaire was conducted between January and May 2021, during which the situation of the pandemic in the four countries varied. Therefore, the survey conclusions only reflect the facts during the survey period.

In terms of the survey through questionnaire⁴, we sampled dozens of enterprises respectively from the four countries, and distributed questionnaires for enterprise and employee respectively to managers and employees, with a view to grasp the production and operations of the enterprises as well as the working and living conditions of the employees. Among them, a total of 51 questionnaires for enterprise were distributed and all collected, with a response rate of 100%; out of collected questionnaires, 51 are valid, with a valid rate of 100%; a total of 320 questionnaires for employees were distributed and all collected, with a response rate of 100%; out of collected questionnaires, 312 are valid, with a valid rate of 97.5%. When distributing questionnaires, we selected sample enterprises at random and ensured the sample representativeness;

when determining the sampling ratios of enterprise and employee, we considered the size and developments of the country or the enterprise.⁵

In terms of interview, we selected the Yangtze River Delta region and Shandong Province where the enterprises invest heavily in Southeast Asia and the textile and apparel enterprises concentrate, as our key survey areas. Six enterprises were selected for one-on-one interviews, and about 28 enterprises participated in symposiums in Nantong, Jiangsu and Shaoxing, Zhejiang. Topics of the interviews were centered around the challenges brought by the pandemic to business operations, as well as difficulties and challenges encountered by enterprises in responding to the appeals of their stakeholders during the COVID-19 pandemic.

In our desk research, we focused on two points: First, the status quo of the pandemic, prevention and control measures, as well as the development trend and historical curve of the pandemic in sample countries. This is to fully consider the disturbances caused by the pandemic to the sample enterprises and individuals in the analysis process. Second, the economic situation, the developments of textile and apparel enterprises and the proportion and scale of Chinese-invested enterprises in sample countries. This is to return to the topic, and fully integrate the analysis into the general framework of the sample countries' economic and industrial developments.

⁴ Our questionnaires referenced the Considerations for Public Health and Social Measures in the Workplace in the Context of COVID-19 issued by the WHO, the An Employer's Guide on Managing Your Workplace During COVID-19 by the International Labor Organization (ILO), Human Rights Due Diligence and COVID-19: Rapid Self-Assessment for Business by the United Nations Development Programme (UNDP), as well as Family-friendly Policies and Other Good Workplace Practices in the Context of COVID-19 by the UNICEF.

⁵ Notes: In this survey, the questionnaires for Chinese-funded enterprises in Myanmar were all collected before the military coup that occurred in February 2021. Therefore, the questionnaire data are free from the impact of the coup.



II

Overview of Samples



(i) Overview of sample enterprises

This survey collected information on 51 enterprises (overseas factories) in Southeast Asia through questionnaire, including 24 Burmese enterprises which occupied the largest proportion, and 12 Cambodian, 8 Bangladeshi, and 7 Vietnamese enterprises, respectively. (See Figure 2-1)

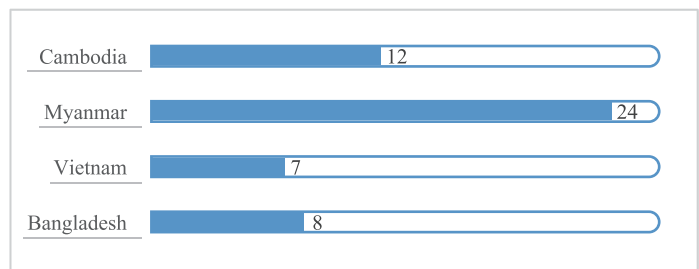


Figure 2-1: Distribution of Sample Enterprises by Country

The business of sample enterprises in local factories was dominated by apparel manufacturing, 37 enterprises in total, accounting for 73% of the 51 enterprises. (See Figure 2-2)

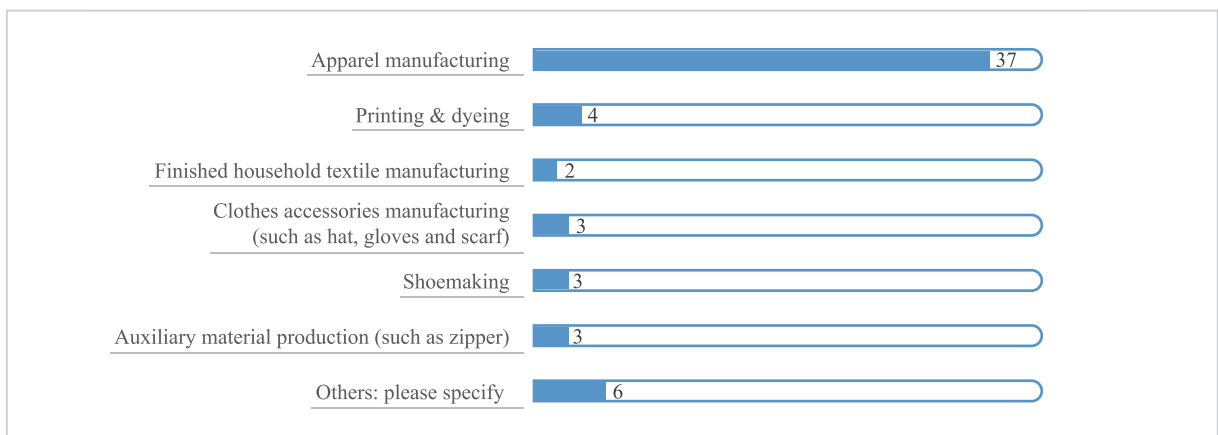


Figure 2-2: Distribution of Sample Enterprises by Business



Most enterprises had been operating in the sample countries for 3-10 years, 44 enterprises in total, accounting for about 86% of the sample enterprises. (See Figure 2-3)

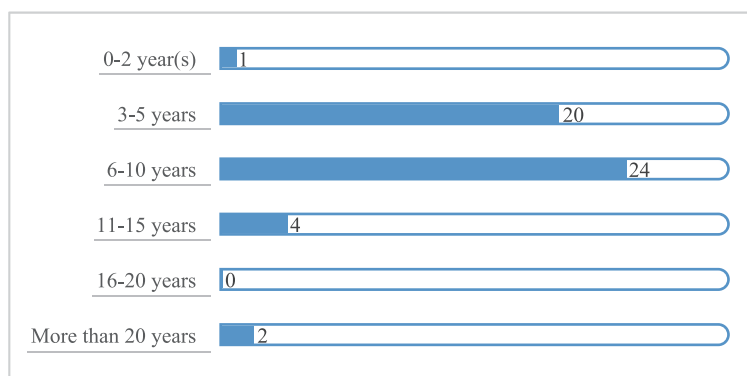


Figure 2-3: Distribution of Sample Enterprises by Their Operation Durations

In 2019, the median and average revenue from primary business of the 51 enterprises were \$12.55 million and \$36.16 million, respectively. In 2020, these figures dropped by more than one million dollars to \$10.69 million and \$34.69 million, respectively. In 2020, some small enterprises reported negative revenues. (See Figure 2-4)

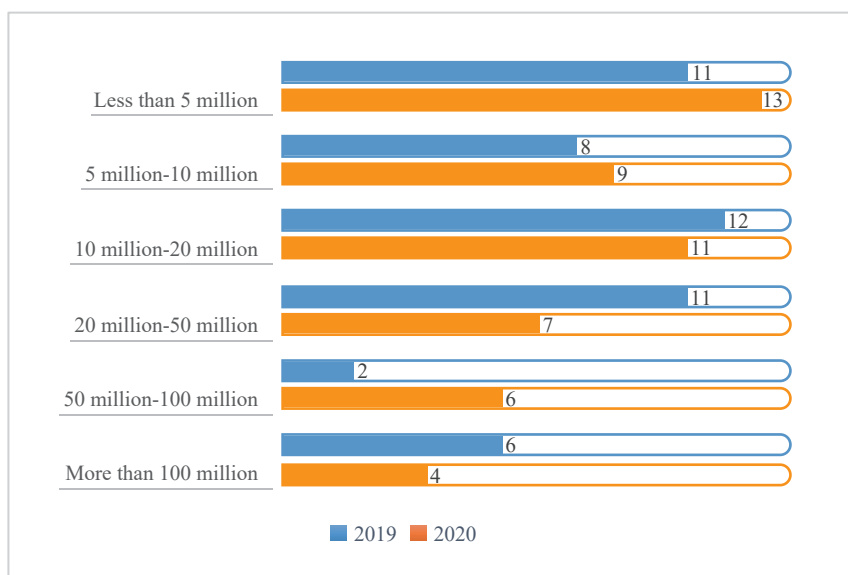


Figure 2-4: Distribution of Sample Enterprises by Revenue from Main Business (USD)

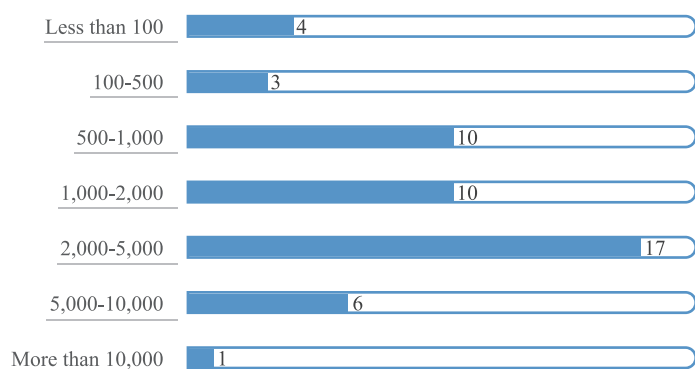


Figure 2-5: Distribution of Sample Enterprises by Number of Employees

The number of employees (including native and Chinese managers) mainly ranged from 500 to 5,000. Specifically, there were 10 enterprises with 500-1,000 employees, 10 enterprises with 1,000-2,000 employees and 17 enterprises with 2,000-5,000 employees. It can be seen that the sample size of the enterprises is large. (See Figure 2-5)

Most enterprises had a large proportion of female employees. There were 31 enterprises with a proportion of female employees over 80%, accounting for about 61% of the 51 enterprises, and in nearly half of the 31 enterprises, this proportion was over 90%. There were only eight enterprises with a proportion of female employees less than 50%, accounting for only about 16% of the 51 enterprises. (See Figure 2-6)

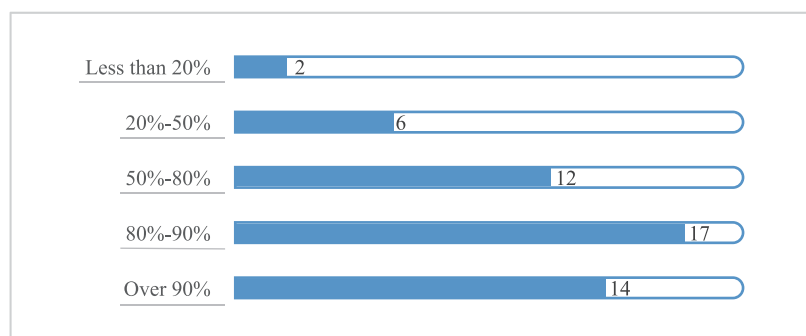


Figure 2-6: Proportions of Incumbent Female Employees at Sample Enterprises

Compared to the proportion of female employees in the overall workforce, the proportion of female management of high rankings (the level above workshop and department heads) was lower. There are 17 enterprises with a proportion of

female management of medium and high rankings less than 50%, accounting for about 33% of the sample enterprises. There were only 16 enterprises with a proportion of female management of medium and high rankings over 80%, accounting for about 31% of the 51 enterprises. (See Figure 2-7)

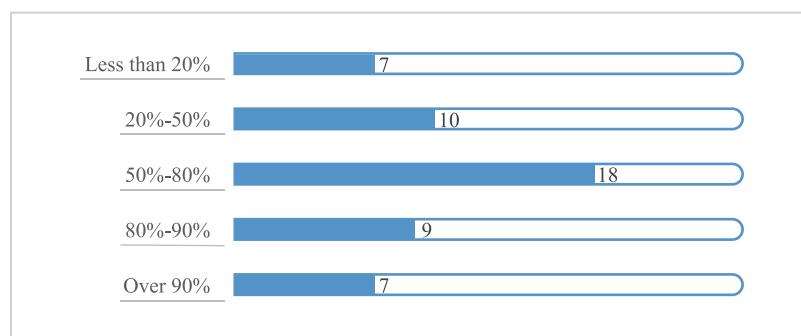


Figure 2-7: Proportions of Female Management of Medium and High Rankings at Sample Enterprises

Parent companies/investors of the sample enterprises were mainly from Jiangsu, Zhejiang and Shanghai, accounting for about 45% of the sample enterprises. In addition, enterprises whose parent companies/investors were from Hong Kong and Macau also occupied a high proportion. (See Figure 2-8)

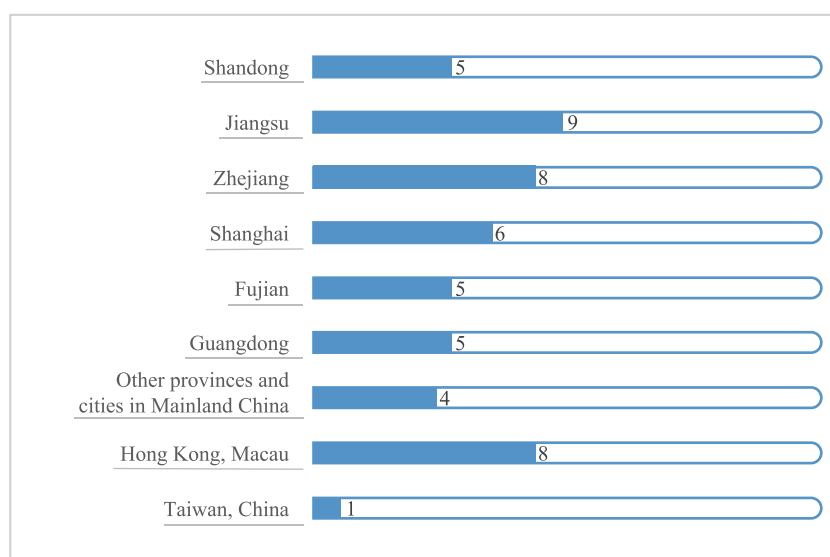


Figure 2-8: Bases of Sample Enterprises' Parent Companies/Investors

Frontline employees of the enterprises were mainly natives. There were 46 enterprises in which the proportions of natives in their frontline employees were more than 80%, accounting for about 90% of the sample enterprises. (See Figure 2-9)

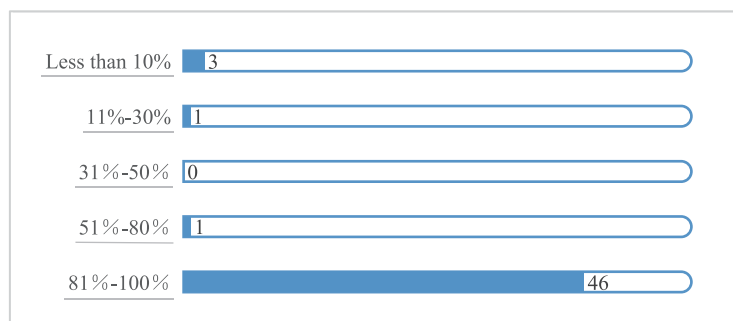


Figure 2-9: Proportions of Natives among Frontline Employees at Sample Enterprises

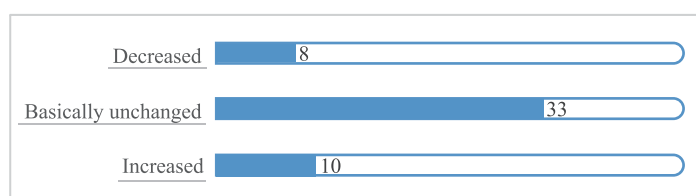


Figure 2-10: Changes in the Number of Native Frontline Employees at Sample Enterprises

Compared with 2019, the proportion of natives in frontline employees at 33 sample enterprises basically remained unchanged in 2020. About 16% and 20% of the sample enterprises have their proportion of native employees increased and decreased, respectively. (See Figure 2-10)

In stark contrast to the high proportion of natives in frontline employees, the proportion of natives in the management of medium and high rankings (above the level of workshop and department heads) was not high. There were only 11 enterprises where more than 80% of their management of medium and high rankings were natives, and 17 enterprises with such proportion of less than 10%. (See Figure 2-11)

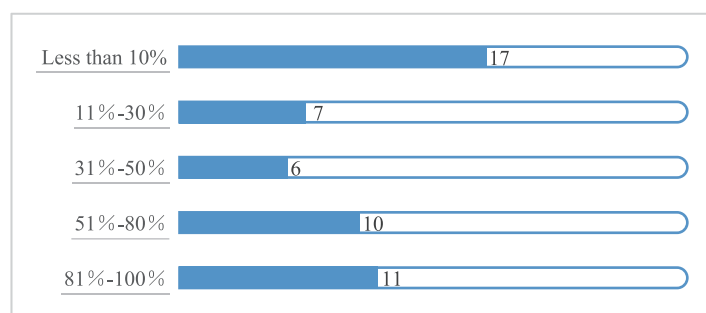


Figure 2-11: Proportions of Native Management of Medium and High Rankings at Sample Enterprises

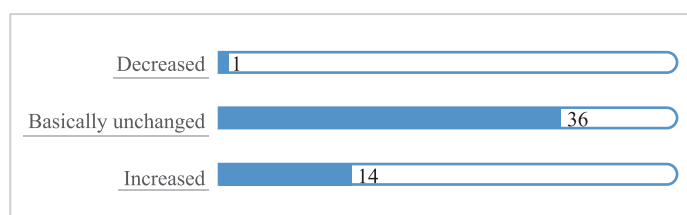


Figure 2-12: Changes in Localization of Middle and Senior Managers in Sample Enterprises

In 2020, 36 enterprises' numbers of native managements of medium and high rankings were the same with 2019, while 14 enterprises' increased. Affected by the pandemic, it's inconvenient for Chinese managers to enter and leave China, which increased the capability of native management to some extent. (See Figure 2-12)

(ii) Overview of employee samples

A total of 312 employees working in overseas factories in Myanmar, Cambodia, Vietnam, and Bangladesh were selected as samples. Among them, 170 are From Myanmar, 30 are from Cambodia, 43 are from Vietnam, 50 are from Bangladesh, 16 are from China and 1 is from one other country (2 people didn't answer). (See Figure 2-13) Most of the sample employees were female, accounting for approximately 72% of the total. (See Figure 2-14)

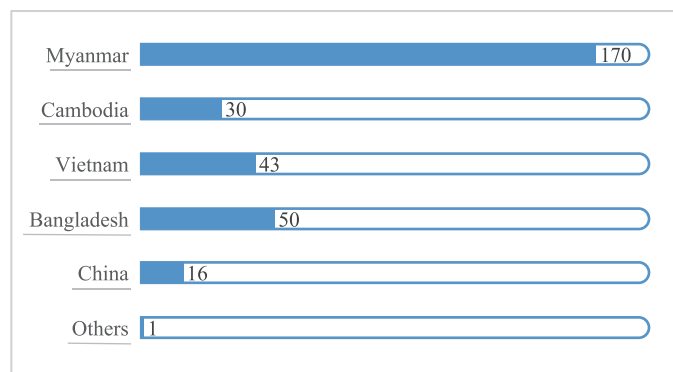


Figure 2-13: Distribution of Sample Employees by Nationality

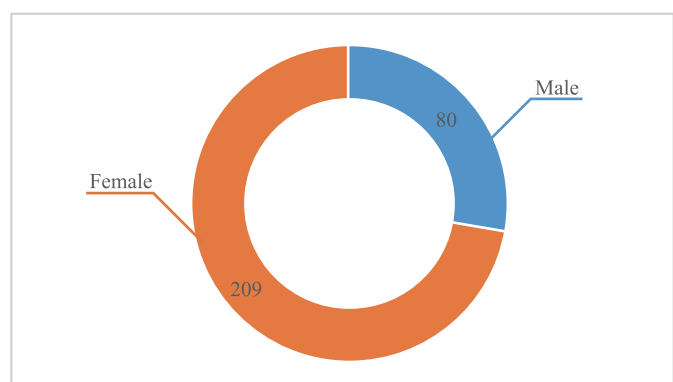


Figure 2-14: Gender Ratio of Sample Enterprises

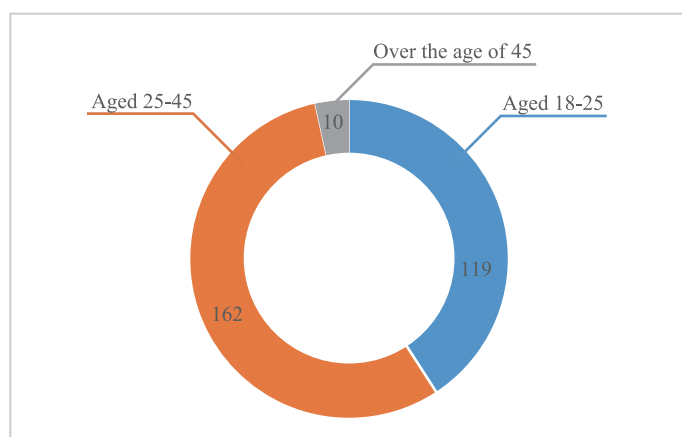


Figure 2-15: Age Ranges of Employees at Sample Enterprises

About 55% of the sample employees were between 25 and 45 years old, and about 41% were between 18 and 25 years old. The sample employees over the age of 45 account for a very low proportion. (See Figure 2-15)

Different countries also varied in age groups of employees. In Vietnam and Bangladesh, 70% of the native employees were over the age of 25. (See Figure 2-16)

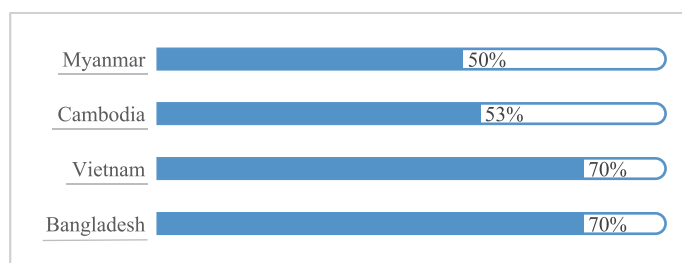


Figure 2-16: Proportions of Employees over the Age of 25

There was little difference between the proportions of married and unmarried employees, with about 46% married and about 53% unmarried. (See Figure 2-17) However, the proportion of married employees varied greatly by country. In Bangladesh, married employees accounted for 79%⁶, while in Myanmar, they accounted for only 38%. (See Figure 2-18)

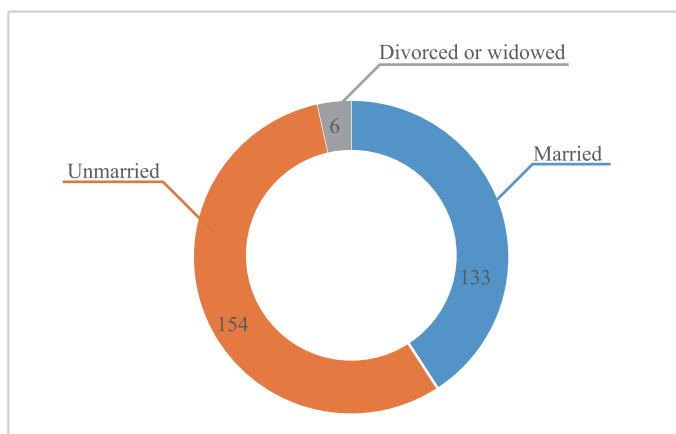


Figure 2-17: Marital Status of Employees at Sample Enterprises

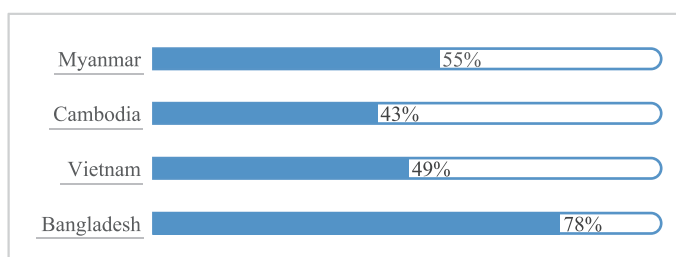


Figure 2-18: Proportions of Married Employees at Sample Enterprises

⁶ This may be attributable to the longer development course of the textile and apparel industry in Bangladesh. In the survey, two enterprises that had been in operation for more than 20 years were both from Bangladesh.

Over half of employees (55%) had no children, most of married employees had one or two children, and few of them had three or more children. (See Figure 2-19) The number of children raised by employees also varied greatly by country. In Bangladesh, only 27% of the employees had no children; in the other three countries, the figure was close to or over 50%.

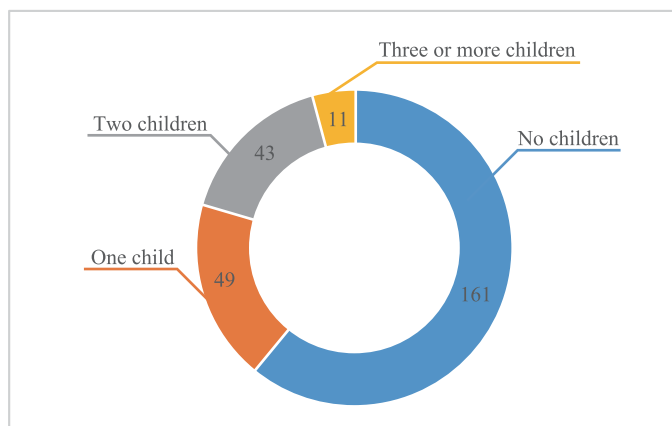


Figure 2-19: Number of Children Raised by Employees at Sample Enterprises

Most (64%) of the employees had worked for less than three years at sample enterprises. Employees who had worked for 3-5 years account for about 22%, while those who had worked for more than five years only account for about 13%. And about 60% of the sample enterprises had been operated at the sample countries for more than five years. (See Figure 2-20)

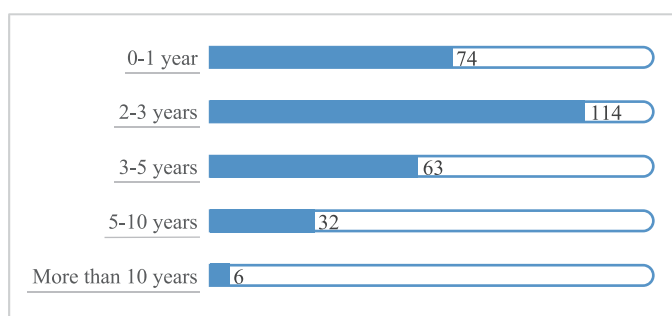


Figure 2-20: Years of Employment at Sample Enterprises

By country, 91% of Vietnam's sample employees had worked for more than two years at sample enterprises, and only 30% of Cambodian sample employees had worked for more than two years at sample enterprises. The figures were 76% in Myanmar and 74% in Bangladesh. (See Figure 2-21)

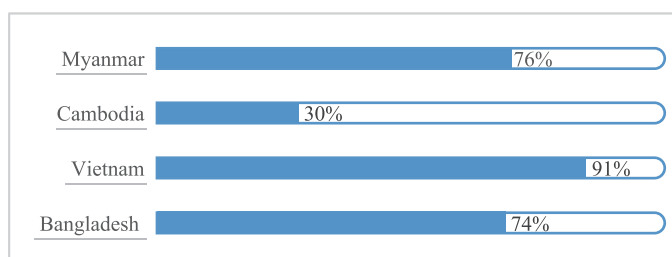


Figure 2-21: Proportions of Employees Who have Worked for the Current Employers for More Than Two Years



III

Impacts of COVID-19 on the Operations of Chinese-invested Textile and Apparel Enterprises in Sample Countries



(i) Employees infected in the sample enterprises

To grasp the impacts of COVID-19 on Chinese-invested textile and apparel enterprises in Southeast Asia and South Asia, we surveyed the accumulative number of employees of sample enterprises infected with the virus from January 1, 2020. According to the data from questionnaires for enterprise, 49% of sample enterprises (25 enterprises) did not have employees infected with the virus during this period (Jan, 2020-May, 2021). (See Figure 3-1)

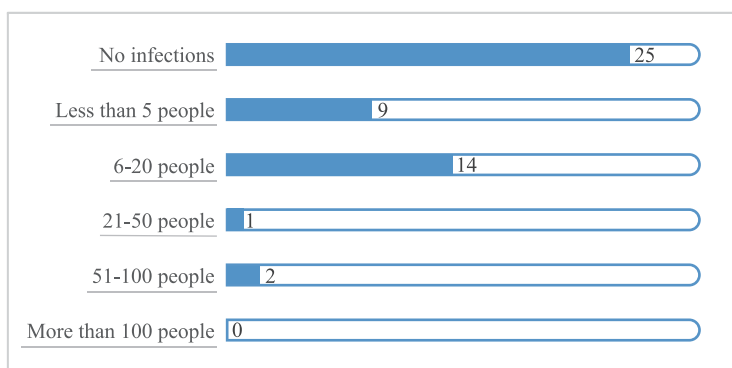


Figure 3-1: Number of Employees Infected at Sample Enterprises

Overall, employees in the sample enterprises were not significantly infected during the period, which is verified to some extent by the data from questionnaires for employee. In the survey, only 10 employees reported “I am, and/or my family member(s) and/or workmate(s) is/are infected or once have been infected with COVID-19”, accounting for 3% of the sample employees.

◆ The survey data are heavily affected by the survey time. In July 2021, we visited some companies in Jiangsu which run factories in Southeast Asia, and they were very concerned about the local situation of the pandemic.

“We have many Chinese professionals overseas. The situation of the pandemic in Southeast Asia is severe. Our Chinese professionals there are highly likely to be infected. We wanted to purchase some ventilators and medicines at our own expenses and transport them to our overseas factories, but the transportation was disrupted, we couldn't do it. Can you give us some medical support?”

——Head of a Chinese-invested textile and apparel enterprise in Myanmar

(ii) Impacts of COVID-19 on business operations

I. Production capacity

Although the survey results show that there were not many employees of the sample enterprises getting infected, the difficulty and cost of manufacturing enterprises for purchasing raw materials and selling finished products have increased due to the impact of COVID-19 on transportation. As the pandemic dealt a severe blow to the world economy and global trade and affected

the orders of global manufacturing enterprises, we surveyed the impacts of the pandemic on production, sales and other aspects of sample enterprises.

We first surveyed the impacts on the production of sample enterprises. According to the survey results, more than a third of the enterprises were undergoing or once underwent production shutdowns during the pandemic. (See Figure 3-2)

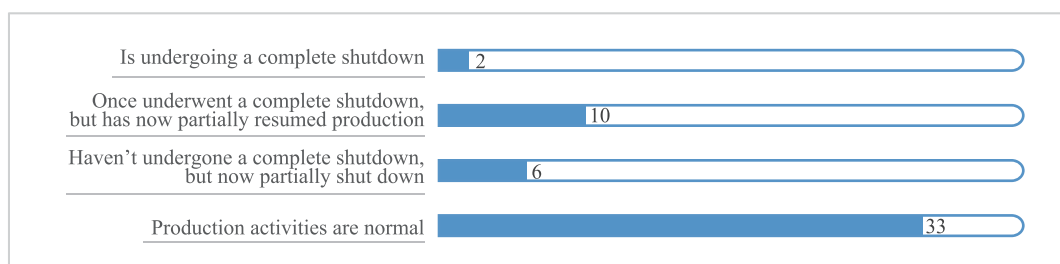


Figure 3-2: Current Production Status of Enterprises

Of the six enterprises that hadn't undergone a complete shutdown but were undergoing a partial shutdown, four were from Myanmar and two from Cambodia. Of the six enterprises, one enterprise's production capacity was only 26-50% of that prior to the pandemic; four enterprises' had recovered to 51%-75% of that prior to the pandemic; and the production capacity of one enterprise in good condition had recovered to 76-100% of that prior to the pandemic. (See Table 3-1)

Of the ten enterprises that had undergone a

complete shutdown but had partially resumed production, one enterprise's production capacity was only 26-50% of that prior to the pandemic, and it was a Cambodian enterprise; the production capacity of five enterprises (2 from Cambodia, 2 from Myanmar and 1 from Bangladesh) had recovered to 51%-75% of that prior to the pandemic; and the production capacity of four enterprises in good condition (2 from Myanmar and 2 from Bangladesh) had recovered to 76%-100% of that prior to the pandemic. (See Table 3-1)

Table 3-1: Distribution of the Enterprises with Reduced Capacity

Existing/total capacity of the enterprises	Number of enterprises that had not undergone a complete shutdown but were undergoing a partial shutdown	Number of enterprises that once underwent a complete shutdown but had partially resumed production
26%-50%	1	1
51%-75%	4	5
76%-100%	1	4

Overall, of the 16 enterprises that had undergone complete or partial shutdown, nearly 90% had resumed their production capacity to 50% or about three-quarters of that prior to the pandemic; and nearly a third of the enterprises had resumed their production capacity to three-quarters or 100% of that prior to the pandemic. As only a small number of employees were infected, most enterprises quickly resumed production after the pandemic had been contained to some extent.



2. Sales

The pandemic also brought direct or indirect impacts to sales of the sample enterprises, resulting in a reduction in both orders and revenues. Since January 1, 2020, more than 50% of the enterprises had undergone order cancellation or suspension by European and U.S. buyers on the ground of the pandemic, and more than 70% of the sample enterprises in Vietnam had undergone similar situations. (See Figure 3-3)

In the list of the amounts of the enterprises' orders canceled/suspended by international brands (sorted by size), there were Adidas, ZARA, H&M and other well-known brands with high sales as well as TOMMY, CK, Armani, COACH and other affordable luxury brands appearing frequently. (See Table 3-2) The contract amount of canceled/suspended orders by each international brand was approximately \$1 million, and some even topped \$10 million. Among them, 19 enterprises' contract amount of canceled/suspended orders topped \$1 million, one enterprise's \$30 million and another enterprise's \$40 million.

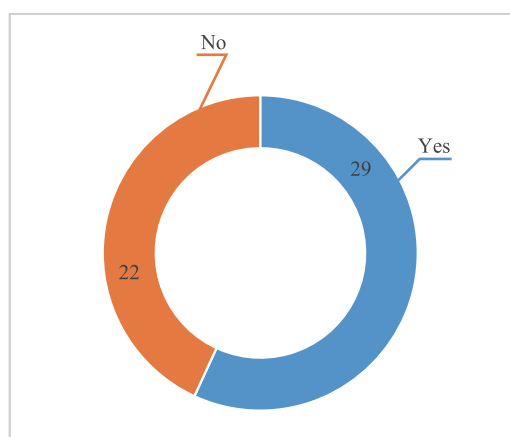


Figure 3-3: Number of Enterprises with Orders Canceled or Suspended by Buyers on the Ground of the Pandemic

Table 3-2: Names of International Brands that Cancel/Suspend Orders during the Pandemic

Country	Brand Name
Cambodia	LIDL, Carter's, TOMMY, H&M, CK, C&A, Armani, Adidas, ZARA, Jako
Myanmar	Primark, Promod, Betty Barclay, EWM, JAG, KST, Inditex, LIDL, Takko, ZARA, H&M, C&A, LPP, Li&Feng, Women Secret, Guess, Liujo, Only
Vietnam	RL, Uniqlo, Tailor Brands, H&M, Carter's, Adidas
Bangladesh	MK, COACH, K, S, Debenhams, Walmart Japan, Erima

Order reduction and contract cancellation directly caused the decrease of revenue. According to the survey results, 73% of the enterprises reported a decline in revenue in 2020 from 2019, of which 23 enterprises reported a decline of less than a quarter, 11 enterprises reported a decline between a quarter and a half, and 3 enterprises (one from Cambodia, one from Myanmar, and one from Bangladesh) reported a decline of more than 50%. (See Figure

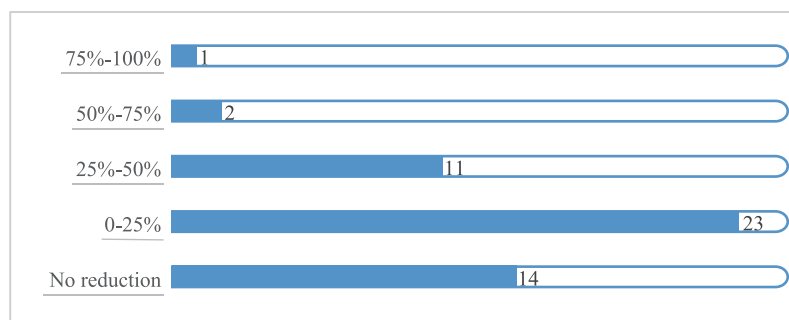


Figure 3-4: Decrease of Enterprises' Revenues from Last Year

3-4) The decline in revenue led to the deterioration of the enterprises' cash flows. As a result, it's hard for the enterprises to have sufficient funds to continue production, hindering their sustainable development.



◆ It's found in the survey that, during the pandemic, the enterprises had to seek survival and long-term development by reducing their profit margins.

"To retain clients, we accept orders as long as we don't lose money. We won't be unable to accept orders as normal until the pandemic is conquered."

—Head of a Chinese-invested textile and apparel enterprise in Myanmar



3. Key influential factors

When studying the specific impacts on enterprises, we found that the results of questionnaires verify the results of our previous analysis on the enterprises' production and sales. Many enterprises (more than a third) reported that they were severely impacted in the following aspects: "reduction in client orders, including cancellation or suspension" (86%), "disruption of domestic transportation and import and export due to restrictions" (63%), "unable to procure sufficient raw materials or raw material price rises" (47%) and "tremendous pressure on cash flow" (41%). These statistics objectively reflected the impacts of the pandemic on the enterprises' production and operation. (See Figure 3-5)

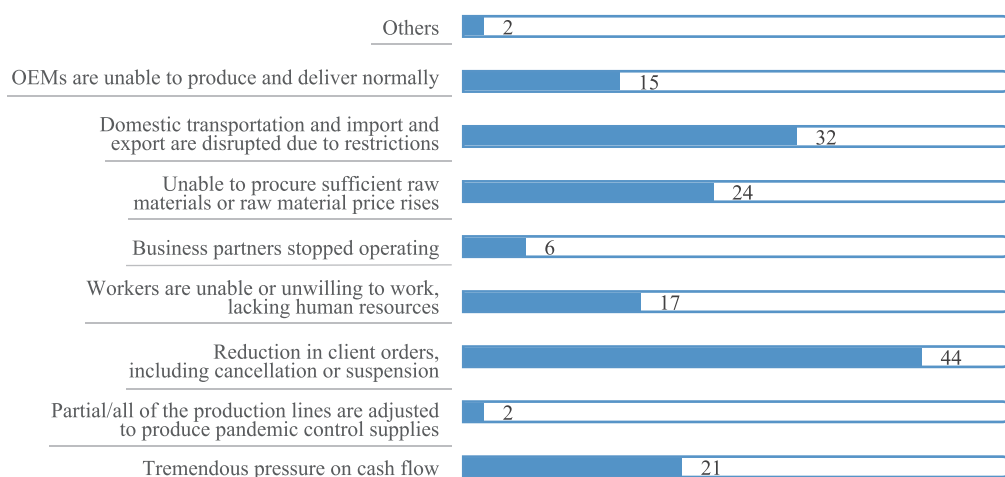


Figure 3-5: Factors Affecting Production and Operation of Enterprises

◆ It's found in the survey that, though the client demand was strong, the production capacity of the enterprises was limited by the shortage of raw materials and rising logistics costs.

"In view of an incomplete supply chain in Southeast Asia, our raw materials, equipment and even mechanical parts are imported from China. China's export is greatly restricted after the outbreak of the pandemic, leading to a shortage of containers. Although the factories in Southeast Asia have many orders, we have to reduce production capacity due to the shortage of raw materials."

—Head of a Chinese-invested textile and apparel enterprise in Cambodia



"The current transportation costs are too high. The costs of land transportation are almost the same as that of air transportation while the latter's are almost the same as that of previous courier charges. It costs times more than before to send a container to the United States. With such high freight charges, we are uncertain if we should continue to accept orders."

—Head of a Chinese-invested textile and apparel enterprise in Myanmar

By country, prominent impacts on enterprises in Cambodia (more than 80%) include: "workers are unable or unwilling to work, lacking human resources" and "transportation is blocked, including restrictions on domestic transportation and overseas import and export"; moreover, "reduction in client orders, including cancellation or suspension" affected more than 95% of the enterprises in Myanmar. The enterprises in Vietnam and Bangladesh were also suffering such impacts. (See Table 3-3)

Table 3-3: Factors Affecting Production and Operation of Enterprises

Country	Factor
Cambodia	Workers are unable or unwilling to work, lacking human resources (83%); Domestic transportation and import and export are disrupted due to restrictions (83%).
Myanmar	Reduction in client orders, including cancellation or suspension (96%); Domestic transportation and import and export are disrupted due to restrictions (58%).
Vietnam	Reduction in client orders, including cancellation or suspension of orders by clients (71%); Unable to procure sufficient raw materials or raw material price rises (57%); Domestic transportation and import and export are disrupted due to restrictions (57%).
Bangladesh	Reduction in client orders, including cancellation or suspension (86%); Unable to procure sufficient raw materials or raw material price rises (63%).



"With a high rate of absenteeism, workers manufacturing a certain variety of products have to be frequently dispatched to manufacture other varieties, making it more difficult to control the quality of products and greatly decreasing the productivity."

—Head of a Chinese-invested textile and apparel enterprise in Cambodia

(iii) Impacts of COVID-19 on employees

The pandemic had brought severe challenges to the national economy and social operation of the four Southeast Asian countries, and caused certain impacts on enterprise employees. We surveyed the employment and income of the employees in the sample enterprises, changes in their duties, HR management and labor relations, and the employees' appeals to enterprises during the pandemic, and analyzed the difference of the impact of the pandemic on male and female employees.

I. Employment

It's found in our aforementioned survey that the production and operation of the enterprises were disturbed to some extent by the pandemic. On the one hand, some production orders were delayed or even canceled, leading to a decrease in the enterprises' productivities; on the other hand, mounting production and operation costs of the enterprises due to the pandemic led to an increase in the proportion of enterprise employees awaiting job assignment or unemployed in this period, and this is also verified by the following figures.

The results of the survey show that, there were 31 enterprises (61%) with 10% of employees awaiting job assignment or unemployed; 16 enterprises (31%) with 11%-30% of employees awaiting job assignment or unemployed; 2 enterprises from Cambodia (4%) with 31%-50% of employees awaiting job assignment or unemployed; and 2 enterprises from Bangladesh (4%) with more than 50% of its employees awaiting job assignment or unemployed. (See Figure 3-6)

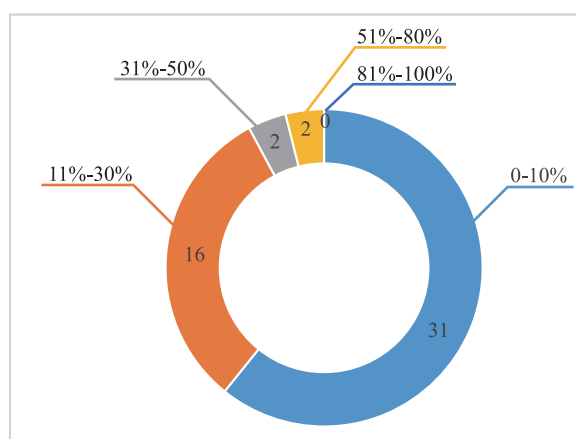


Figure 3-6: The Highest Proportions of Enterprise Employees Awaiting Job Assignment or Unemployed

As a labor-intensive industry, we have been hard hit by the pandemic. Immediately after the outbreak of the pandemic, we downsized our workforce."

—Head of a Chinese-invested textile and apparel enterprise in Cambodia

2. Employees' income

In order to grasp the impact of COVID-19 on employees' income, we surveyed the changes in employees' salary amid the pandemic. As shown in survey results, employee income was not significantly affected by the pandemic. According to enterprise questionnaires, nearly 80% of the enterprises reported unchanged employee income and even a rise. There were 8 enterprises (16%) which reported a decline of 1-10%, including 6 enterprises in Myanmar, 1 in Cambodia and 1 in Vietnam; and 3 enterprises (nearly 6%) from Myanmar, Cambodia and Vietnam reported a decline of 11%-30%. (See Figure 3-7) The main reason for a rise in employee income was that the national "Labor Law" provides for annual minimum wage increase, or the government increased the basic salary

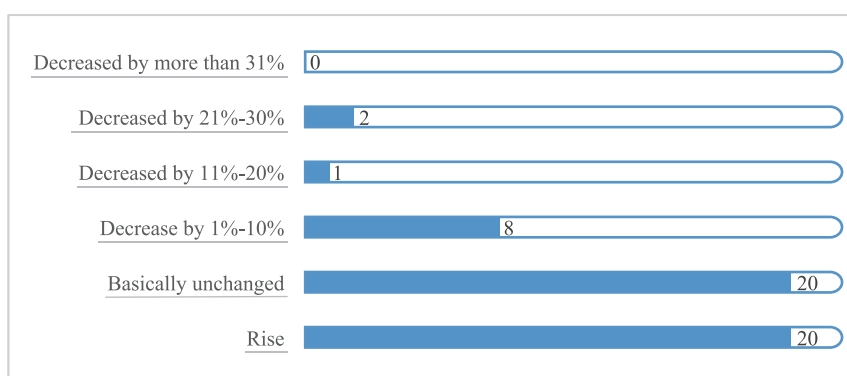


Figure 3-7: Salaries of On-the-job Employees (Senior Management Perspective)

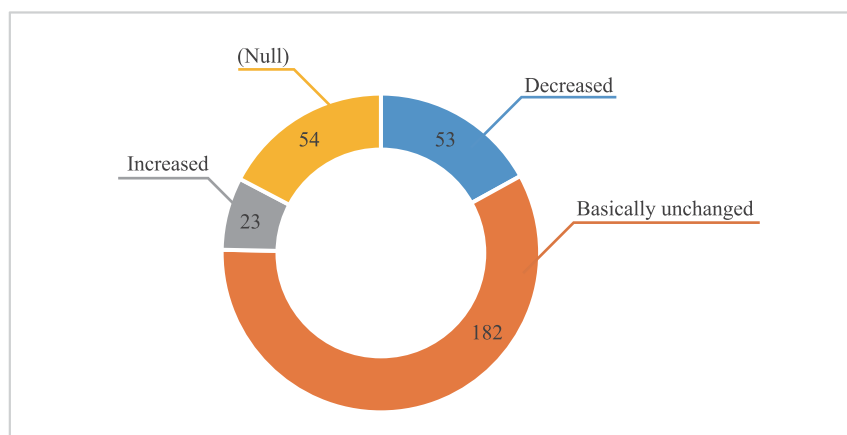


Figure 3-8: Salaries of On-the-job Employees (Employee Perspective)

during the pandemic. To address the impacts of the pandemic, the governments of the four countries had also been distributing relief funds to poor and vulnerable groups.⁷ The results of the questionnaires for employees also verify the foregoing conclusion, i.e., only 17% of the employees reported that their salary decreased during the pandemic, mostly in a range within 30%. (See Figure 3-8)

⁷ See Appendix 1.

In the face of a grim employment situation, granting compensations or living allowances to employees awaiting job assignment or unemployed had become the primary measure for enterprises to subsidize their employees. According to the survey results, 43 enterprises were granting compensations or living allowances to employees awaiting job assignment or unemployed during the pandemic, accounting for 84% of the sample enterprises.

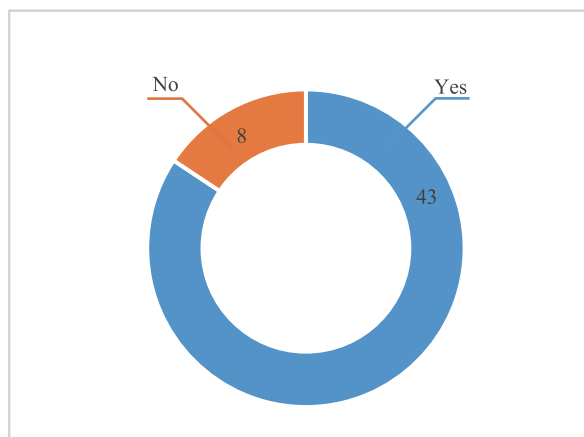


Figure 3-9: Granting of Compensations or Living Allowances to Employees Awaiting Job Assignment or Unemployed by Enterprises during the Pandemic

(See Figure 3-9)

By country, all enterprises in Cambodia and Vietnam were granting a certain amount of compensations or living allowances to employees awaiting job assignment or unemployed during the pandemic, while more than 87% of enterprises in Bangladesh and more than 70% of enterprises in Bangladesh were taking similar measures. (See Figure 3-10)

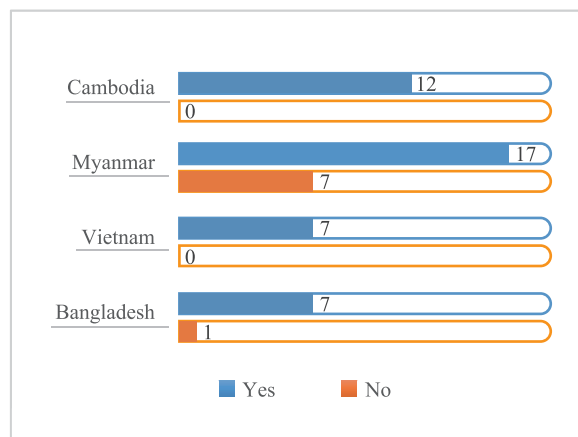


Figure 3-10: Number of Enterprises that Grant Compensations or Living Allowances to Employees Awaiting Job Assignment or Unemployed during the Pandemic

3. Jobs and duties

The results of the questionnaire for employee show that, more than 60% of the employees reported that the pandemic had “little or no impact” on their jobs and duties; and most of the impacts were reflected in shorter working

hours and manufacturing pandemic prevention supplies. Only 6% of the employees reported that “their jobs have become unstable”. (See Figure 3-11)

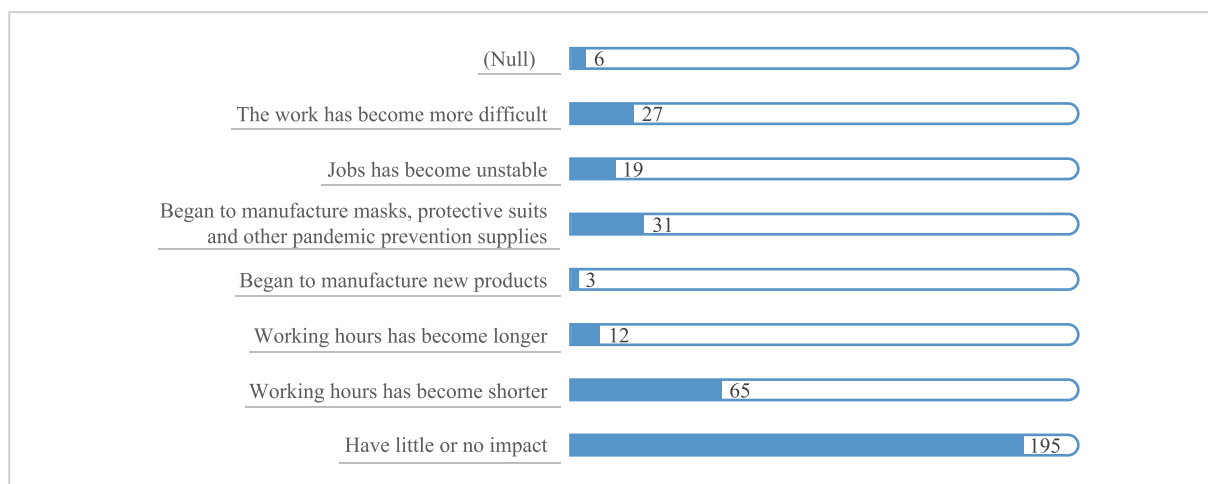


Figure 3-11: Changes in Jobs and Duties of Employees

4. Human resources management and labor relations

The pandemic had caused negative impacts on human resources management and labor relations of Chinese-invested textile and apparel enterprises in Southeast Asia. In the survey, more than 50% of the enterprises reported that greater flexibility of work (such as telecommuting and closed-off management) during the pandemic increased the management difficulty; moreover, “increased frequency of

negotiation with trade unions or employee representatives”; “growing difficulty in management over special populations (female employees in pregnancy or lactation period, employees with basic diseases, employees with disabilities, etc.)” and “growing labor disputes over working hours, wages, social security and labor relations” were also key issues concerned by the enterprises. (Figure 3-12)

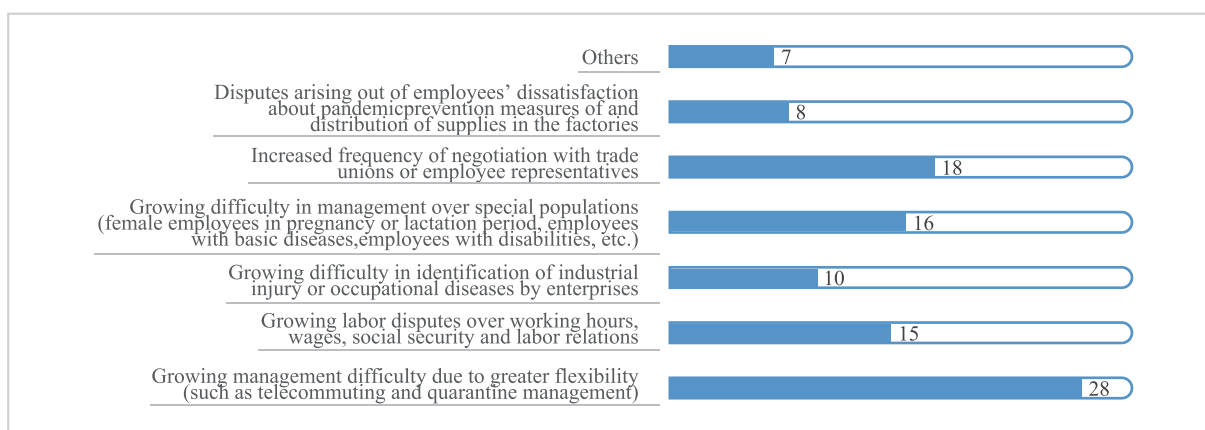


Figure 3-12: Impacts of the Pandemic on Human Resources Management and Labor Relations of Enterprises

◆ The survey shows that activities of labor unions declined due to the COVID-19 pandemic. Under the pressure of rising unemployment rate and decreasing family income, workers became more cooperative in the management of enterprises, and in the process of communicating employees' appeals to enterprises' management, employee representatives played a significant role.

"As job opportunities are rare during the pandemic, the workers cherish their current jobs all the more."

——Head of a Chinese-invested textile and apparel enterprise in Cambodia



By country, prominent impacts on enterprises in Vietnam (71%) and in Bangladesh (88%) include “growing management difficulty due to greater flexibility (such as telecommuting and closed-off management)” and enterprises in Cambodia were also faced with two key issues, i.e., “increased frequency of negotiation with trade

unions or employee representatives (50%)” and “growing difficulty in management over special populations (female employees in pregnancy or lactation period, employees with basic diseases, employees with disabilities, etc.) (50%)”. (See Table 3-4)

Table 3-4: Key Impacts of the Pandemic on Human Resources Management and Labor Relations of Enterprises

Country	Factor
Cambodia	Growing management difficulty due to greater flexibility (such as telecommuting and closed-off management) (58%); Growing difficulty in management over special populations (female employees in pregnancy or lactation period, employees with basic diseases, employees with disabilities, etc.) (50%); Increased frequency of negotiation with trade unions or employee representatives (50%).
Myanmar	Increased frequency of negotiation with trade unions or employee representatives (42%); Growing management difficulty due to greater flexibility (such as telecommuting and closed-off management) (38%); Growing labor disputes over working hours, wages, social security and labor relations (38%).
Vietnam	Growing management difficulty due to greater flexibility (such as telecommuting and closed-off management) (71%).
Bangladesh	Growing management difficulty due to greater flexibility (such as telecommuting and closed-off management) (88%).

5. Employees' appeals to enterprises

The pandemic had impacted the everyday life of the employees. More than 50% of the employees reported that “the actual monthly income of their family decreased due to the pandemic”. Other impacts of the pandemic include: “inconvenient traffic”; “difficulties in purchasing life supplies, such as shortage of supply and price rise”; “lacking leisure and entertainment activities”; “difficulties in seeking medical advice for diseases other than the virus”. (See Figure 3-13)



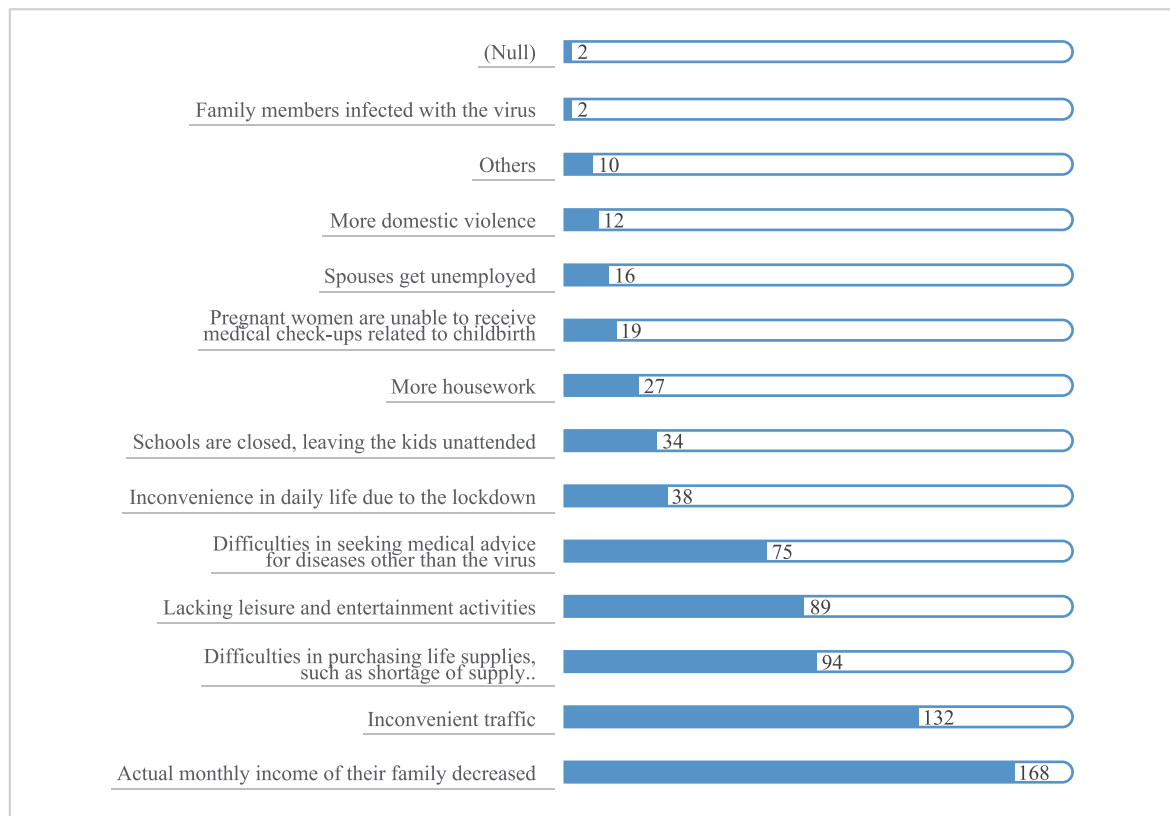


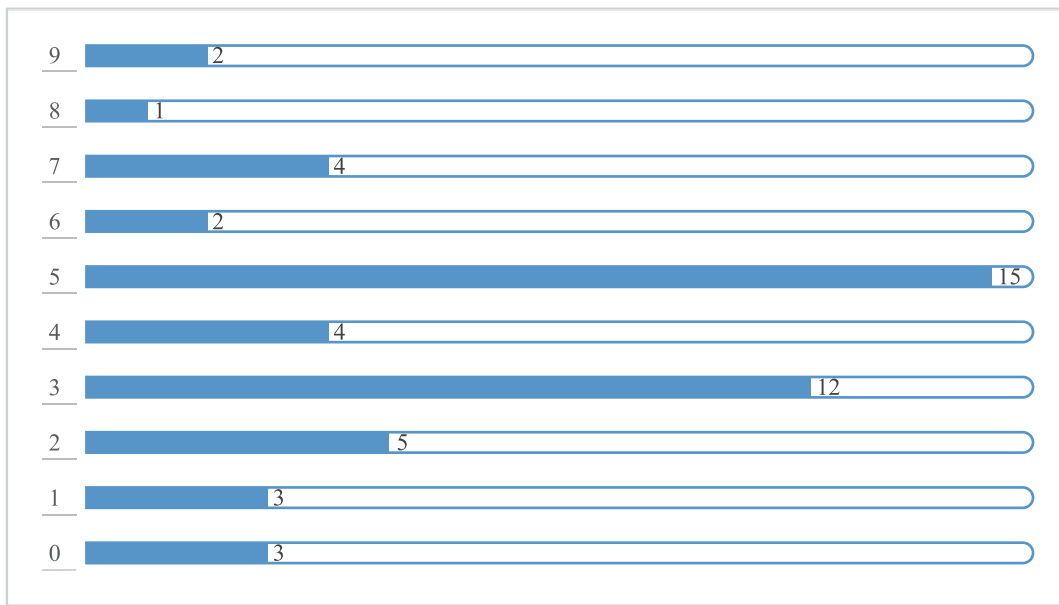
Figure 3-13: Impacts of the Pandemic on Employees' Family Life

Table 3-5: Impacts of the Pandemic on Employees' Family Life

Country	Factor
Cambodia	Difficulties in purchasing life supplies, such as shortage of supply and price rise (53%); Actual monthly income of their family decreased (47%); Inconvenient traffic (23%).
Myanmar	Actual monthly income of their family decreased (60%); Inconvenient traffic (43%); Lacking leisure and entertainment activities (29%).
Vietnam	Actual monthly income of their family decreased (34%); Inconvenient traffic (34%); Lacking leisure and entertainment activities (26%).
Bangladesh	Difficulties in seeking medical advice for diseases other than the virus (73%); Difficulties in purchasing life supplies, such as shortage of supply and price rise (60%); Inconvenient traffic (60%).

Moreover, the mental states of the employees were also influenced by the pandemic. Most enterprises reported that the impact of COVID-19 on the mental state of employees is moderate. If we use Figures 0-9 to indicate

the impact on the mental states of employees (0 stands for no impact, 9 stands for great impacts, such as emotional crash, etc.), 37 enterprises chose 3-7, accounting for 73% of the sample enterprises. (See Figure 3-14)



* 0 stands for no impact, 9 stands for great impacts, such as emotional crash, etc.

Figure 3-14: Degree of Impacts of the Pandemic on the Mental State of Employees

The results of the questionnaire for enterprises show that, during the pandemic, employees' appeals to enterprises mainly include: protecting their health and safety (e.g. distributing pandemic prevention supplies and organizing safety training) (73%), "raising wages or keeping wages the same as before" (31%), "reducing working hours or workload" and "increasing the frequency of dialogue and negotiation between the enterprises and employees". (Figure 3-15) According to the questionnaires for

employees, their appeals include "hoping that the factory will not be closed", "organizing employees to be vaccinated against COVID-19", "don't lay me off or suspend my job" and "no decrease in income". By country, employees of the enterprises in Myanmar had a strong demand for health and safety protection while more than 40% of Cambodian employees hoped that the enterprises can increase the frequency of dialogue and negotiation with them. (See Figure 3-16 and Table 3-6)

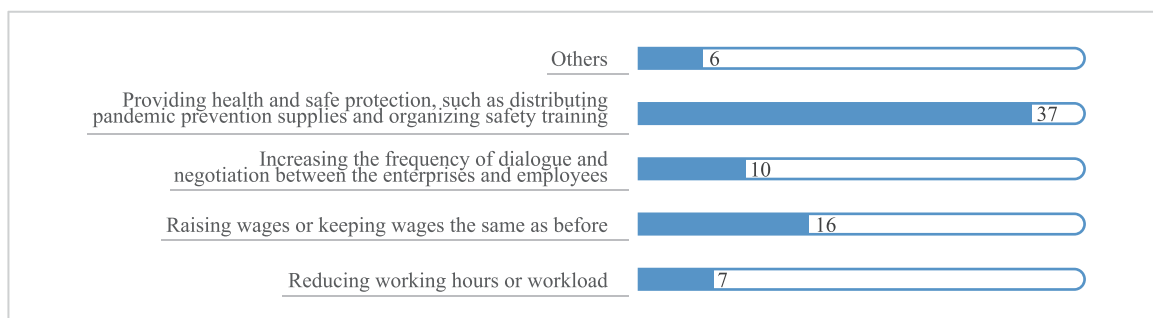


Figure 3-15: Employees' Key Appeals to Enterprises (Senior Management Perspective)

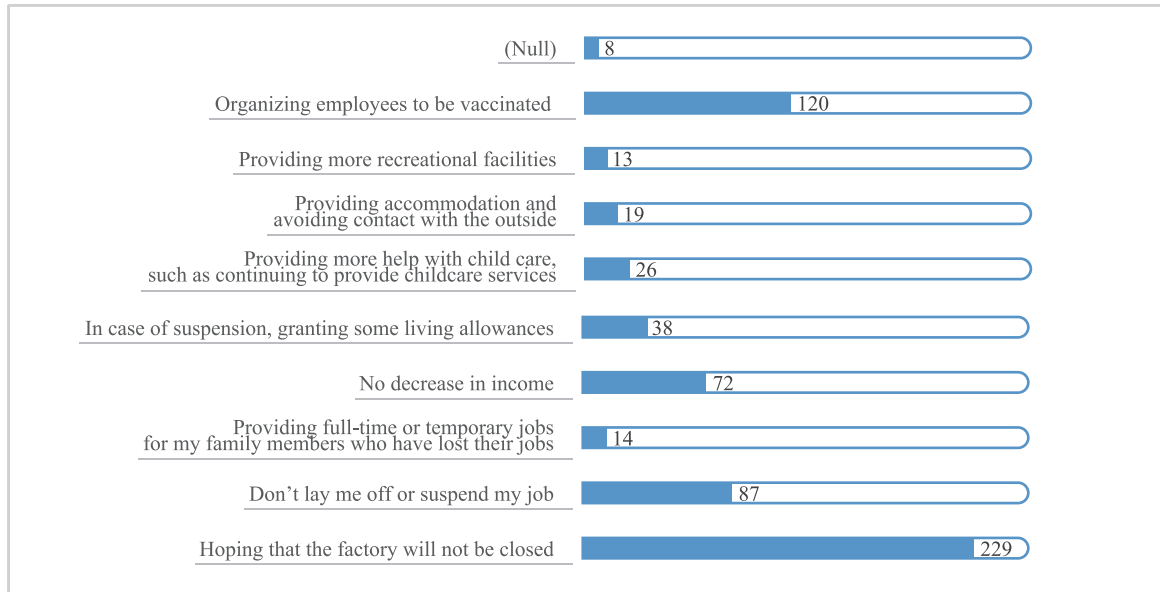


Figure 3-16: Employees' Key Appeals to Enterprises (Employee Perspective)

Table 3-6: Employees' Key Appeals to Enterprises

Factor	Cambodia	Myanmar	Vietnam	Bangladesh
Providing health and safe protection, such as distributing pandemic prevention supplies and organizing safety training.	67%	79%	71%	63%
Raising wages or keeping wages the same as before	42%	29%	29%	25%
Increasing the frequency of dialogue between the enterprises and employees	42%			

Although the employees had many appeals, the frequency they expressing their appeals had not increased due to COVID-19. In response to the question whether strikes (and other incidents in which appeals were expressed) had become more frequent since the outbreak

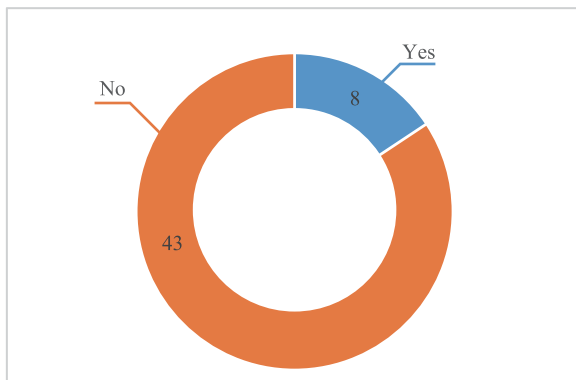


Figure 3-17: Whether Strikes (and Other Incidents in Which Appeals were Expressed) Have Become More Frequent

of the pandemic, 84% of the enterprises said no. By country, the enterprises holding that strikes (and other incidents in which appeals were expressed) had become more frequent since the outbreak are mainly from Cambodia (3) and Myanmar (5). (See Figures 3-17 and 3-18)

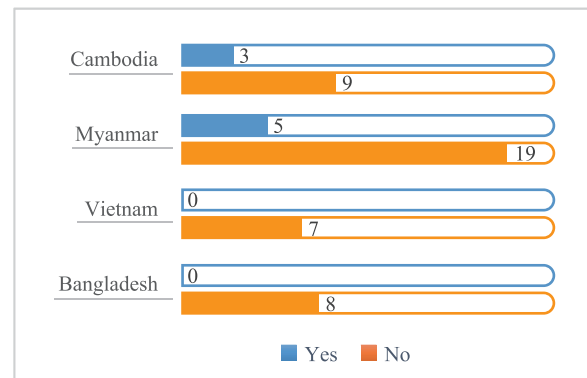


Figure 3-18: Whether Strikes (and Other Incidents in Which Appeals were Expressed) Have Become More Frequent

6. Difference between the impacts on male and female employees

Female employees' jobs had been hit by the pandemic. We surveyed the proportion of female employees in employees awaiting job assignment or unemployed. The results show that, in one third of the enterprises (17), this proportion was between 0-10%; in 12 enterprises, this proportion was between 11%-50%; in more than 40% of enterprises, this proportion topped 50%. (See Figure 3-19) It's worth noting that, in 11 enterprises (2 from Cambodia, 8 from Myanmar and 1 from Vietnam), this proportion topped 80%.

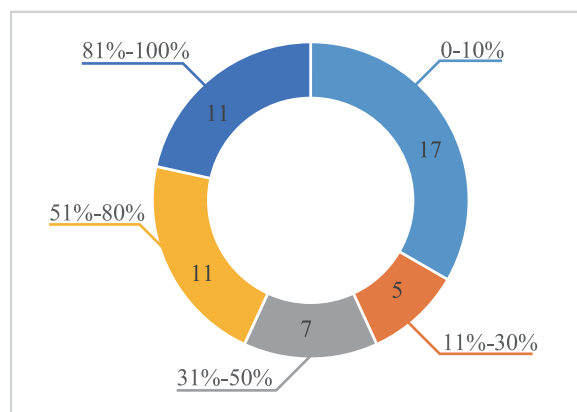


Figure 3-19: Distribution of Proportions of Female Employees in Employees Awaiting Job Assignment or Unemployed

By gender, more than 50% of male employees hold that “inconvenient traffic” influenced their family life; more than 60% of female employees thought that “actual monthly income of their families decreased”, and 30% of female employees selected “lacking leisure and entertainment activities”. (Table 3-7)

Table 3-7: Impacts of the Pandemic on Employees' Family Life (Perspective by Gender)

Gender	Challenge
Male	Inconvenient traffic (52%); Actual monthly income of their families decreased (37%); Difficulties in purchasing life supplies, such as shortage of supply and price rise (36%); Difficulties in seeking medical advice for diseases other than the virus (34%).
Female	Actual monthly income of their families decreased (61%); Inconvenient traffic (39%); Lacking leisure and entertainment activities (30%); Difficulties in purchasing life supplies, such as shortage of supply and price rise (28%).

Table 3-8: Employees' Key Appeals to Enterprises (Perspective by Gender)

Gender	Challenge
Male	Hoping that the factory will not be closed (67%); Organizing employees to be vaccinated against COVID-19 (42%); Don't lay me off or suspend my job (38%); No decrease in income (31%).
Female	Hoping the factory would not be closed (76%); Organize employees to be vaccinated against COVID-19 (37%); Don't lay me off or suspend my job (23%); No decrease in income (20%).

The core appeals of male and female employees were basically the same. They were prioritized by importance as “hoping that the factory will not be closed”; “organizing employees to be vaccinated against COVID-19”; “don't lay me off or suspend my job”; and “no decrease in income” (See Table 3-8).

(iv) Impacts of COVID-19 on enterprise development

To tackle the impacts of the pandemic, enterprises had to consider the following three questions to adjust their development strategies: Should we continue to operate in the country? If so, how to operate and what impacts will we face?

Since the pandemic had not shaken the foundation of the enterprises' operation for the time being, most of the enterprises were optimistic about the outlook on operating in the sample countries. 30 enterprises (59%) expressed an "optimistic and positive" attitude, while another 20 enterprises (39%) responded as difficult to judge; only one enterprise from Myanmar expressed a "pessimistic and negative" attitude to the outlook. (See Figure 3-20) By country, all enterprises in Bangladesh expressed an "optimistic and positive" attitude. (See Figure 3-21)

The above conclusions are consistent with the survey results on the enterprises' intention to move out or disinvest. Questionnaire results show that, only one of the 51 enterprises was considering divesting from the sample country; while 34 enterprises reported that they would not divest, accounting for up to two-thirds of the total number of the sample enterprises; and nearly a third of the enterprises reported that they were uncertain whether to divest from the sample countries. (See Figure 3-22)

"The foundation for the enterprises to realize sustainable development is to change their thinking. Keeping their factories healthy will become an integral part of the enterprises' CSR. At present, humans have to coexist with various viruses, and this fact may last for a long time in the future."

—Head of Textile & Garment Association of Chinese Enterprise Chamber in Myanmar

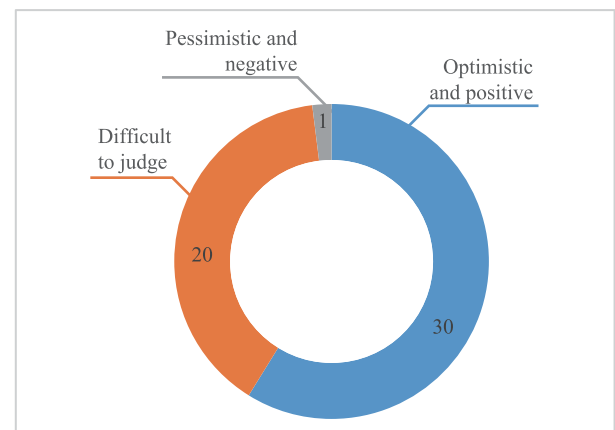


Figure 3-20: Overall Attitude of Enterprises to the Outlook on Operating in the Sample Countries

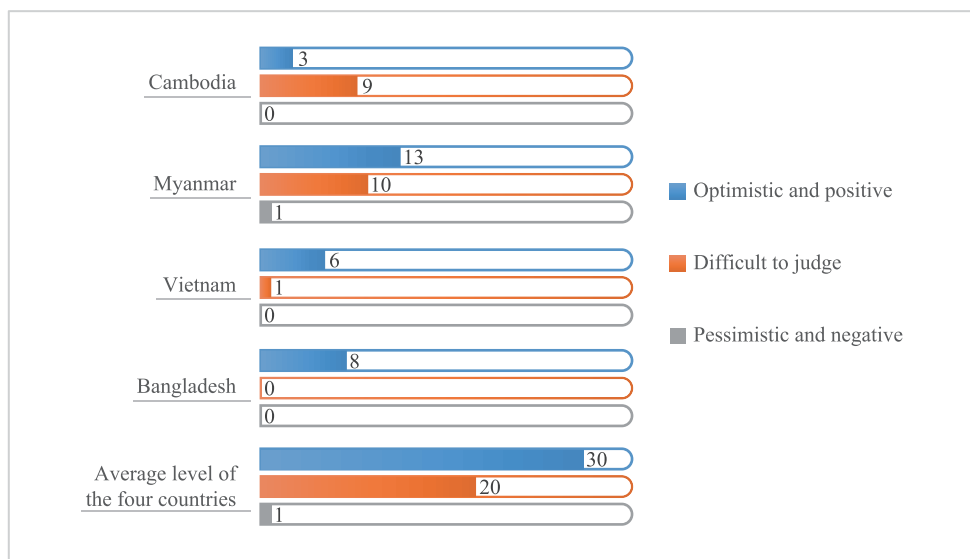


Figure 3-21: Overall Attitude of Enterprises to the Outlook on Operating in the Sample Countries

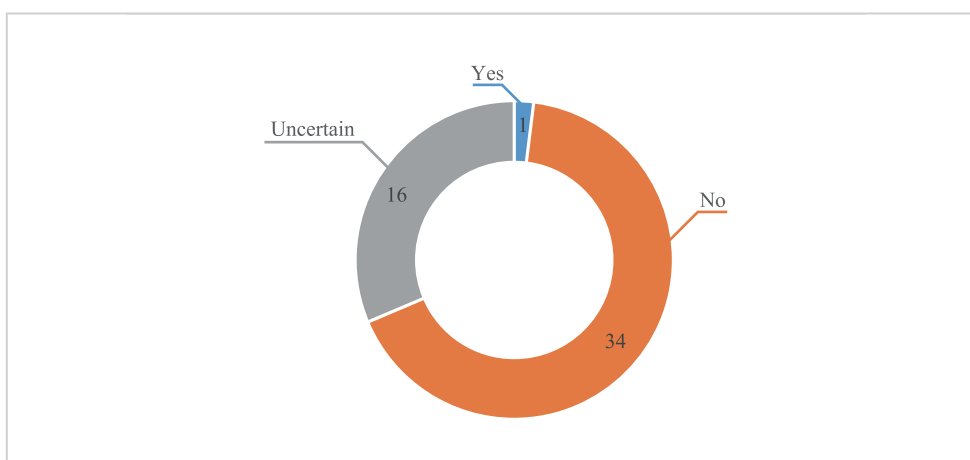


Figure 3-22: Whether Enterprises are Considering Divesting from the Sample Countries

"Looking forward, with the outbreak now under control in China, the 'Belt and Road Initiative' will be further advanced in Bangladesh at a faster speed and Bangladesh's economy continue to develop rapidly; Chinese-invested textile and apparel enterprises in Bangladesh will embrace a better future for development."

——A Head of Overseas Chinese Association in Bangladesh

"The fourth round of the pandemic in Vietnam has lasted for more than four months, and the situation is still severe. Apart from the material impact the pandemic has made on Chinese-invested textile and apparel industry, I personally find more reflects on the governance difference between Northern and Southern Vietnam: In general, the Vietnamese Government's control and governance in the north is much stronger than that in the south, which makes Chinese-invested enterprises reconsider their decisions on the investment and the future in the south and the instant response measures they should take for projects they have already invested in the south when emergencies occur."

——Manager of a Chinese-invested textile and apparel enterprise in Vietnam

◆ According to the survey, most enterprises chose to continue to operate in Southeast Asia, as a result of increasing domestic labor costs.

In the long run, Southeast Asia will remain a favorable destination for investment due to its demographic dividend as few Chinese workers are willing to work in apparel factories. However, high-end customers are reluctant to go to Southeast Asia as workers there are less skilled than those in China."

——Head of a Chinese-invested textile and apparel enterprise in Cambodia

To tackle the impacts of the pandemic, enterprises that chose to stay also need to make corresponding development plans. According to the results of the survey, the measures that more than one-third of the enterprises planning to take include (according to the frequency of being selected from high to low): normalizing pandemic prevention and control as part of occupational health and safety management; reducing operational costs, resulting in stricter control of internal costs; tightening relationship with supply chain partners and strengthening communication and cooperation with suppliers; speeding up the digital transformation, and improving management efficiency; choosing orders prudentially and paying more attention to implementing contract obligations; attaching more importance to supply chain stability, and reducing their dependence on individual suppliers; upgrading

equipment or carrying out technological transformations to reduce workforce. Among them, normalizing pandemic prevention and control (78%), cost management within the enterprise (73%) as well as supply chain optimization and technology (digital) upgrades with a relatively high frequency of similar keywords are more prominent, occupying a high proportion. These measures were chosen considering the enterprise's strategies from the aspects of "guarantee" and "development". (See Figure 3-23) By country, most enterprises in Vietnam thought it is necessary to integrate "speeding up digital transformation, and improving management efficiency" into their development plans. Besides, Vietnamese enterprises attached great importance to supply chain stability, cooperation with their supply chain partners, and upgrading equipment or carrying out technological transformations. (See Table 3-9)

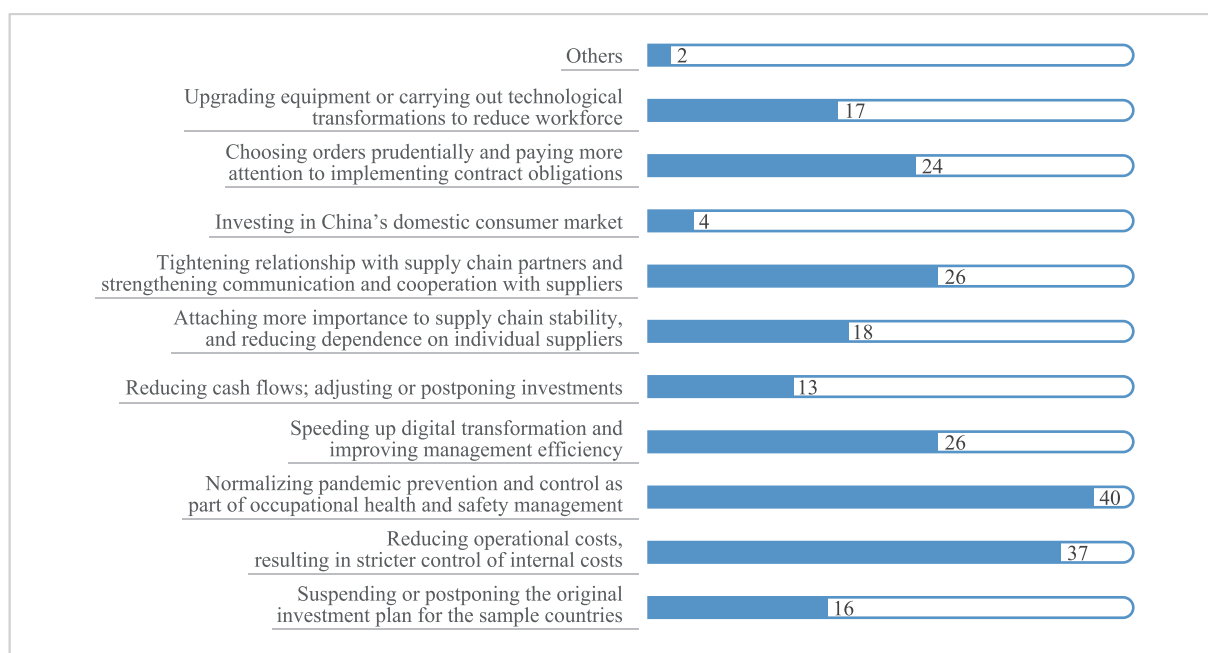


Figure 3-23: Medium- and Long-term Development Plans of Enterprises in Response to the Pandemic

Table 3-9: Medium- and Long-term Development Plans of Enterprises in Response to the Pandemic

Country	Plan
Cambodia	<p>Normalizing pandemic prevention and control as part of occupational health and safety management (83%);</p> <p>Reducing operational costs, resulting in stricter control of internal costs (67%);</p> <p>Tightening relationship with supply chain partners and strengthening communication and cooperation with suppliers (67%).</p>
Myanmar	<p>Reducing operational costs, resulting in stricter control of internal costs (75%);</p> <p>Normalizing pandemic prevention and control as part of occupational health and safety management (71%);</p> <p>Speeding up digital transformation and improving management efficiency (54%).</p>
Vietnam	<p>Normalizing pandemic prevention and control as part of occupational health and safety management (86%);</p> <p>Tightening relationship with supply chain partners and strengthening communication and cooperation with suppliers (86%);</p> <p>Reducing operational costs, resulting in stricter control of internal costs (71%);</p> <p>Speeding up digital transformation and improving management efficiency (71%);</p> <p>Attaching more importance to supply chain stability, and reducing the dependence on individual suppliers (71%).</p>
Bangladesh	<p>Normalizing pandemic prevention and control as part of occupational health and safety management (88%);</p> <p>Reducing operational costs, resulting in stricter control of internal costs (75%);</p> <p>Speeding up digital transformation and improving management efficiency (63%);</p> <p>Attaching more importance to supply chain stability, and reducing the dependence on individual suppliers (63%).</p>

Moreover, the pandemic negatively impacted on the intentions of Chinese-invested textile and apparel enterprises in the four Southeast Asian countries to continue to invest there. Due to the pandemic, some enterprises were reconsidering their future investments in Southeast Asia, and had suspended their existing investments. It is worth noting that, since March 2021, both the domestic political unrest and the pandemic in Myanmar had incurred huge losses to Chinese-invested textile and apparel enterprises there.



◆ Since February 2021, Chinese-invested enterprises in Myanmar have been repeatedly attacked due to the political turmoil, and the cases of the enterprise suffering losses in the political turmoil are growing. For example, a garment factory, which had been run by a Jiangsu businessman for three years in the Hlaingthaya Industrial Park in Yangon, Myanmar, was severely damaged in a vandalism and looting incident against Chinese-invested enterprises. Most of its machines have been damaged to varying degrees. A batch of apparels in stock which was scheduled to be shipped to Japan was also set alight by petrol bottles and burnt. This led to a loss of more than RMB 2 million to the factory and threatened the physical safety of its employees.

In this incident alone, there are 37 Chinese-invested factories suffered severe damage and three Chinese employees injured. The overall loss caused topped RMB 240 million.⁸

"Before the pandemic, we had some exchanges and communication with relevant local governmental authorities on some investment projects. But now many of our plans are disrupted by the pandemic. The authorities suggested continuing the exchanges and communication on the projects after the pandemic, but we are not sure what the situation will be like after the pandemic..."

The pandemic can be regarded as a natural disaster, while the coup in Myanmar is a human-made disaster. Comparatively speaking, the latter has a greater impact on us than the former. The pandemic can be controlled and addressed, but regarding the political turmoil, we do not know how to control or address it, and even if we know how, that's out of our strength...

If it hadn't been for the coup, our new factory in Myanmar would have been in operation now. The coup has brought about a lot of uncertainties. We have recently visited many places in the hope of expanding our production capacity as soon as possible ..."

——Head of a Chinese-invested textile and enterprise in Myanmar

"Myanmar's apparel industry is facing many challenges, and we are working hard to help the industry survive. Many factories have been shut down, perpetually or temporarily, and many workers have lost their jobs. All these must come to halt. In the context of the pandemic and an international pressure, the support of brands and buyers matters. But we are not sure if we can gain their strong support at this critical moment when we need them the most."

——Head of MGMA

⁸ <https://www.163.com/dy/article/G662BQPF05506O99.html>



Summary

Overall, COVID-19 had had negative impacts on the production and sales activities of the enterprises. The production activities of more than one-third of the enterprises were being affected or once be affected. Among them, Chinese-invested textile and apparel enterprises in Myanmar, Cambodia and Bangladesh were greatly affected by the pandemic, with a large proportion of the enterprises that once underwent or were undergoing production suspension while the enterprises in Vietnam maintained normal production activities. An important reason for the enterprises' rapid resumption of production after the pandemic is that only a small number of employees were infected. In terms of sales, the pandemic also brought direct or indirect impacts to the sales activities of the enterprises, resulting in a reduction in orders and revenues. Since January 1, 2020, more than 50% of the enterprises had undergone order cancellation or suspension by European and U.S. buyers on the ground of the pandemic. The contract amount of orders canceled by each buyer was approximately \$1 million, and some even topped \$10 million. Many of the brands were high-profile brands with great international influence, such as TOMMY, CK, Armani, COACH, Adidas, ZARA and H&M. More than 70% of the enterprises reported a drop in revenues due to order reduction and/or contract cancellation and/or transportation disruption.

The impacts of the pandemic on human resources management and labor relations of the enterprises were reflected in many aspects. In terms of employment, the survey results show that, in more than 90% of the enterprises, the proportion of employees awaiting job assignment or unemployed was less than 30%; in more than 40% of the enterprises, this proportion was more than 50%; in some other enterprises, this proportion even tops 80%. In terms of income, no significant impacts were caused to enterprise employee income. Subject to local wage policies, nearly 80% of

the enterprises maintained or increased the wages, and granted living allowances to employees unemployed or awaiting job assignment. In terms of jobs and duties, more than 60% of the employees reported "little or no impact". The pandemic had caused impacts on the life and mental state of employees. The employees' several core appeals include "hoping that the factory will not be closed"; "organizing employees to be vaccinated against COVID-19"; "don't lay me off or suspend my job"; and "no decrease in income". From the perspective of enterprises, their labor costs increased, and administrative costs also increased due to taking pandemic prevention and control measure, such as telecommuting, closed-off management.

To tackle the impacts of the pandemic, enterprises must adjust their development strategies. Since the pandemic had not shaken the foundation for operations, most enterprises were optimistic about the outlook on operating in the sample countries. Only one of the 51 enterprises was considering divesting from their current country. In response to the pandemic, the enterprises that determined to stay chose to formulate a medium- and long-term development plan, with a view to mitigate the impacts by taking measures such as normalizing pandemic prevention and control and reducing operational costs. The pandemic caused negative impacts on the intentions of Chinese-invested textile and apparel enterprises to continue to invest in the four Southeast Asian countries. As a result, some enterprises suspended their existing investments due to the pandemic, or were reconsidering their future investments in Southeast Asia. It is worth noting that, since March 2021, Chinese-invested textile and apparel enterprises in Myanmar had been subject to both domestic political unrest and the pandemic. Some enterprises thought that the impacts brought by political unrest had exceeded the pandemic.



IV

Pandemic Prevention Measures and Their Impacts on Employees



(i) Pandemic prevention measures taken by enterprises

I. Business adjustment

In response to the pandemic, Chinese-invested textile and apparel enterprises in Southeast Asia and South Asia had taken various measures to adjust their business to mitigate the impact of the pandemic on their production. According to the survey results, 78% of them said they would coordinate with clients on the delivery deadlines of orders to address production delays caused by the pandemic; more

than 50% of them said they would step up efforts to acquire new clients; more than a third of them said they would adjust product categories or types and production shifts; and other few chose to give up some clients who have canceled their orders and/or adjust the scope of their target markets (for example, paying more efforts to exploring overseas or domestic market). (See Figure 4-1)

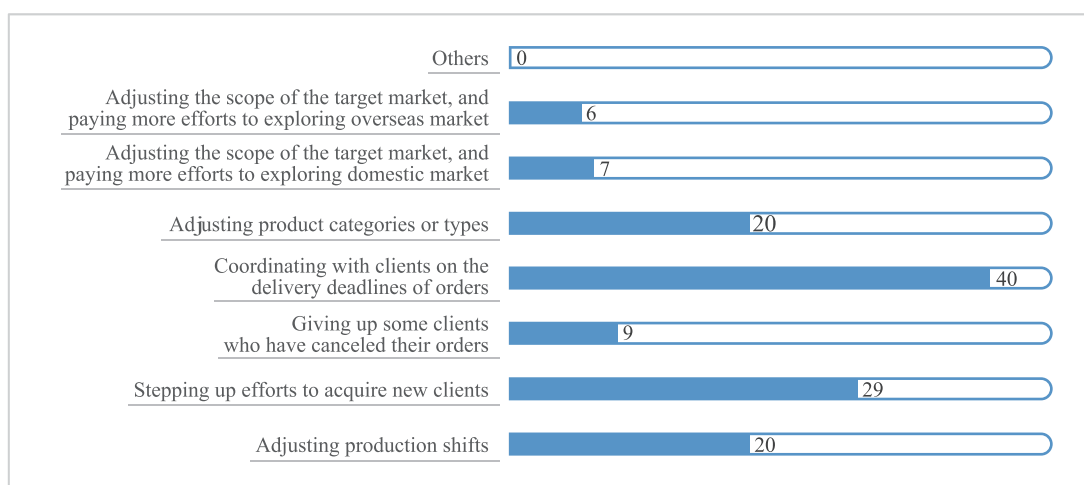


Figure 4-1: Business Adjustment Measures of Enterprises (Senior Management Perspective)

"The pandemic has brought about huge challenges to Chinese-invested textile and apparel enterprises in Bangladesh. On the one hand, it has been threatening the health and safety of the enterprises' employees. On the other hand, many international brands have suspended or canceled their orders, and the transportation for imports and exports have been disrupted. Facing such challenges, we have been positively designing relevant pandemic prevention measures and implementing them to protect the lives of our employees; introducing domestic equipment and raw materials, manufacturing masks and protective clothing, organizing donating of pandemic prevention materials to help China and Bangladesh overcome the pandemic; positively exploring overseas market, strengthening cooperation with enterprises along the industry chain to turn the pandemic into an opportunity."

——Head of Overseas Chinese Association in Bangladesh

Among all the sample enterprises, all in Cambodia (100%), most of in Myanmar (79%) and Bangladesh (75%) chose to "coordinate with clients on the delivery deadlines

of orders", while more in Vietnam (86%) chose to "step up efforts to acquire new clients" and "adjust product categories or types (86%)". (See Table 4-1)

Table 4-1: Business Adjustment Measures of Enterprises

Country	Measures
Cambodia	Coordinating with clients on the delivery date of orders at hand (100%); Giving up some clients who have canceled their orders (50%); Stepping up efforts to acquire new clients (42%); Adjusting product categories or types (42%).
Myanmar	Coordinating with clients on the delivery date of orders at hand (79%); Stepping up efforts to acquire new clients (58%); Adjusting production shifts (46%).
Vietnam	Stepping up efforts to acquire new clients (86%); Adjusting product categories or types (86%); Coordinating with clients on the delivery date of orders at hand (43%).
Bangladesh	Coordinating with clients on the delivery date of orders at hand (75%); Stepping up efforts to acquire new clients (50%); Adjusting production shifts (38%).

2. Closed-off management

During the pandemic, of the 51 sample enterprises, 11 implemented closed-off management, accounting for approximately 22% of the total; 1 was implementing closed-off management. (See Figure 4-2)

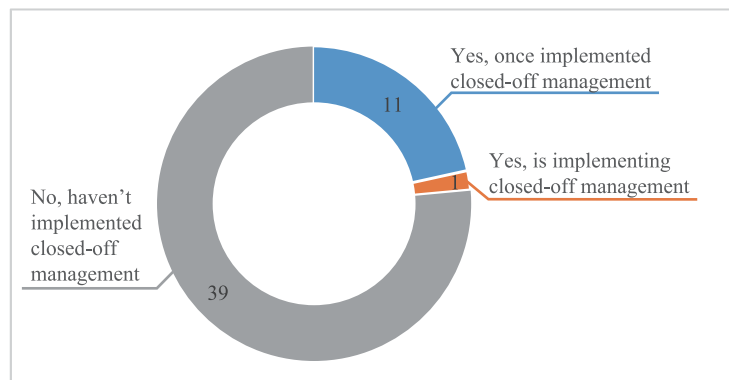


Figure 4-2: Distribution of Enterprises Adopting Closed-off Management Measures

◆ The labor-intensive production mode determined that it will be more difficult and costly for enterprises in the textile and apparel industry to prevent and control the pandemic.

"For some enterprises with fewer employees, they are providing free food and accommodation for employees at their own expenses to prevent them from contacting people outside their companies. However, as a labor-intensive textile enterprise, we are unable to do that."

——Head of a Chinese-invested textile and apparel enterprise in Vietnam



◆ According to the requirements of the Vietnamese government, many enterprises adopted the “three-stay-puts” mode (have their employees work, have meals, and stay over where they were) or the “two-point and one line” mode (shuttle their employees back and forth from the factory to their accommodation sites to avoid their contact with outsiders) to fight against the pandemic and maintain production. However, many enterprises said they were worried while they were manufacturing, and they were faced with numerous difficulties: on the one hand, they were afraid of mass infection with the virus in case of any improper prevention. As the enterprises could only provide food, but not medical services, lives of some employees being infected couldn't be guaranteed; on the other hand, the enterprises were faced with a heavy economic burden due to taking relevant measures, and it was hard for them to sustainably take such measures. In addition to meal and accommodation, the enterprises had to arrange nucleic acid test once a week for employees as per regulations, with a cost of 390,000 VND/person/time (approx. \$17).

“Most enterprises adopting the “three-stay-puts” pandemic prevention mode are in good operation conditions, have sufficient orders, and have to continue production as it is required by the market and/or their clients. However, a great number of enterprises are not qualified to adopt the mode. Because their invested cost, workers' salary, overtime pay, and various benefits and subsidies will increase, they will face severe challenges in handling the pressure and workers' bad emotions caused by closed-off management and providing them with various kinds of entertainments, if they do so. As far as I know, more than half of the enterprises in Ho Chi Minh and its surrounding provinces haven't adopt the mode or have had to shut it down after adopting it for a while.”

——Head of a Chinese-invested textile and apparel enterprise in Vietnam

Of the 11 Chinese-invested enterprises that once implemented closed-off management, five are from Myanmar (46%), four are from Bangladesh (36%), and two are from Cambodia (9%) and Vietnam (9%); and the one that was implementing closed-off management is from Cambodia.

In 2020, the average cumulative closed-off management time of enterprises that once implemented or were implementing closed-off management is 65 days on average. Among them, the enterprises implementing for a total of 30 and 60 days occupies the largest proportion, accounting for 42% (5 enterprises) and 33% (4 enterprises), respectively; an enterprise in Myanmar implemented for 200 days in total; one enterprise from Bangladesh implemented for 180 days in total. (See Figure 4-3)

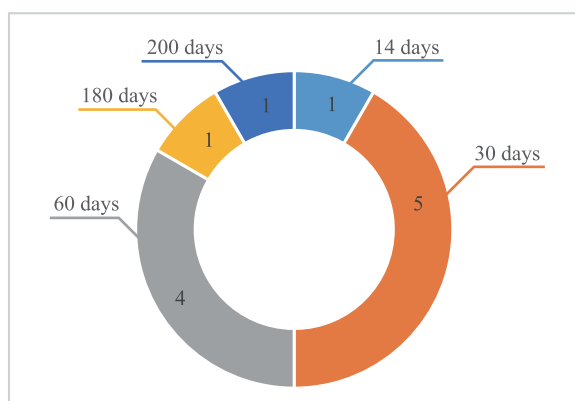


Figure 4-3: Distribution of Cumulative Closed-off Management Time of Enterprises

All enterprises that once implemented or were implementing closed-off management reported economic losses since January 1, 2020 due to closed-off management, but the amount of losses vary. One-third of the enterprises (4) reported a loss of more than \$500,000, 25% of the enterprises (3) reported a loss between \$300,000-500,000, 8% of the enterprises (1) reported a loss between \$100,000-\$300,000, and one-third of the enterprises (4) reported a loss less than \$100,000. (See Figure 4-4) Among them, enterprises with a loss over \$ 500,000 are from Cambodia, Myanmar, Bangladesh. (See Table 4-2)

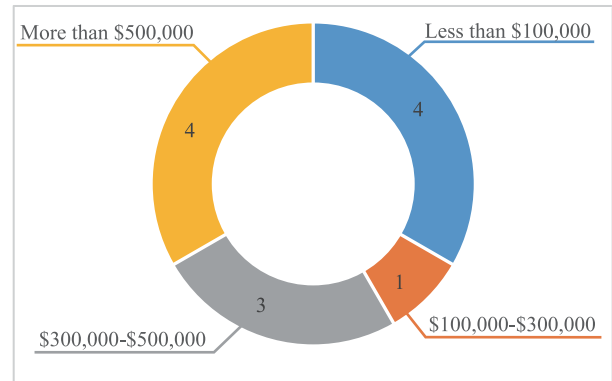


Figure 4-4: Economic Losses of Enterprises Adopting Closed-off Management Measures

Table 4-2: Economic Losses of Enterprises Adopting Closed-off Management Measures

	Cambodia	Myanmar	Vietnam	Bangladesh
Less than \$100,000	1	1		2
\$100,000-\$300,000		1		
\$300,000-\$500,000		2	1	
More than \$500,000	1	1		2

Of enterprises implementing closed-off management, 11 enterprises adopted different management methods for Chinese and local employees, in which Chinese employees were closed-off managed and local employees could choose to stay in the factory or at home; 6 enterprises reported that they adopted closed-off management for both Chinese and local employees to ensure safety at their workplaces and normal operation.

3. Employee management

(1) Management measures or procedures introduced by enterprises

In response to the pandemic, the enterprises in the four countries introduced a series of new management measures or procedures. Most enterprises (88%) “set up a prevention and control group or appointed senior managers to be in charge of pandemic prevention and control” and “communicated policies or directives related to pandemic prevention and control formulated by local governments and inspected the implementation effect on a regular basis”; some enterprises “developed pandemic prevention and control plans, and consulted with labor union or employee representatives when developing such plans”, “incorporated the prevention of public health emergencies into the occupational health and management system of enterprises”, and “assessed the potential of employees on various posts

and when performing various tasks may expose to the pandemic, and developed corresponding pandemic prevention and control measures”. A small number of enterprises had also implemented the shift or rotation system. (See Figure 4-5)

It is noteworthy that all sample enterprises in Vietnam “set up a prevention and control group or appointed senior managers to be in charge of pandemic prevention and control”; more than 90% of the enterprises in Cambodia “communicated policies or directives related to pandemic prevention and control formulated by local governments and inspected the implementation effect on a regular basis”; more than 60% of the enterprises in Bangladesh assessed the potential of employees on various posts and when performing various tasks may expose to the pandemic, and developed corresponding pandemic prevention and control measures. (See Table 4-3)

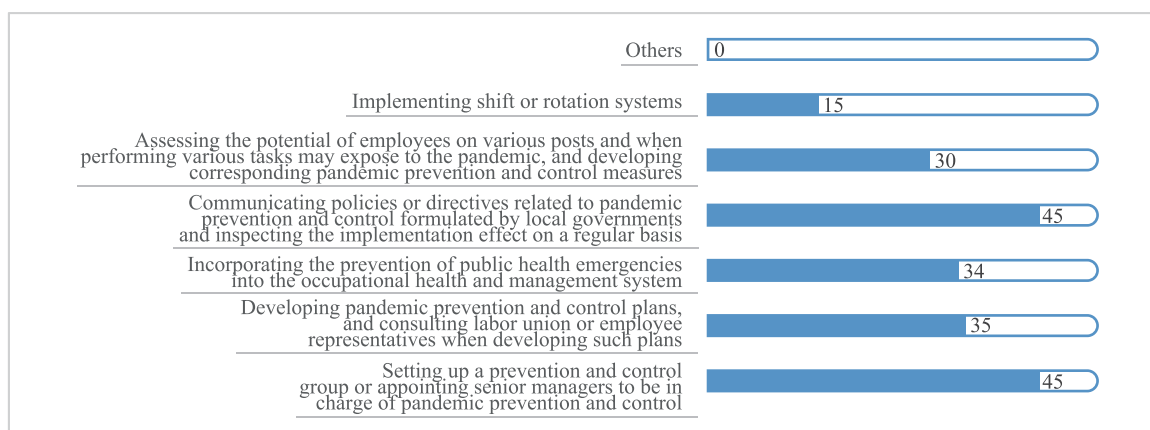


Figure 4-5: Management Measures or Processes Introduced by Enterprises

Table 4-3: Management Measures or Processes Introduced by Enterprises

Country	Measures
Cambodia	<p>Communicating policies or directives related to pandemic prevention and control formulated by local governments and inspecting the implementation effect on a regular basis (92%);</p> <p>Setting up a prevention and control group or appointing senior managers to be in charge of pandemic prevention and control (83%);</p> <p>Developing pandemic prevention and control plans, and consulting labor union or employee representatives when developing such plans (75%).</p>
Myanmar	<p>Setting up a prevention and control group or appointing senior managers to be in charge of pandemic prevention and control (92%);</p> <p>Communicating policies or directives related to pandemic prevention and control formulated by local governments and inspecting the implementation effect on a regular basis (88%);</p> <p>Developing pandemic prevention and control plans, and consulting labor union or employee representatives when developing such plans (75%).</p>
Vietnam	<p>Setting up a prevention and control group or appointing senior managers to be in charge of pandemic prevention and control (100%);</p> <p>Developing pandemic prevention and control plans, and consulting labor union or employee representatives when developing such plans (86%);</p> <p>Incorporating the prevention of public health emergencies into the occupational health and management system (86%);</p> <p>Communicating policies or directives related to pandemic prevention and control formulated by local governments and inspecting the implementation effect on a regular basis (86%).</p>
Bangladesh	<p>Communicating policies or directives related to pandemic prevention and control formulated by local governments and inspecting the implementation effect on a regular basis (88%);</p> <p>Setting up a prevention and control group or appointing senior managers to be in charge of pandemic prevention and control (75%);</p> <p>Incorporating the prevention of public health emergencies into the occupational health and management system (63%);</p> <p>Assessing the potential of employees on various posts and when performing various tasks may expose to the pandemic, and developing corresponding pandemic prevention and control measures (63%).</p>

(2) Employee management measures taken by enterprises

In terms of employee management, more than 95% of the sample enterprises required employees to monitor their body temperature and report it to the enterprises on a daily basis, provided employees with sufficient masks and alcohol disinfectant free of charge and recommended or required employees to wear masks at workplaces; more than 90% of the enterprises provided cleaning supplies such as soap, hand sanitizer and cleaning facilities at the workplace free of charge, and reduced unnecessary business trips and contacts with the outside; more than 80% of the enterprises required employees to keep social distancing at workplaces; and some enterprises required employees to report the health conditions of their family members on a regular basis, and provided the family

members of employees with sufficient masks, alcohol disinfectant and other protective supplies free of charge. (See Figure 4-6)

The results of the survey show that, all enterprises in Cambodia and Bangladesh required employees to monitor their temperature and report it to the enterprises on a daily basis; all enterprises in Cambodia, Myanmar and Vietnam provided employees with sufficient masks, alcohol and other protective supplies free of charge; all enterprises in Cambodia and Myanmar recommended or required employees to wear masks at their workplaces; all enterprises in Myanmar and Vietnam provided cleaning supplies such as soap, hand sanitizer and cleaning facilities at the workplace free of charge; and all enterprises in Vietnam reduced unnecessary business trips and contacts with the outside. (See Table 4-4)

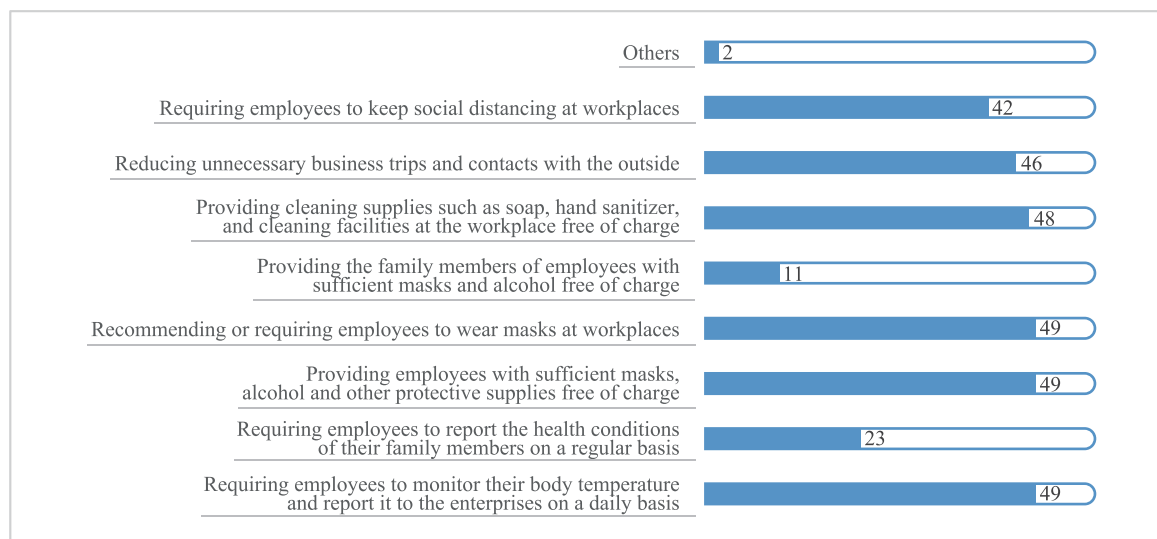


Figure 4-6: Employee Management Measures Taken by Enterprises

Table 4-4: Employee Management Measures Taken by Enterprises

Country	Measures
Cambodia	Requiring employees to monitor their body temperature and report it to the enterprises on a daily basis (100%); Providing employees with sufficient masks, alcohol and other protective supplies free of charge (100%); Recommending or requiring employees to wear masks at their workplaces (100%).
Myanmar	Providing employees with sufficient masks, alcohol, and other protective supplies free of charge (100%); Recommending or requiring employees to wear masks at their workplaces (100%); Providing cleaning supplies such as soap, hand sanitizer, and cleaning facilities at the workplace free of charge (100%).
Vietnam	Providing employees with sufficient masks, alcohol, and other protective supplies free of charge (100%); Reducing unnecessary business trips and contacts with the outside (100%); Providing cleaning supplies such as soap, hand sanitizer, and cleaning facilities at the workplace free of charge (100%).
Bangladesh	Requiring employees to monitor their body temperature and report it to the enterprises on a daily basis (100%); Recommending or requiring employees to wear masks at workplaces (88%); Providing cleaning supplies such as soap, hand sanitizer, and cleaning facilities at the workplace free of charge (88%).

"When there is a person in the factory tested positive for COVID-19, before we organize all employees to go through nucleic acid test, they all have run away. We are unable to maintain the order."

—Head of a Chinese-invested textile and apparel enterprise in Myanmar

(3) Protection measures for female employees during the pandemic

The females were in greater shock due to Covid-19 (Azcona, Bhatt & Kapto, 2020)⁹. On the one hand, women were faced with work and family burdens; on the other hand, as the main player in informal economy, women were often the first to lose jobs. Therefore, female employees were more in need of support from the enterprise during the pandemic. The proportion of enterprises taking relevant supporting measures to help female employees in their response to the pandemic was generally low, and the supporting measures lack variety. Of

all the enterprises surveyed, 78% highlighted that will take relevant measure to protect female employees in terms of employment, and not discriminate against women in layoffs, suspension of work, and other arrangements. However, only less than a third of the enterprises set up breastfeeding rooms, and provided flexible working modes (such as telecommuting) for female employees on some posts to help them perform family care responsibility; only 10%-15% of the enterprises organized anti-domestic violence training within the enterprises to help female employees stay away from domestic violence, and continued to provide childcare services during the pandemic. (See Figure 4-7)



"Our factory has introduced a flexible work policy for employees (especially female employees) who have children, such as giving employees in need additional days of leave for them to take care of their families and children."

—Head of a China invested textile and apparel enterprise in Vietnam

In the survey, sample enterprises in Bangladesh did very well in "protecting female employees in terms of employment, and not discriminate against women in layoffs, suspension of work, and other arrangements", and the proportion of enterprises taking relevant measures reached 88%. As the marriage rate (79%) and fertility rate (73%) of Bangladesh are both higher than the other three countries, and more than 70% of employees have children, the proportions of enterprises that "continued to provide childcare services during the pandemic" and "set up breastfeeding rooms" both reached 50%, much

higher than the other three countries; nearly 50% of the enterprises in Vietnam provided flexible working modes (such as telecommuting) for employees on some posts to help female employees perform family care responsibility; the proportion (28%) of enterprises that "organized anti-domestic violence training within the enterprises to help female employees stay away from domestic violence" was also higher than the other three countries; no enterprises in Cambodia and Vietnam continued to provide childcare services during the pandemic. (See Table 4-5)

⁹ Azcona, G., Bhatt, A. & Kapto, S. (2020, Sep 2). *The COVID-19 boomerang effect: New forecasts predict sharp increases in female poverty*. UN Women.
<<https://data.unwomen.org/features/covid-19-boomerang-poverty>>

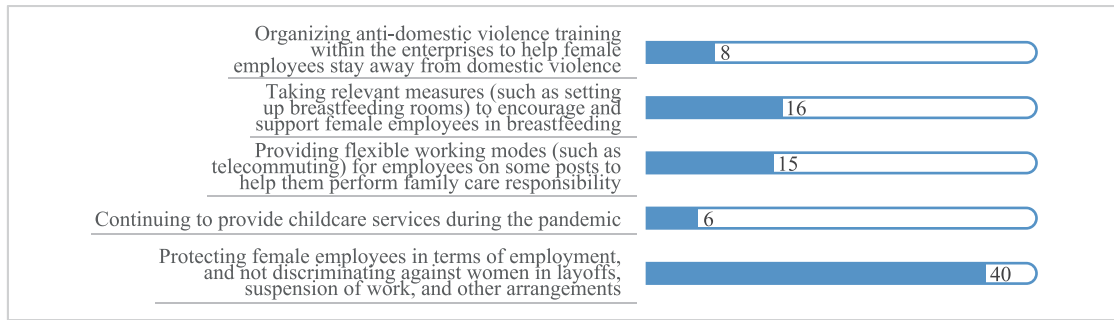


Figure 4-7: Supporting Measures of Enterprises for Female Employees

Table 4-5: Supporting Measures of Enterprises for Female Employees

Country	Measures
Cambodia	<p>Protecting female employees in terms of employment, and not discriminating against women in layoffs, suspension of work, and other arrangements (67%);</p> <p>Providing flexible working modes (such as telecommuting) for employees on some posts to help them perform family care responsibility (25%);</p> <p>Taking relevant measures (such as setting up breastfeeding rooms) to encourage and support female employees in breastfeeding (17%);</p> <p>Organizing anti-domestic violence training within the enterprises to help female employees stay away from domestic violence (17%).</p>
Myanmar	<p>Protecting female employees in terms of employment, and not discriminating against women in layoffs, suspension of work, and other arrangements (79%);</p> <p>Providing flexible working modes (such as telecommuting) for employees on some posts to help them perform family care responsibility (29%);</p> <p>Taking relevant measures (such as setting up breastfeeding rooms) to encourage and support female employees in breastfeeding (29%).</p>
Vietnam	<p>Protecting female employees in terms of employment, and not discriminating against women in layoffs, suspension of work, and other arrangements (86%);</p> <p>Providing flexible working modes (such as telecommuting) for employees on some posts to help them perform family care responsibility (43%);</p> <p>Taking relevant measures (such as setting up breastfeeding rooms) to encourage and support female employees in breastfeeding (43%).</p>
Bangladesh	<p>Protecting female employees in terms of employment, and not discriminating against women in layoffs, suspension of work, and other arrangements (88%);</p> <p>Continuing to provide childcare services during the pandemic (50%);</p> <p>Taking relevant measures (such as setting up breastfeeding rooms) to encourage and support female employees in breastfeeding (50%).</p>

4. Environmental and community relation management

When answering the impacts of the pandemic on enterprises' relations with local public and communities, most enterprises chose that "the pandemic situation in local communities has put certain pressure on enterprises' normal production", and only 3-5 enterprises at most chose other impacts from the community. (See Figure 4-8) From the fact that nearly 80% of the enterprises chose "normalizing pandemic prevention and control as part of occupational health and safety management", we can see that, although the infection situation was not severe, the pandemic prevention and control was stringent. In case the sales end was greatly impacted which was reflected in the substantial purchase orders and contracts reduction, enterprises would face a greater survival crisis if normal operation at the production end couldn't be guaranteed. Therefore, preventing and controlling the pandemic had become the top task of most of the 51 enterprises in the four countries. In addition, 4 enterprises

reported that "there are local media stigmatizing and discriminating against Chinese-invested enterprises" and "communities discriminate against and even have conflicts with enterprises and their Chinese employees". Therefore, how to get along with local people had also become a topic that Chinese-invested textile and apparel enterprises need to study.

By country, all enterprises in Cambodia hold that "the pandemic situation in local communities has put certain pressure on enterprises' normal production", and only them mentioned "there are communities discriminating against and even having conflicts with enterprises and their Chinese employees"; a small number of enterprises in Myanmar chose that "the community has objections to enterprises' discharging sewage and disposing of medical supplies by enterprises"; some enterprises in Cambodia and Myanmar chose "local non-governmental organizations (NGOs) are dissatisfied with enterprise's pandemic protection measures". (See Figure 4-9)

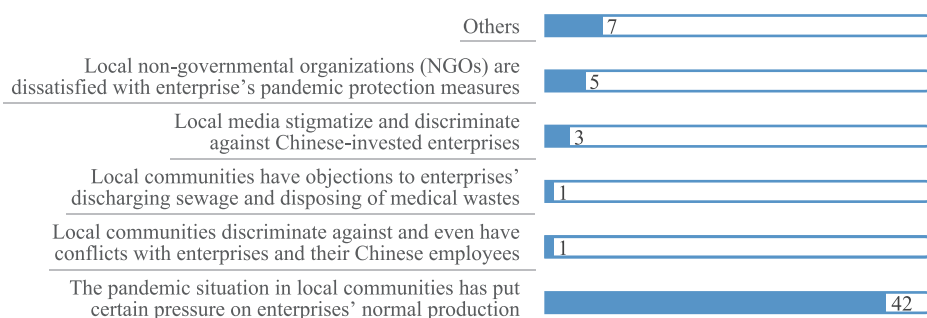


Figure 4-8: Impacts of the Pandemic on Enterprises' Relations with Local Public and Communities

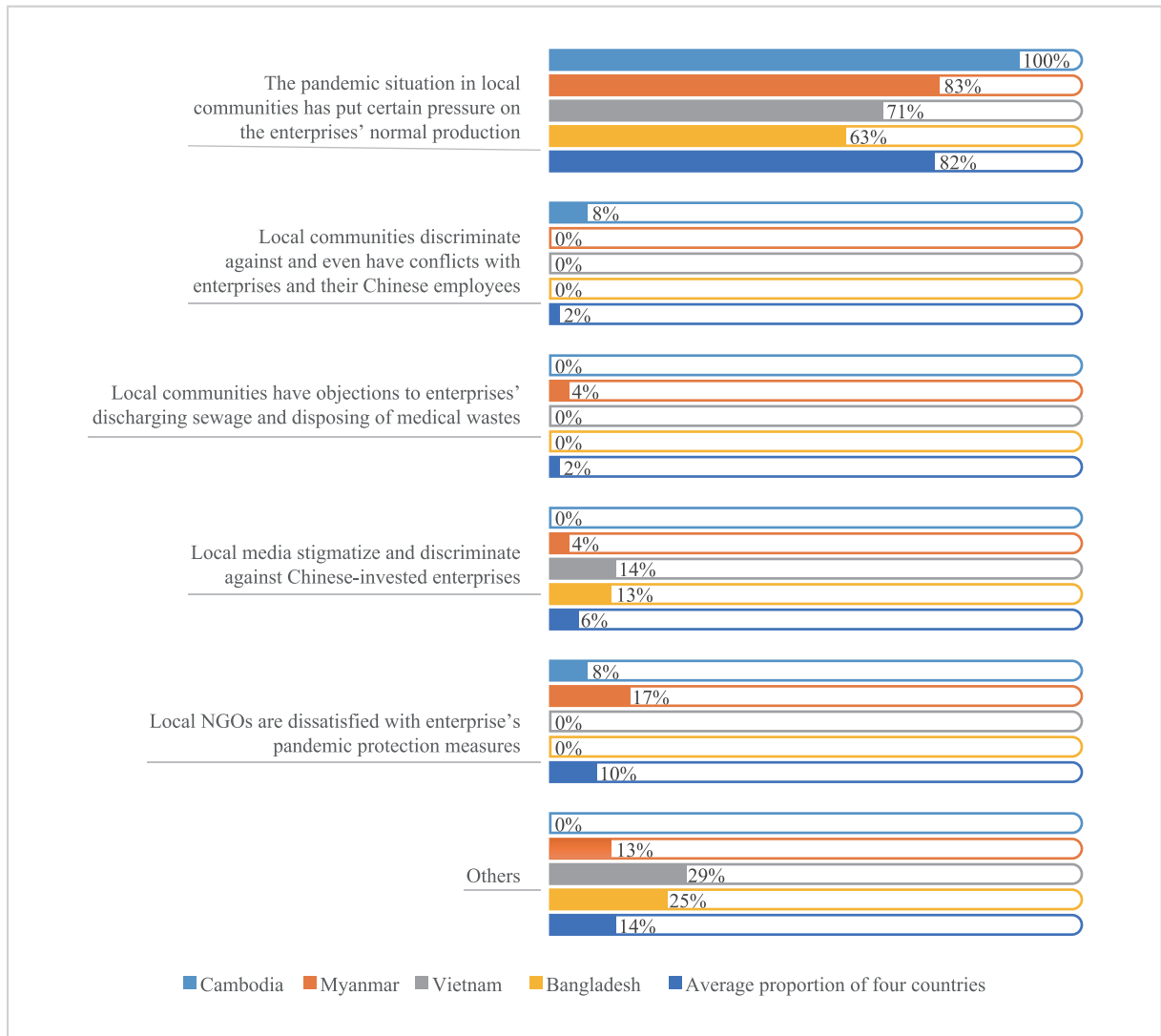


Figure 4-9: Impacts of the Pandemic on Enterprises' Relations with Local Public and Communities

In terms of management of the environment and the relationship with local communities, more than 80% of the sample enterprises coordinated with local communities in pandemic prevention and control activities, and properly collected and disposed masks and protective suits that have been used by employees instead of discarding them carelessly; more than 50% of the sample enterprises strengthened communication with local communities to avoid misunderstandings or conflict exacerbation, and donated protective supplies such as masks and cleaning supplies to local communities; more than one third of them monitored their discharging of production and domestic

wastewater, and communicated with local labor union organizations, NGOs and others on relevant issues. (See Figure 4-10)

According to the survey results, all enterprises in Vietnam “coordinated with local communities in pandemic prevention and control activities”; more than 60% of the sample enterprise in Bangladesh “monitored their discharging of production and domestic wastewater”; more than 95% of the sample enterprises in Myanmar “properly collected and disposed of masks and protective suits that have been used by employees instead of discarding them carelessly”. (See Table 4-6)

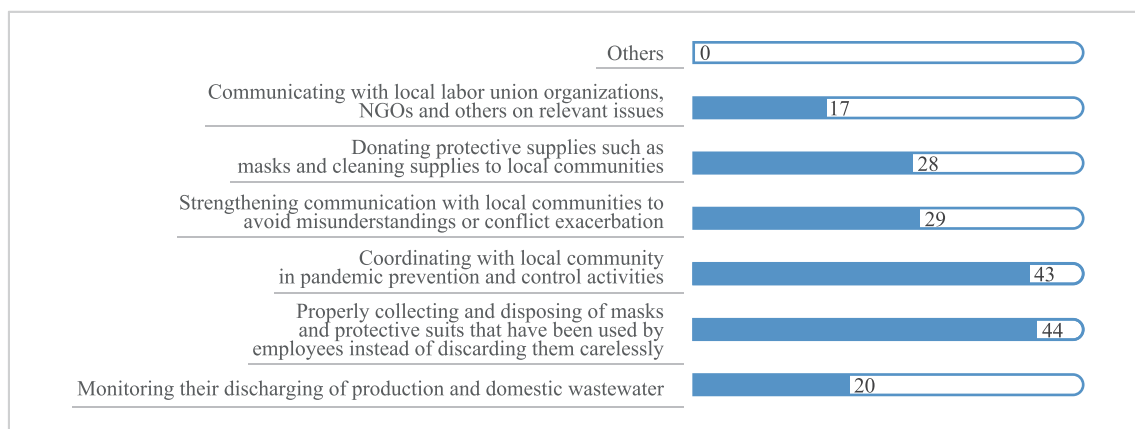


Figure 4-10: Measures Taken by Enterprises for Protecting the Environment and the Relationship with Local Communities

Table 4-6: Measures Taken by Enterprises for Protecting the Environment and the Relationship with Local Communities

Country	Measures
Cambodia	Coordinating with local communities in pandemic prevention and control activities (92%); Properly collecting and disposing of masks and protective suits that have been used by employees instead of discarding them carelessly (75%); Donating protective supplies such as masks and cleaning supplies to local communities (58%).
Myanmar	Properly collecting and disposing of masks and protective suits that have been used by employees instead of discarding them carelessly (96%); Coordinating with local communities in pandemic prevention and control activities (88%); Strengthening communication with local communities to avoid misunderstandings or conflict exacerbation (63%).
Vietnam	Coordinating with the community in pandemic prevention and control activities (100%); Properly collecting and disposing of masks and protective suits that have been used by employees instead of discarding them carelessly (71%); Strengthening communication with local communities to avoid misunderstandings or conflict exacerbation (57%).
Bangladesh	Properly collecting and disposing of masks and protective suits that have been used by employees instead of discarding them carelessly (88%); Monitoring their discharging of production and domestic wastewater (63%); Donating protective supplies such as masks and cleaning supplies to communities (63%).

5. Others measures

The sample enterprises also took some other pandemic prevention measures.

Other pandemic prevention measures taken by enterprises in Cambodia include: regularly submitting relevant data to the Ministry of Health, and requiring all overseas staff to register the name on their passport or their real name when they enter the factory; providing more alcohol spraying equipment and disinfection passages, providing rapid test reagents for employees, monitoring their body temperature and organizing nucleic acid tests on a regular basis; arranging vaccinations for all employees; forbidding foreign visitors from entering the factory without approval; distanced dining, and reporting employee(s) with a fever.

Other pandemic prevention measures taken by enterprises in Myanmar include: installing pedal-type washbasins, pedal-type alcohol disinfecting floor mats and disinfecting sprays; adopting closed-off management for workshops and installing transparent partitioning boards in parking spaces and conference rooms; distanced dining, setting additional dining tables, and building steel canopies for the factory square to expand the canteen; providing more shuttle buses and adopting rotating shifts; taking body temperature regularly and offering free tests for employees at risk; setting up quarantine rooms, disinfection passages, and particularly providing

additional disinfection equipment and facilities for regular disinfection; publicizing relevant know-how, and giving priority to protection; and offering quarantine suits.

Other pandemic prevention measures taken by enterprises in Vietnam include: reducing large-scale conference activities, postponing large-scale centralized training programs, or organizing these activities online; urgently mobilizing masks from China and increasing the inventory of masks; organizing on-site test and daily disinfection; wearing masks, taking body temperature, frequently washing hair and forbidding outsiders in; inviting personnel from medical centers to train employees on pandemic-prevention-oriented hygiene; and preparing publicity materials on pandemic-prevention-oriented hygiene and publicizing them among all employees.

Other pandemic prevention measures taken by enterprises in Bangladesh include: introducing automatic temperature measurement systems and disinfection passages, spraying and disinfecting inside and around the factory on a regular basis; going through nucleic acid test and taking body temperature on a regular basis, and providing pandemic prevention drugs and nutrition to reinforce body resistance; having lunch in batches; having employees who get sick go through nucleic acid test and quarantining them for seven days before they return to work.



(ii) Additional cost arising out of relevant measures taken by enterprises

The results of the survey show that, taking the pandemic prevention measures increased the enterprises' costs, but the amount varies. More than 50% (26) of the enterprises reported an additional cost within \$100,000; 37% (19) between \$100,000 and \$300,000; about 6% (3) between \$300,000 and \$500,000; and another 6% (3) more than \$500,000 and the they are from Cambodia, Myanmar and Bangladesh. (See Figure 4-11)

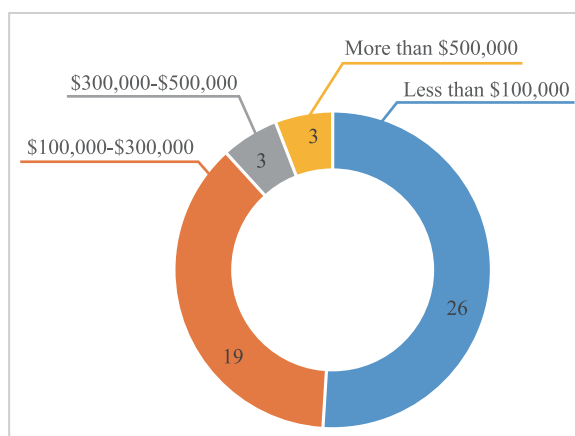


Figure 4-11: Additional Cost Arising out of the Pandemic Prevention Measures Taken by Enterprises

◆ According to the survey, enterprises bear not only the pandemic prevention cost, but also the cost of treatment for confirmed cases. Many of the costs that should be borne by the medical security system were borne by enterprises, putting more pressure on enterprises which were already in trouble.

"Once an employee was tested positive for COVID-19, the factory owner would be held responsible. Though the government would grant some subsidies, most of the expenses were borne by the enterprise."

——Head of a Chinese-invested textile and apparel enterprise in Cambodia

(iii) Impact of Pandemic Prevention Measures Taken by Enterprises on Employees

In response to the pandemic, the enterprises took many measures to mitigate its impact on their production and operation. (See Figure 4-12) But the measures affected employees in many aspects. According to the survey, most employees were satisfied with the pandemic prevention measures taken by enterprises (80%). (See Figure 4-13) From a gender perspective, female employees' satisfaction with pandemic prevention measures taken by enterprises reached 82%, slightly higher than male

employees' (79%). (See Figure 4-14) By country, the satisfaction of employees in sample enterprises in Vietnam reached 66%, much lower than that of the other three countries (93% in Cambodia, 90% in Bangladesh, and 80% in Myanmar).

Moreover, more than 88% of enterprise employees didn't think that the pandemic prevention measures taken by enterprises restricted their freedom. (See Figure 4-15)

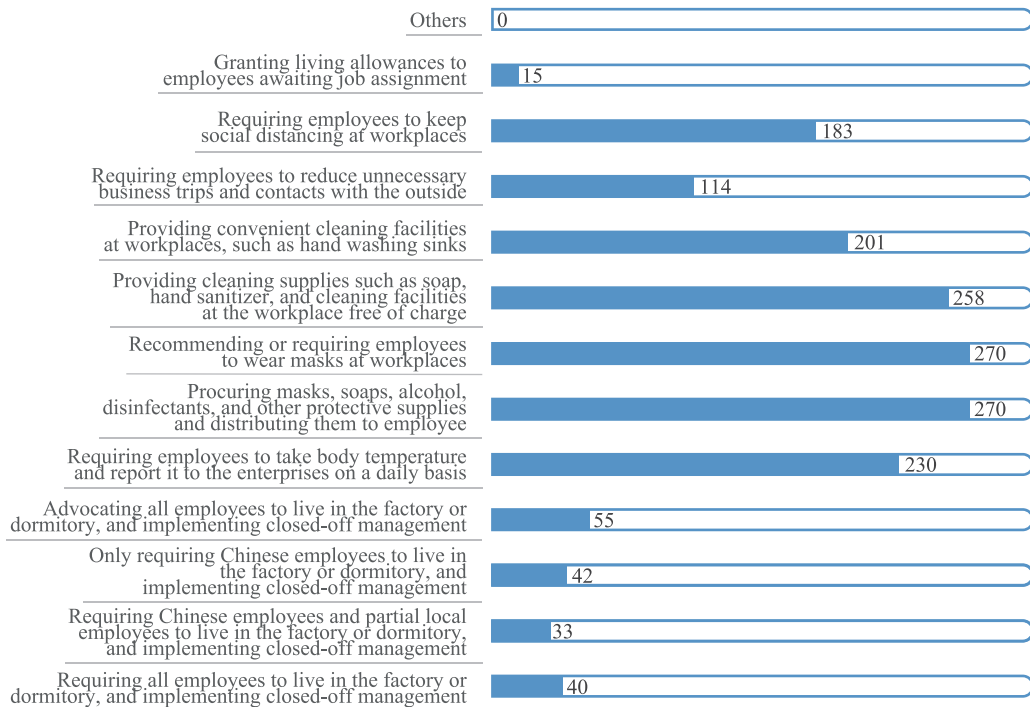


Figure 4-12: Pandemic Prevention Measures Taken by Enterprises (Employee Perspective)

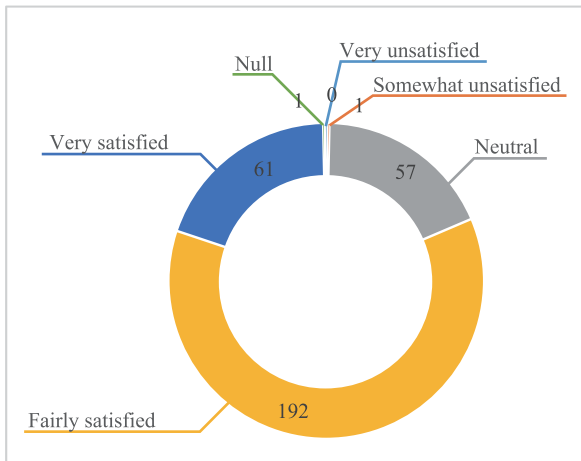


Figure 4-13: Employees' Satisfaction with Pandemic Prevention Measures Taken by Enterprises

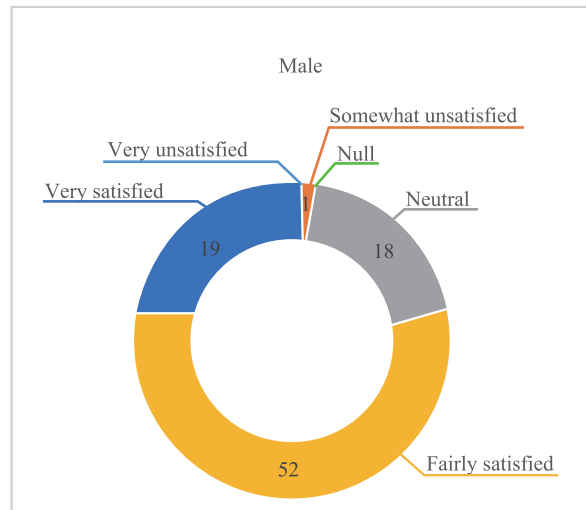
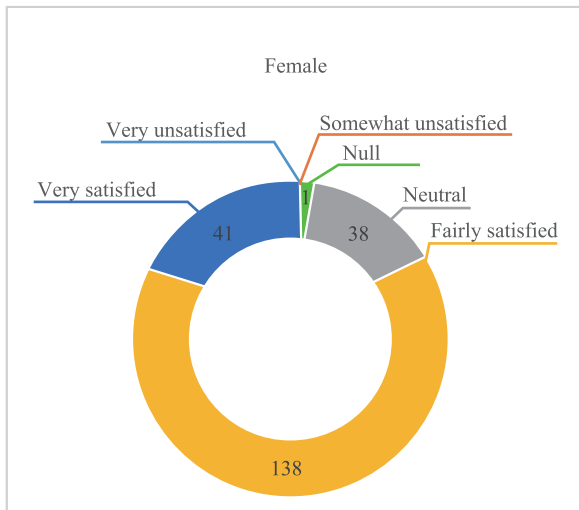


Figure 4-14: Employees' Satisfaction with Pandemic Prevention Measures Taken by Enterprises

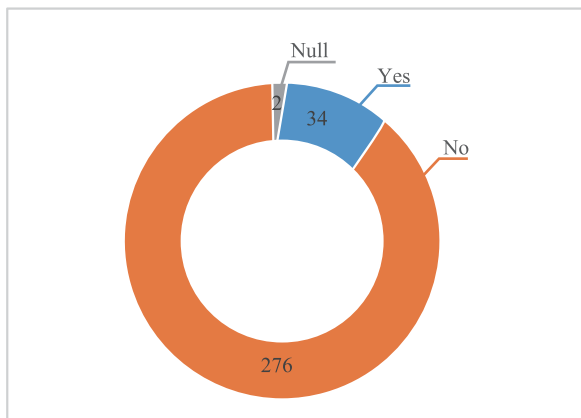


Figure 4-15: Whether the Pandemic Prevention Measures Taken by Enterprises Restricted Employees' Freedom (Employee Perspective)



(iv) Summary

The pandemic prevention measures taken by enterprises include business adjustment, closed-off management, employee management and management of the environment and their relations with local communities.

To address the impacts on production and sales activities, the enterprises adjusted their businesses, of which nearly 80% coordinated with clients on the delivery deadlines of orders to address production delays caused by the pandemic. Chinese-invested textile and apparel enterprises in Vietnam chose to “stepping up efforts to acquire new clients” and “adjust product categories or types” as their own business adjustment measures.

During the pandemic, of the 51 sample enterprises, 11 once implemented closed-off management to ensure health and safety at workplaces. The cumulative closed-off management time is 65 days on average and the longest is 200 days. All enterprises have reported economic losses due to implementing closed-off management. Moreover, 11 enterprises have adopted different management methods for Chinese and local employees.

In response to the pandemic, all Chinese-invested textile and apparel enterprises in the four countries introduced a series of management measures or procedures, such as “setting up a prevention and control group or appointing senior managers to be in charge of pandemic prevention and control”, and “communicating policies or directives related to pandemic prevention and control formulated by local governments and inspecting the implementation effect on a regular basis”. More than 90% of the sample enterprises required employees to take their body temperature and report it to the enterprises on a daily basis, provided employees with sufficient masks, alcohol and other protective

supplies free of charge and recommended or required employees to wear masks at workplaces. It is worth mentioning that, sample enterprises in Bangladesh and Vietnam paid more attention to protecting female employees during the pandemic, adopted multiple measures such as providing childcare services, setting up nursing rooms and developing flexible working modes to help female employees perform family responsibilities. This is partially because that the marriage and fertility rates among sample enterprises in Bangladesh are higher than those in the other three countries. Sample enterprises in Bangladesh also provided anti-domestic violence training.

The main impact of the pandemic on enterprises' relations with local public and communities was “the pandemic situation in local communities has put certain pressure on enterprises' normal production”. Some enterprises in Cambodia were also faced with the issue that “local communities discriminate against and even have conflicts with the enterprises and their Chinese employees”. Enterprises should also initiatively take actions to address the challenges of the pandemic to the environment and their relations with local communities. More than 80% of the sample enterprises coordinated with local communities in pandemic prevention and control activities, and properly collected and disposed of masks and protective suits that have been used by employees instead of discarding them carelessly.

From the perspective of enterprises, taking such measures had increased their management cost; from the perspective of employees, they were very satisfied with the pandemic prevention measures taken by enterprises, with female employees' satisfaction slightly higher than that of male employees. Moreover, more than 90% of enterprise employees didn't think that these measures restricted their freedom.



V

Challenges and Appeals

(i) Main challenges

I. Main challenges faced by enterprises

According to the survey, enterprises were faced with great challenges of reducing the pandemic impacts and delivering on corporate responsibilities. The most prominent issue was that enterprises did not know which measures for pandemic prevention

and control they were obliged to take (43%). (See Figure 5-1) By country, the challenges faced by Cambodian enterprises were particularly acute. (See Table 5-1)

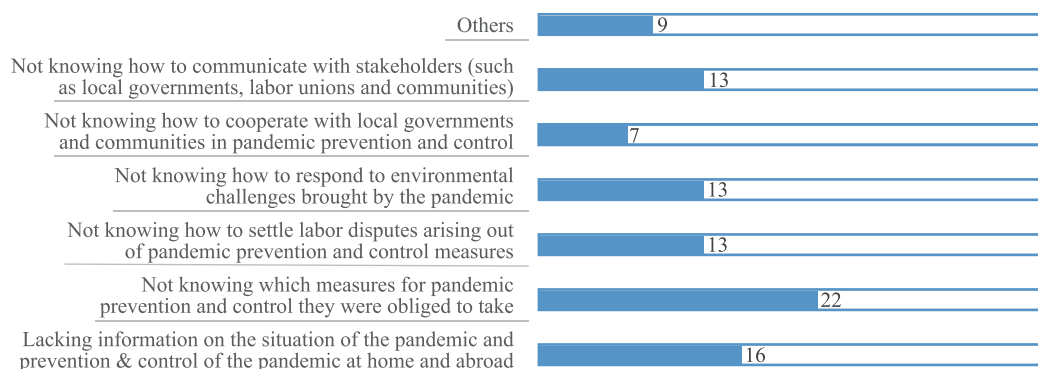


Figure 5-1: Major Challenges Faced by Enterprises

Table 5-1: Major Challenges Faced by Enterprises

Country	Measures
Cambodia	Not knowing which measures for pandemic prevention and control they were obliged to take (58%); Not knowing how to communicate with stakeholders (such as local governments, labor unions and communities) (50%); Not knowing how to settle labor disputes arising out of pandemic prevention and control measures (42%).
Myanmar	Not knowing which measures for pandemic prevention and control they were obliged to take (42%); Lacking information on the situation of the pandemic and prevention & control of the pandemic at home and abroad (38%); Not knowing how to settle labor disputes arising out of pandemic prevention and control measures (33%); Not knowing how to respond to environmental challenges brought by the pandemic (33%).
Vietnam	Not knowing which measures for pandemic prevention and control they were obliged to take (43%); Lacking information on the situation of the pandemic and prevention & control of the pandemic at home and abroad (14%).
Bangladesh	Not knowing which measures for pandemic prevention and control they were obliged to take (25%); Lacking information on the situation of the pandemic and prevention & control of the pandemic at home and abroad (25%); Not knowing how to respond to environmental challenges brought by the pandemic (25%).

2. Willingness of Chinese employees of the enterprises to return to China

The pandemic increased the willingness of Chinese employees of the enterprises to return to China. According to the survey, more than 70% of the enterprises said that their Chinese employees were willing to return, but not strongly; nearly 24% of

the enterprises said their Chinese employees were eager to return. Only 6% of the enterprises said their Chinese employees were reluctant to return. (See Figure 5-2)

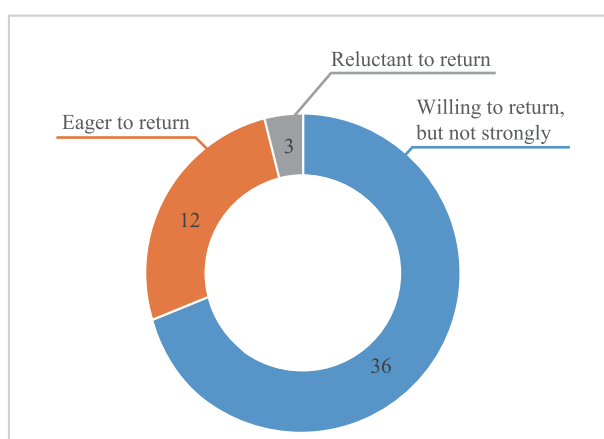


Figure 5-2: Willingness of Chinese employees of the enterprises to return to China

By country, Chinese employees of enterprises in Cambodia, Myanmar, and Vietnam were willing to return. Overall, those in Vietnam were the most eager to return. (See Figure 5-3)

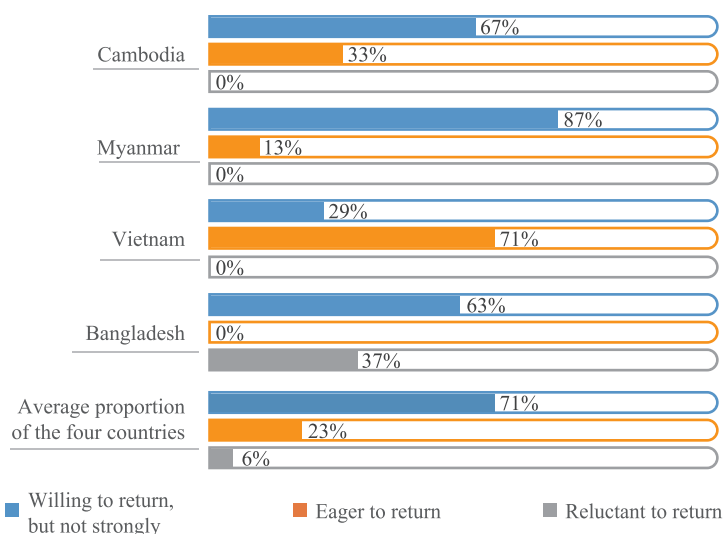


Figure 5-3: Willingness of Chinese Employees of the Enterprises to Return to China

Chinese employees were faced with many difficulties in returning to China, and the most prominent three difficulties are: First, the air ticket price soared and it was hard to get a ticket due to the disrupted transportation; second, they were afraid of being infected during the trip in case of improper prevention and protection; third, the quarantine period was too long after they come back to

China, and concentrated quarantine would affect their normal work and life. In addition, they didn't know about the domestic pandemic prevention policies, and didn't know how to respond after they return and were afraid being discriminated against by their Chinese compatriots. (See Figure 5-4)

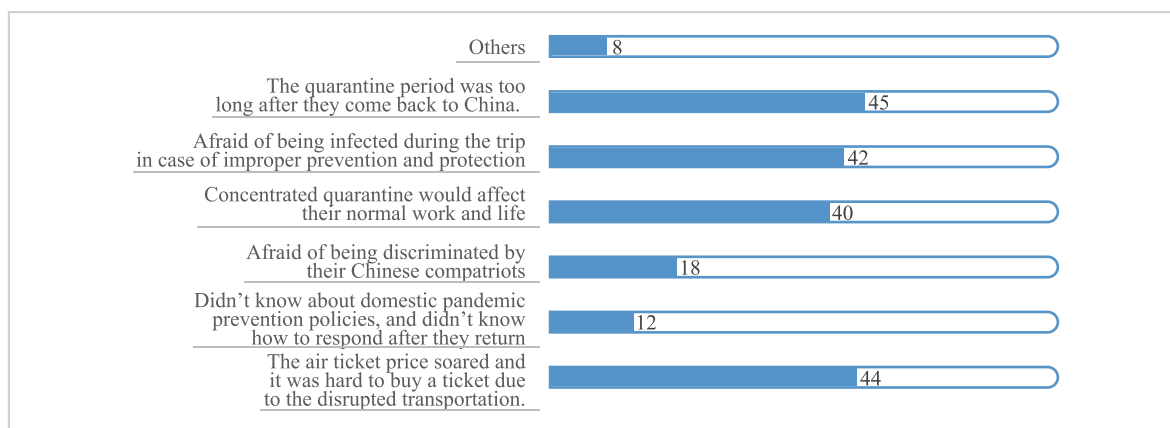


Figure 5-4: Difficulties Faced by Chinese Employees Who Want to Return

◆ In addition to the challenges to production capacity, the pandemic also caused huge impacts on the management of local enterprises. Particularly, the pandemic and relevant prevention and quarantine measures disrupted both domestic and international transportation. Therefore, it was impossible for managers from China to immediately arrive at the overseas factories Asia to guide their work.

"For some problems, if we don't go to the site, it can't be settled. And therefore, we will definitely lose money. It is very inconvenient for us to enter and leave China as the quarantine period is too long. Is it necessary to keep the quarantine period so long? We all have been vaccinated. Is it possible to shorten the quarantine period for us? Can a vaccination record derived in one country be recognized in other countries?"

—Head of a Chinese-invested textile and apparel enterprise in Myanmar



(ii) Enterprises' appeals

I. To local industry associations and CNTAC

It is found in the survey that, coordinating in the supply of vaccines for their employees in overseas factories is the core appeal of enterprises to local industry associations and CNTAC, and this appeal was supported by more than 90% of the enterprises; moreover, providing technical guidance for enterprises to carry out pandemic prevention and control work in a responsible manner and building an exchange platform for enterprises and local governments, associations, labor unions and international buyers are also the ones most requested. (See Figure 5-5)

In addition to coordinating in the supply of COVID-19 vaccines, nearly two-thirds of Cambodian enterprises hoped that local industry associations and CNTAC can provide technical guidance for enterprises to carry out pandemic prevention and control work in a responsible manner; the enterprises in Vietnam hoped that local industry associations and CNTAC can give more support to enterprises in their response to the pandemic. (See Table 5-2)

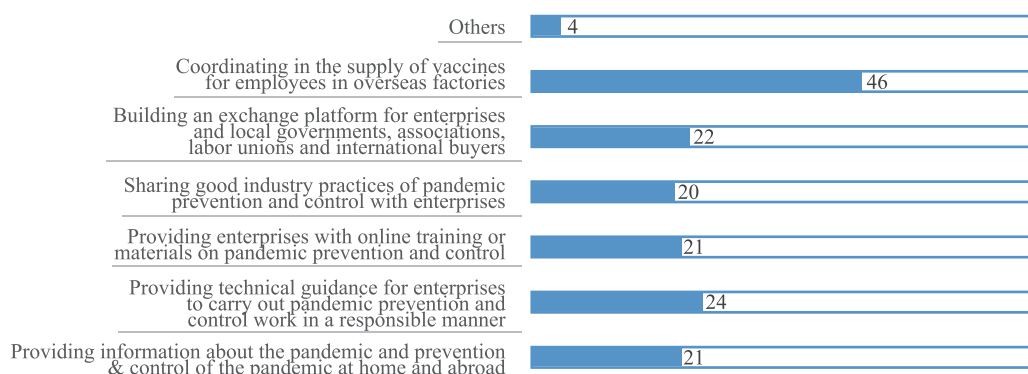


Figure 5-5: Enterprises' Appeals to Local Industry Associations and CNTAC

"The pandemic has greatly united the staff of the Business Association of China in Vietnam, increased their enthusiasm of serving member enterprises, and enhanced their servicing capacity and prestige, making it a reliable supporter of Chinese-invested enterprises and Chinese compatriots in Vietnam."

——Head of Business Association of China in Vietnam

Table 5-2: Enterprises' Appeals to Local Industry Associations and CNTAC

Country	Measures
Cambodia	Coordinating in the supply of vaccines for employees in overseas factories (83%); Providing technical guidance for enterprises to carry out pandemic prevention and control work in a responsible manner (67%).
Myanmar	Coordinating in the supply of vaccines for employees in overseas factories (92%); Providing technical guidance for enterprises to carry out pandemic prevention and control work in a responsible manner (38%).
Vietnam	Coordinating in the supply of vaccines for employees in overseas factories (100%); Building an exchange platform for enterprises and local governments, associations, labor unions and international buyers (71%).
Bangladesh	Coordinating in the supply of vaccines for employees in overseas factories (88%); Providing information about the pandemic and prevention and control of the pandemic at home and abroad (50%); Providing enterprises with online training or materials on pandemic prevention and control (50%); Building an exchange platform for enterprises and local governments, associations, labor unions and international buyers (50%).

◆ According to the survey, Chinese-invested enterprises in Southeast Asia and South Asia didn't have much communication with local industry associations or other NGOs, and they had concerns about communicating with local organizations.

"We (our factories) don't have much communication with local NGOs because of the language barrier. We are afraid that communication may lead to conflicts due to the language barrier."

——Head of a Chinese-invested textile and apparel enterprise in Myanmar

"Our staff is not good at cooperating with local communities. We hope that there will be more Chinese social organizations can stand out and use their expertise to help us improve the relationship with local communities."

— Head of a Chinese-invested textile and apparel enterprise in Vietnam



2.To clients

The pandemic had caused serious impacts on the production and operation of enterprises, and may lead to order delays. Therefore, nearly 80% of the sample enterprises hoped that clients can provide more flexibility in terms of order delivery. Moreover, as risks and uncertainties in business activities have increased during the pandemic, enterprises of the four countries also hoped that customers can honor the spirit of contract, implement contractual

agreements and deliver on responsible procurement commitments instead of canceling orders already placed. Some enterprises hoped to enhance dialogues with clients, strengthen cooperation with suppliers on pandemic prevention and control, and revise certain terms and review methods concerning CSR standards or Code of Conduct for suppliers. (See Figure 5-6 and Table 5-3)

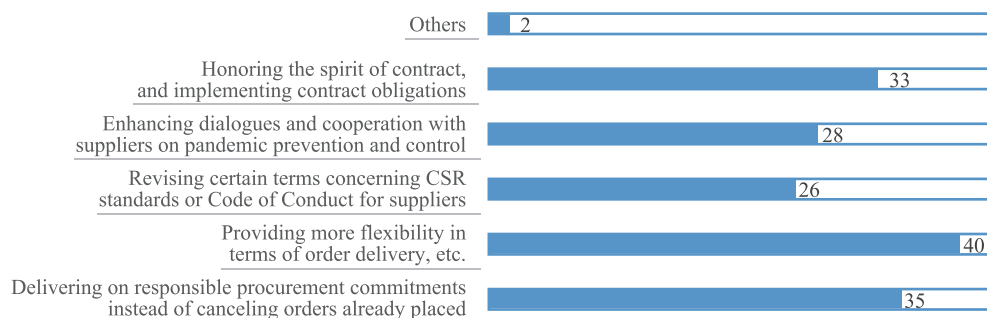


Figure 5-6: Enterprises' Appeals to Clients

Table 5-3: Enterprises' Appeals to Clients

Country	Measures
Cambodia	Providing more flexibility in terms of order delivery, etc. (83%); Delivering on responsible procurement commitments instead of canceling orders already placed (75%).
Myanmar	Providing more flexibility in terms of order delivery, etc. (79%); Delivering on responsible procurement commitments instead of canceling orders already placed (67%); Honoring the spirit of contract, and implementing contract obligations (63%).
Vietnam	Delivering on responsible procurement commitments instead of canceling orders already placed (71%); Providing more flexibility in terms of order delivery, etc. (71%); Enhancing dialogues and cooperation with suppliers on pandemic prevention and control (71%); Honoring the spirit of contract, and implementing contract obligations (71%).
Bangladesh	Providing more flexibility in terms of order delivery, etc. (75%); Revising certain terms or review methods concerning CSR standards or Code of Conduct for suppliers (75%).

3.To local governments

In response to the pandemic, the enterprises hoped that local governments can provide support in terms of public policies and services, materials, and funds. Nearly 90% of the enterprises hoped that local governments can provide COVID-19 vaccines to their employees; more than 80% of the enterprises hoped that local governments can keep management organized by maintaining relevant policies stable instead of frequently changing them. In addition, reduction and exemption of tax and social security were also most requested by enterprises. More than half of the enterprises hoped the government can provide health-and-clean related public services, more medical facilities and medical support, provide pandemic prevention supplies or subsidies to enterprise employees, and offer more suggestions or information services on pandemic prevention and control to enterprises; moreover, some enterprises hoped that the government can provide digital public services. (See Figure 5-7)

“Hoping that local governments can keep

management organized by maintaining relevant policies stable instead of frequently changing them” is much more frequently selected by enterprises in Vietnam than in the other three countries; more than 90% of the enterprises in Cambodia hoped local governments can issue tax and social security reduction or exemption policies, and provide more medical facilities and support; all enterprises in Cambodia hoped that the government can provide COVID-19 vaccines to employees. (See Table 5-4)

Besides, some enterprises reported that the quarantine requirements for the staff traveling between their overseas factories and China have caused great difficulties for their normal operations. Thus, establishing a mutual-recognition mechanism on vaccines among different countries, shortening the quarantine period for persons who have gotten vaccinated, and providing them with more convenient international transportation have become their major appeals.

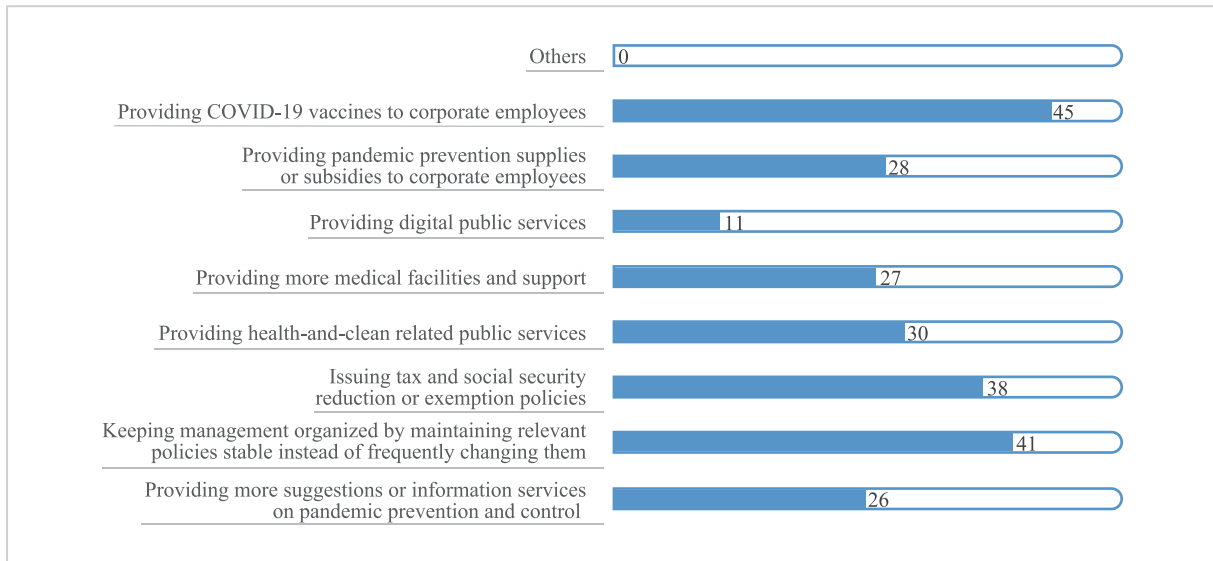


Figure 5-7: Enterprises' Appeals to Local Governments

Table 5-4: Enterprises' Appeals to Local Governments

Country	Measures
Cambodia	Providing COVID-19 vaccines to employees (100%); Issuing tax and social security reduction or exemption policies (92%); Keeping management organized by maintaining relevant policies stable instead of frequently changing them (83%).
Myanmar	Providing COVID-19 vaccines to employees (88%); Keeping management organized by maintaining relevant policies stable instead of frequently changing them (79%); Issuing tax and social security reduction or exemption policies (67%).
Vietnam	Keeping management organized by maintaining relevant policies stable instead of frequently changing them (86%); Providing COVID-19 vaccines to employees (86%); Providing more suggestions or information services on pandemic prevention and control (71%); Issuing tax and social security reduction or exemption policies (71%).
Bangladesh	Keeping management organized by maintaining relevant policies stable instead of frequently changing them (75%); Issuing tax and social security reduction or exemption policies (75%); Providing health and clean public services (75%); Providing more medical facilities and support (75%); Providing COVID-19 vaccines to employees (75%).

(iii) Summary

During the pandemic, the enterprises were faced with great challenges in responding to the pandemic and delivering on their enterprise responsibilities. A significant proportion of enterprises said, they did not know which measures for pandemic prevention and control they were obliged to take, lacked information on the situation of the pandemic and prevention and control of the pandemic at home and abroad, and didn't know how to settle labor disputes arising out of pandemic prevention and control measures. In addition, the pandemic increased the willingness of Chinese employees of the enterprises to return to China. According to the survey, more than 70% of the enterprises were willing to return, but facing the following difficulties: (i) the air ticket price soared and it was hard to buy a ticket due to the disrupted transportation; (ii) they were afraid of being infected during their trip in case of improper prevention and protection; (iii) the quarantine period was too long after they come back to China and concentrated quarantine will affect their normal work and life.

In the context of the pandemic, Chinese-invested textile and apparel enterprises had clear appeals to industry organizations, clients and governments. First, coordinating in the supply of vaccines for their employees in overseas factories is the core appeal of enterprises to local industry associations and CNTAC, and this appeal was supported by more

than 90% of the enterprises; moreover, providing technical guidance for enterprises to carry out pandemic prevention and control work in a responsible manner and building an exchange platform for enterprises and local governments, associations, labor unions and international buyers are also salient appeals. Particularly, Chinese-invested textile and apparel enterprises hope Chinese social enterprises can go abroad and use their expertise to help them carry out community investment work so as to build better relations with local communities. Second, nearly 80% of the sample enterprises hoped that clients can provide more flexibility in terms of order delivery, honor the spirit of contract, implement contractual agreements and deliver on responsible procurement commitments instead of canceling orders already placed. Third, regarding the appeals to local governments, the enterprises hoped that local governments can provide support in terms of public policies and services, materials and funds, etc. Nearly 90% of the enterprises hoped that local government can provide COVID-19 vaccines to their employees; most enterprises hoped that local governments can maintain policies stable, most enterprises hoped that local governments can maintain policies stable during the pandemic, issue tax and social security reduction or exemption policies, and establish a mutual-recognition mechanism on vaccines among different countries. or exemption policies.

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VI

Conclusion

(i) Due to the pandemic, the enterprises are faced with difficulties both in production and sales

Overall, the pandemic has a much greater impact on sales than production. In terms of production, enterprises were able to maintain normal production or quickly resume production during the survey. Except the enterprises in Vietnam that were able to maintain normal production activities, Chinese-invested textile and apparel enterprises in Myanmar, Cambodia and Bangladesh were greatly affected by the pandemic, with a large proportion of enterprises that once underwent or were undergoing production suspension. Nearly 80% of the enterprises coordinated with clients concerning the delivery deadline of orders to respond to production delays caused by the pandemic. According to feedbacks from employees, as only a minor proportion of employees were infected, most enterprises quickly resumed production after the pandemic had been contained to some extent. But this conclusion

cannot reflect the real situation. As the continuous spread of the pandemic, it is found in later surveys that large-scale work suspension and absenteeism were seen everywhere which caused great difficulty to enterprise operation.

In terms of sales, more than 70% of enterprises reported a drop in revenues in 2020 from 2019, which were mainly attributable to a reduction in client orders and shipping disruptions. Since 2020, more than 50% of the enterprises had undergone order cancellation or suspension by European and U.S. buyers on the ground of the pandemic. The contract amount of orders canceled by each buyer was approximately \$1 million, and some even topped \$10 million. Many of the brands were high-profile brands with great international influence, such as TOMMY, CK, Armani, COACH, Adidas, ZARA and H&M.

(ii) The pandemic has brought new challenges to labor relations

According to the survey, more than 90% of the enterprises had a proportion of enterprise employees awaiting job assignment or unemployed less than 30%. From the perspective of enterprises, their labor costs increased. Subject to local wage policies, nearly 80% of the enterprises increased their wages, and granted living allowances to employees unemployed or awaiting job assignment. Moreover, the administrative costs also increased due to telecommuting, closed-off management and other measures taken for pandemic prevention and control. In the context of the pandemic, a significant proportion of enterprises said, they did not know which measures for pandemic prevention and control they were obliged to take, and didn't know how to settle labor disputes arising out of

pandemic prevention and control measures.

From the perspective of employees, they were less motivated to work, the trade union activities were reduced (strike was not one of the main ways), and the voices of employees were more often expressed by employee representatives. The employees had two core appeals: (a) Economic aspect. They hope enterprises can secure their jobs instead of laying them off and don't lower their salaries; (b) Health aspect. They hope that enterprises can make proper arrangements and get them vaccinated as soon as possible. Moreover, most Chinese employees were eager to return to China, but couldn't due to disrupted transportation and quarantine measures.

(iii) Most of the enterprises were optimistic about the prospect

More than 50% of the enterprises were optimistic about the prospect from a long-term perspective, and will not disinvest from local areas. But the primary reason was that labor costs in China has risen and the willingness of young Chinese to work in factories is low, and thus it is difficult for enterprises to recruit workers in China. However, in Southeast Asian and South Asian countries, the labor costs are low, there are ample labors, and European and American countries have preferential policies on tariff for Southeast Asian and South Asian countries. These were core reasons that attract Chinese

textile and apparel enterprises and for them determining to stay in the Southeast Asian and South Asian markets. Sample enterprises were considering making long-term development plans to respond to the impacts, and focus on carrying out regular pandemic prevention and control and reducing operating costs. It is noteworthy that, the pandemic had brought negative impacts on Chinese-invested enterprises' relations with local communities, and provoked local residents' discrimination and resentment against Chinese investors and workers.

(iv) Enterprises had taken almost all prevention measures

A small number of enterprises once implemented or were implementing closed-off management while most enterprises adopted the following measures: introducing management systems or procedures, such as setting up a prevention and control group or appointing senior managers to be in charge of the prevention and control of the pandemic, and communicating policies or directives related to pandemic prevention and control formulated by local governments and inspecting the implementation effect on a regular basis; providing cleaning and protective supplies and requiring employees to use them strictly according relevant systems or procedures at workplaces, such as requiring employees to take body temperature and report it to the enterprises on a daily basis, and providing employees with sufficient masks and alcohol disinfectants free of charge. It is worth mentioning that, sample

enterprises in Bangladesh and Vietnam paid more attention to protecting female employees during the pandemic, and adopted multiple measures such as providing childcare services, setting up nursing rooms and providing flexible working modes to help female employees perform family responsibilities. Sample enterprises in Bangladesh also provided anti-domestic violence training.

More than 80% of the employees gave positive feedbacks and felt satisfied or very satisfied with pandemic prevention measures taken by the enterprises. They didn't think these measures taken by enterprises restricted their freedom, and this proportion is particularly high in Myanmar (96%). However, in Cambodia, Vietnam and Bangladesh, about 20% of the employees said the pandemic prevention measures restricted their freedom to some extent.

(v) Enterprises had strong demands to express their appeals

In the context of the pandemic, enterprises had clear appeals to industry organizations, customers and governments. First, they hoped that industry organizations, especially CNTAC, can coordinate in the supply of vaccines and build a broader exchange platform to promote effective communication between enterprises and their stakeholders; second, they hoped that Chinese social organizations can go abroad to help them build better relations with local communities; third, they hoped that clients can provide more flexibility in terms of order delivery, honor the spirit of contract, implement contractual agreements and deliver on responsible procurement commitments;

third, they hoped that local governments can keep management organized by maintaining relevant policies stable instead of frequently changing them, they hoped that local governments can keep management organized by maintaining relevant policies stable instead of frequently changing them, and issue tax and social security reduction or exemption policies so as to relieve some pressure on them to survive; speed up the establishment of a mutual-recognition mechanism on vaccines among different countries, and provide staff of multinational enterprises with the convenience of entry and exit.



Appendix 1

Provisions of the Four Countries' Governments on the Distribution of Relief Funds during the Pandemic



Cambodia

◆ Since June 2020, the Cambodian government has started to distribute pandemic relief funds to vulnerable groups such as poor families and vulnerable groups. As of June 2021, a total of \$381.98 million had been distributed, benefiting 658,000 households. In July 2021, the government decided to roll out the six-round relief measures of continuing to distribute pandemic relief funds to vulnerable groups until August 24, 2021.

◆ According to the measures issued by the Cambodian government on people's livelihood relief funds, there are two types of poverty certificates, i.e., "abject poverty" and "poverty". The relief measures are further divided into three levels, that is, relief funds distributed to poor families in the center of the capital Phnom Penh, the center of other provinces and cities, and rural areas. For example, a family in Phnom Penh City that has six family members, including two senior citizens and two children, will receive a monthly living allowance of \$148.

◆ The pandemic relief funds are distributed in the fourth week of every month through Wing Bank.¹⁰

Myanmar

◆ During the pandemic, according to the COVID-19 Economic Relief Plan (CERP), to help families without normal income maintain basic life, the government of Myanmar issued relief funds of 568 billion Kyat in four batches.¹¹

Vietnam

The Vietnamese government issued the Resolutions on Measures to Help People in Trouble Due to the Pandemic:

◆ Due to the pandemic, enterprises are experiencing difficulties in production and operation, have no source

of income, and thus can't pay salaries to employees. They should negotiate with employees who have signed labor contracts on delaying the performance of the labor contract. The employees who leave without pay for more than one month can receive a monthly subsidy of 1.8 million VND per person for no more than three months, which will be paid on a monthly basis according to actual conditions and the pandemic situation. These measures were implemented from April 1, 2020.

◆ From April to June 2020, if an employer has financial difficulties due to the pandemic and pays at least 50% of downtime wages in advance as per the provision of Paragraph 3/Article 98 of the Labor Law, it can apply for an asset-free loan, and the amount is 50% of each person's regional minimum wage at the actual payment time. The loan interest rate is 0%, but the term shall not exceed three months. Vietnam Bank for Social Policies provides loans to employers and the loan term is 12 months.

◆ The self-employed entrepreneurs that have been suspended since April 1, 2020 and whose total annual income declared for tax is less than 100 million VND can receive relief funds of 1 million VND per household per month for no more than three months. The assistance time is determined based on actual conditions and the pandemic situation.

◆ From April to June 2020, people whose labor contracts have been terminated but who are not eligible for unemployment subsidies and other unemployed people without labor contracts can receive relief funds of 1 million VND per person per month based on actual conditions and the pandemic situation for no more than three months.

◆ From April to June 2020, meritorious revolutionary personnel who are currently enjoying pension benefits can receive a single instalment payment of 500,000 VND per person per month.

◆ From April to June 2020, poverty-stricken and relatively poverty-stricken households in the national standard list of poverty-stricken households as of

¹⁰ <https://cc-times.com/posts/14766>

¹¹ <https://baijiahao.baidu.com/s?id=1690318845869568494&wfr=spider&for=pc>

December 31, 2019 can receive a single instalment payment of 250,000 VND per person per month.

For employers whose number of workers covered by social insurance has been reduced by more than 50% due to the pandemic, the workers and employers may suspend contributions to pension and work-related injury funds for a period no more than 12 months.¹²

Bangladesh

◆ In April 2020, the Government of Bangladesh announced an aid loan of 200 billion BDT (equivalent to RMB 16.7 billion) to peasant households and SMEs, followed by a pre-shipment credit financing scheme of 50 billion BDT (equivalent to RMB 4.2 billion) introduced by the Central bank of Bangladesh. On April 12, the Government of Bangladesh announced another 50 billion BDT of stimulus measures for small and medium peasant households. The Central bank of Bangladesh has released detailed rules for the implementation of three economic stimulus measures mentioned above.

¹² <http://cn.news.chinhphu.vn/Home/%e8%b6%8a%e5%8d%97%e6%94%bf%e5%ba%9c%e5%90%91%e5%9b%a0%e7%96%ab%e6%83%85%e9%99%b7%e5%85%a5%e5%9b%b0%e5%a2%83%e7%9a%84%e7%be%a4%e4%bc%97%e5%8f%91%e6%94%be%e6%95%91%e5%8a%a9%e9%87%91/20204/28688.vgp>

Acknowledgement

Many people at home and abroad participated in and provided valuable opinions for this survey. We'd like to express our sincere gratitude to the managers and employees of more than 80 Chinese-invested enterprises who gave us the possibility to complete this survey. Without their support and participation, it could not have been accomplished smoothly. Also, we thank the following industry associations in the four sample countries for their contribution in the process of conducting this survey (listed in no particular order):

Textile Enterprise Association of Chinese Chamber of Commerce in Cambodia
Overseas Chinese Association in Bangladesh
Textile & Garment Association of Chinese Enterprise Chamber in Myanmar
Business Association of China in Vietnam
Garment Manufacturers Association of Cambodia (GMAC)
Bangladesh Garment Manufacture Association (BGMEA)
Myanmar Garment Manufacturers Association (MGMA)
Viet Nam Textile Association (VITAS)

The authors of this report are solely responsible for the views, opinions and comments in this report.

Authors: Zheng Jian, Wang Jing, Liang Xiaohui

Survey team: Liang Xiaohui, Zheng Jian, Liu Hui, Wang Jing, Zhang Juan, Wang Xiao

Research assistants: Cui Wenhao, Fu Lanke, Yang shuaiyu

