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# Labor Disputes in Myanmar: From the Workplace to the Arbitration Council

An Overview of Myanmar's Labor Dispute Resolution  
Process in Practice



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## About This Report

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Myanmar's Settlement of Labour Dispute Law (2012) and the dispute resolution system it established are now five years old. Thousands of disputes have been brought to the Township Conciliation Bodies, and nearly 300 disputes have made their way through the whole process from the township level to regional and state Arbitration Bodies and then to the Arbitration Council. Workers and employers agree that having this mechanism is helpful as a channel for negotiation and expert intervention outside of the courts, but they also cite frustrations and challenges with how decisions are made and carried out. This report compiles a wide variety of perspectives on how the labor dispute resolution process is currently working in Myanmar, as a means of improving the general understanding of what is happening and how to make it more effective. Our findings are based on stakeholder interviews as well as official data obtained from the Ministry of Labour, Immigration and Population (MOLIP).

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## Abbreviations and Acronyms

AB	Arbitration Body (Region or State)
AC	Arbitration Council (National)
ACF	Arbitration Council Foundation (Cambodia)
AFFM-IUF	Agriculture and Farmers' Federation of Myanmar
ALR	Action Labor Rights
CAC	Cambodia Arbitration Council
CBA	Collective Bargaining Agreement
CTUM	Confederation of Trade Unions of Myanmar
ILO	International Labour Organization
MICS	Myanmar Industries, Crafts and Services Trade Union Federation
MOLIP	Ministry of Labour, Immigration and Population
SLDL	Settlement of Labour Dispute Law, 2012 as amended in 2014
TCB	Township Conciliation Body
TLO	Township Labor Officer
UMFCCI	Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry
WCC	Workplace Coordinating Committee

## Executive Summary

The legal rights and obligations of Myanmar's workers and employers have changed substantially in the last few years, with significant revisions and additions made to previous labor laws and regulations. Learning how to interpret and protect these new rights in practice is a priority not only for the Ministry of Labour, Immigration and Population (MOLIP), but also for nascent labor organizations, employer organizations and industry associations, and local and international labor rights groups.

The 2012 Settlement of Labour Dispute Law (SLDL) established the current labor dispute resolution system, which functions as an important mechanism for enabling differences between workers and employers to be resolved through conciliation or arbitration. The SLDL outlines a multilevel process for disputes that begins at the enterprise with a Workplace Coordinating Committee, and if unresolved continues on to a Township Conciliation Body (TCB), then a state or regional Arbitration Body (AB), and ultimately to the national Arbitration Council (AC). The goal is to provide an alternative to litigation, with a process that is fair and quick, minimizing the financial impact that could result from a strike or lockout. Although the system is administered by MOLIP, the tripartite composition of the township, state/regional and national bodies includes worker and employer representatives in the process of seeking equitable resolution.

Analysis of disputes that have been brought through the system combined with the perspectives of participants suggests that the labor dispute resolution process is playing a unique and important role. The number of disputes being received continues to rise, with more than 1,200 cases accepted by TCBs during 2016. Government data reports that around 85 percent of TCB cases are resolved through conciliation at that level. In 2016, 150 cases went on to the relevant AB, with nearly two-thirds of these cases later appealed to the AC. A small number of disputes are diverted to the judicial system for appeal or enforcement. Dispute topics range from wages and benefits to working conditions, with a large proportion of cases related to dismissal of workers.

Stakeholders provided recommendations for improvement of the dispute resolution process in the following areas: (1) clear boundaries regarding what types of disputes should be heard, (2) consistency and professionalism in the decision-making process; (3) effective enforcement of decisions, (4) fair selection of tripartite members, (5) effective administration and capacity, and (6) improved transparency and accountability. In particular, concerns from stakeholders over the selection process for Arbitration Council members in late 2016 have shaken worker confidence in the legitimacy of that body.

Ensuring that Myanmar has a robust and efficient means of resolving labor disputes is in the interest not only of local workers and employers, but more broadly of the global business community. Potential buyers and investors value consistently effective dispute resolution as a means of reducing risk and uncertainty and ensuring that the rights and obligations of both workers and employers are being upheld. While the newly established process in Myanmar has areas for improvement, it has the potential to play a significant role in bettering industrial relations in the country as participants gain experience and knowledge. The global community can support the strengthening of the process through broader engagement to increase awareness and understanding of the system. In particular, improved transparency about dispute resolution activities and decisions would contribute to increased accountability and effectiveness of the dispute resolution process.

# Introduction

As Myanmar undergoes a process of rapid socioeconomic and political change, its ability to enable business growth will rely in part on how it recognizes and protects the rights of both workers and employers. As investors evaluate their options and risks, a dispute resolution system that helps to address employer-worker conflicts quickly and effectively is needed to build confidence in long-term business prospects, especially for industries that rely on a large workforce.

## LABOR RELATIONS IN MYANMAR: PAST AND PRESENT

Labor relations in Myanmar have been largely authoritarian for decades, with no culture of management-labor dialogue to reconcile differences or exchange requests and demands, which is crucial to preventing differences from turning into grievances or disputes. Under military rule (1962-2011), workers were prohibited from organizing to defend their rights and interests, and collective bargaining did not exist.

Since 2011, several labor laws have been amended and new laws established. The Labor Organization Law of 2011 allowed the formation of trade unions after more than five decades of prohibition. As a result, trade unions have flourished. According to Myanmar's Ministry of Labour, Immigration and Population (MOLIP), as of April 2017 there were 2,414 registered trade unions (2,261 basic organizations, 125 township organizations, 19 state/regional organizations, 8 federations and 1 confederation).<sup>1</sup> Employer organizations have been formed as well, but they are much fewer in number (29) and most are business associations rather than true employer organizations.<sup>2</sup>

Employers and workers are still learning about their rights and obligations under the new labor laws, as are MOLIP staff at all levels. Sometimes disputes occur because of a lack of understanding of relevant laws, and as labor laws continue to undergo revision and new provisions are instated, disputes often arise when new requirements are implemented. The growth of unions and labor rights NGOs has helped to increase workers' awareness of their rights as well as their capacity to communicate and negotiate with employers, although true collective bargaining agreements as defined by international best practice are still rare.<sup>3</sup> As labor organizations grow in size and reach, there is even more need for both employers and workers to have access to a robust and effective dispute resolution process that can offer timely and equitable outcomes.

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<sup>1</sup> MOLIP, 2017. [www.mol.gov.mm/mm/departments/departments-of-labour/dol-manpower-statistics-division/emp-asso-lists/](http://www.mol.gov.mm/mm/departments/departments-of-labour/dol-manpower-statistics-division/emp-asso-lists/).

<sup>2</sup> ILO interview.

<sup>3</sup> Solidarity Center interview.

## Labor Dispute Resolution Process

The Settlement of Labour Dispute Law (SLDL) was enacted in 2012, with a stated purpose that includes safeguarding workers' rights, peaceful workplaces, and "obtaining rights fairly, rightfully, and quickly by settling the dispute of the employer and worker justly."<sup>4</sup> Historically, disputes between employers and workers were covered under the 1929 Trade Dispute Act, with a case moving up through several levels to a Trade Dispute Settlement Tribunal of legal experts. After 1962, this system was amended—labor unions were not allowed, and any conflict between workers and employers was resolved through a series of Worker Committees, with governmental oversight.<sup>5</sup> The 1929 Trade Dispute Act was repealed under the 2012 SLDL, which replaces that system.

The SLDL outlines a process with mechanisms for resolution at the workplace, township, regional and national levels through which parties can bring individual and collective disputes and receive input and support from knowledgeable parties to reach an agreement. The law describes an *individual* dispute as between an employer and one or more workers, while a *collective* dispute is between an employer (or employer organization) and a labor organization.<sup>6</sup>



### WORKPLACE COORDINATING COMMITTEE

When grievances arise between labor and management, the first attempt at resolution is through direct negotiation between management and labor. Under the SLDL, employers with more than 30 workers are required to establish a Workplace Coordinating Committee (WCC) to negotiate collective agreements and address any grievances.<sup>7</sup> The WCC is composed of four members: two representatives of the employer and two representatives of the workers. Worker representatives are to be from labor organizations or elected by workers if there is not a majority union presence.<sup>8</sup>

The WCC is the first step of the dispute resolution process, and several stakeholders—on both the labor and employer side—expressed the hope that, if these bodies operated effectively and in good faith, nearly all disputes would be resolved at the WCC level.<sup>9</sup>

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*“Prevention is better than cure. It’s better to prevent disputes in the first place.”*  
 Yangon Arbitration Body member

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<sup>4</sup> The Republic of the Union of Myanmar Pyidaungsu Hluttaw, The Settlement of Labour Dispute Law (The Pyidaungsu Hluttaw Law No. 5/2012), March 28, 2012.

<sup>5</sup> AC interview.

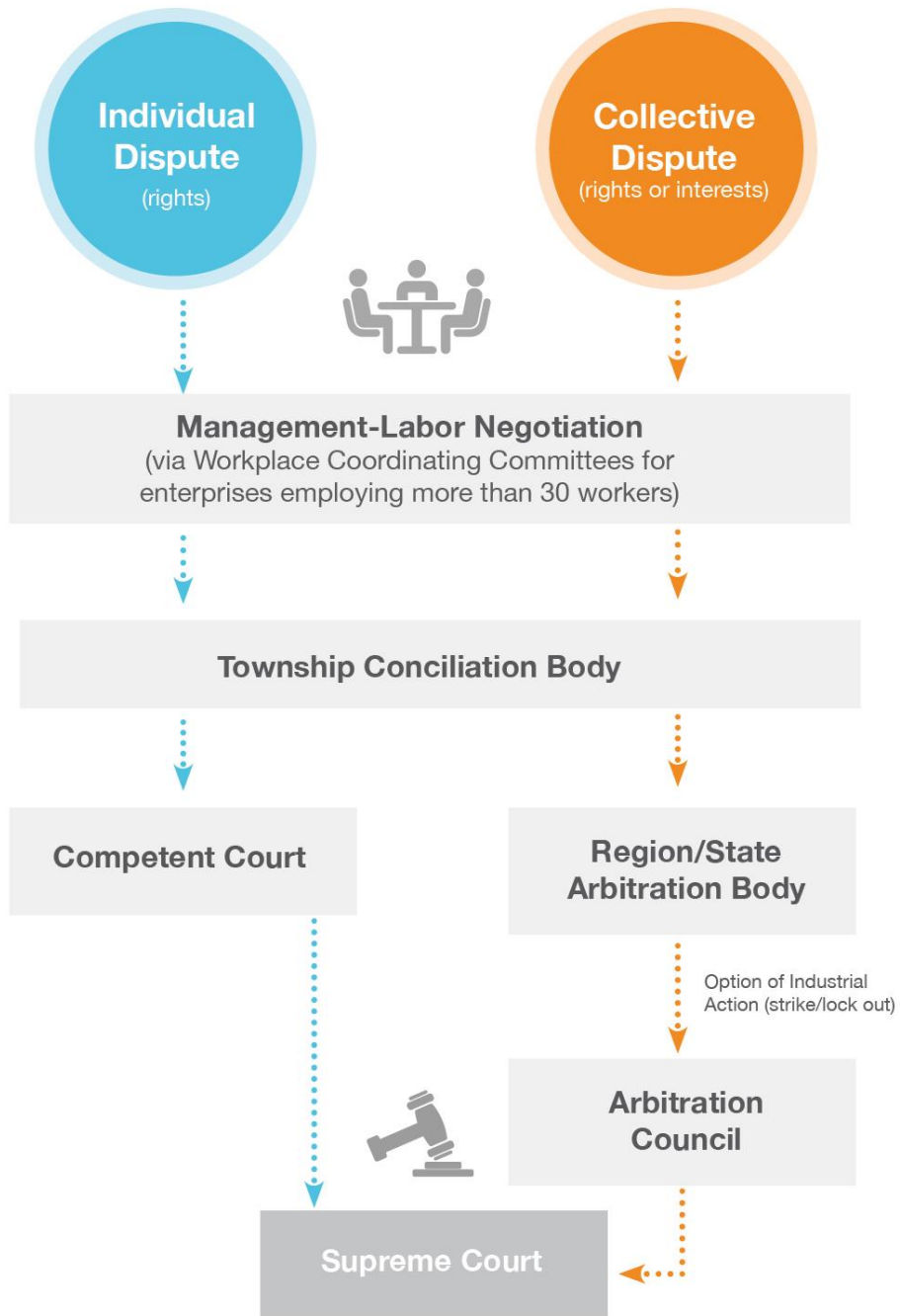
<sup>6</sup> SLDL, Chapter I, Article 2(n), (o).

<sup>7</sup> According to MOLIP, the SLDL applies to all sectors except mining. (MOLIP interview).

<sup>8</sup> SLDL, Chapter II, Article 3.

<sup>9</sup> MICS, WCC interviews.

## Labor dispute settlement process under SLDL





However, stakeholders report that most workplaces have not established WCCs.<sup>10</sup> A union member from Mingaladon estimated that just 30 of the roughly 1,000 factories (from all sectors) in that township have a WCC.<sup>11</sup> In addition, some workplaces have WCCs that nominally exist on paper but do not function in practice, often due to either lack of appropriate representation or lack of good-faith participation. The SLDL does not specify how the selection process for worker representatives should take place, and sometimes employers do the selection themselves, which typically weakens WCC effectiveness. Some employers also report that they have tried to establish WCCs but are unsure how to manage selection of members or how to ensure that workers' grievances are brought to the WCC.

As garment factories receive more attention from international buyers regarding WCCs, some are making an effort to establish them. But even in workplaces where WCCs have been established, workers are often unaware of what a WCC is or is supposed to do.<sup>12</sup> In locally-owned factories, WCCs are largely nonexistent, and understanding of industrial relations and employer-worker dialogue is very limited.<sup>13</sup>

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*“The Burmese owners don’t understand negotiation and why they need a union, they say they take care of you, like a family. But then after a strike, there is no improvement.” CTUM*

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So far, WCCs seem to be functioning more effectively in workplaces with substantial labor organization presence, because unions can both assist with establishing WCCs and provide a structure for selecting representatives and communicating concerns and grievances.<sup>14</sup>

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*“Even if the WCC members are chosen democratically, without a union, how do they know what workers want, and what they are supposed to do?”  
Solidarity Center*

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Some WCCs hold regular meetings every 1-2 weeks to discuss any cases that have come up, others call a meeting when needed. WCC members reported that they were able to resolve 50-90 percent of issues between workers and employers, and that the WCC structure provides an important mechanism for protection of worker rights.<sup>15</sup>

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*“Before we started the WCC, the employers did whatever they wanted to.”  
WCC members*

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<sup>10</sup> Action Labor Rights (ALR), CTUM, Solidarity Center, WCC interviews.

<sup>11</sup> ALR interview.

<sup>12</sup> Solidaridad interview.

<sup>13</sup> CTUM, MICS/AFFM interviews.

<sup>14</sup> CTUM, FIDH, MICS/AFFM, Solidarity Center, WCC interviews.

<sup>15</sup> WCC interviews.

Labor organizations and union members view establishing a WCC as an essential step towards creating effective worker-management dialogue. They have requested support from local Township Labor Officers (TLOs) in some cases where an employer is not cooperating in forming a WCC, especially if there is no union present.

## TOWNSHIP CONCILIATION BODY

Under the SLDL, disputes that are not resolved through the WCC can then be brought to a Township Conciliation Body (TCB) for a hearing. The TCB is composed of 11 members—3 from government, 3 from employers, 3 from unions, and 2 “distinguished persons”<sup>16</sup>—who serve two-year terms. Disputes are to be heard by a four-person panel consisting of one representative from each group (government, employers, labor organizations, and distinguished persons).<sup>17</sup> For more challenging cases, eight people may be asked to participate (two representatives from each group). Invitations to participate rotate among the members.

In practice, many issues and disputes are brought directly to the Township Labor Officers (TLOs) rather than via the WCCs. This may happen in cases where WCCs do not exist (whether on paper or in practice), or in instances where workers do not trust WCCs to represent their interests and instead contact TLOs directly.<sup>18</sup> TLOs are MOLIP employees based in the local township offices of MOLIP, and they serve as the primary point of contact for any labor questions or issues that arise. They are also responsible for receiving disputes and serving as secretary of the TCB.

In cases where WCCs are nonexistent or dysfunctional, the TCB is effectively the first opportunity to negotiate. As a result, workers with no WCC are more likely to be able to resolve their case at the TCB level than are workers with an effective WCC, who have already tried direct negotiation.<sup>19</sup>

In some cases, TLOs seek to resolve the disputes without holding a hearing. This can happen if they perceive the issue to be clearly addressed in laws other than the SLDL. In those cases, they may either advise the parties directly or refer them to the relevant government department (e.g., those responsible for pay or leave) for guidance.<sup>20</sup>

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*“Some issues are clear under the law, so there’s not much talking. The Labor Officer just tells them what is the law, and what they should do.”*

*Action Labor Rights*

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In other cases, TLOs may hold a hearing but without all parties present. Worker representatives have complained that sometimes they were not given sufficient notice to request leave from their employers,

<sup>16</sup> According to the SLDL, these “distinguished persons” are to be “*trusted and accepted by the employers or relevant employer organizations and the labour organizations.*” (SLDL Chapter III, Article 10 (e)). For the Yangon AB, the two distinguished persons are both retired MOLIP staff, including a former Director General.

<sup>17</sup> Reports on how many TCB members should be present varied. Some said just three are required.

<sup>18</sup> MICS/AFFM, MOLIP, WCC interviews.

<sup>19</sup> CTUM interview.

<sup>20</sup> MICS/AFFM, MOLIP, WCC interviews.

that the location was too far away, or that they were not even invited.<sup>21</sup> Other stakeholders noted that employer representatives are sometimes unable or unwilling to take the time to participate, particularly for TCBs with a high volume of cases. In some locations, the “distinguished persons” rarely participate in hearings.<sup>22</sup>

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*“The TCBs are good—they are actively resolving problems. Even with just one or two members there or even just the government, it’s still useful.” MICS*

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As the TCB process is one of conciliation, not arbitration, the TCB does not issue a decision. Rather, it functions to support the two parties to reach a mutual agreement and resolve their dispute. The TLOs and TCB members can play a role in advising both parties about relevant laws and regulations and reasonable outcomes, but cannot dictate the terms of an agreement. According to the SLDL, the TCB is required to conciliate each case within three days from the day the dispute is received.<sup>23</sup>

**Conciliation:** a procedure which assists the parties to the dispute to reach a mutually agreed settlement, through neutral third-party intervention. The conciliator assists the parties to settle the dispute and is not empowered to impose a settlement.

**Arbitration:** a procedure for settling disputes by submitting them to an independent and neutral third party for a final and binding decision.

Participants in the TCB process report that there is sometimes pressure from the TLO to reach an agreement. This pressure can be directed at either the workers (“don’t make trouble”) or the employers (“just pay them off, you can afford it”),<sup>24</sup> though most also felt that the pressure is not excessive. How cases are handled and to what extent panels are convened seems to be largely at the discretion of each TLO, and approaches vary. For townships dealing with high volumes of cases (e.g., in and around Yangon), TLOs are reported to be more experienced and effective.<sup>25</sup>

Legal representation at the TCB level varies as well. While the law does not specify whether legal representation is allowed at the TCB level,<sup>26</sup> workers who are members of a labor organization often have support from a union, either in preparing the written case materials or in presenting their case. Others get support from labor rights groups and NGOs. Employers sometimes have legal support at the TCB, but sometimes present their own cases. Some TLOs do not permit anyone to participate or present besides

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<sup>21</sup> ALR, WCC interviews.

<sup>22</sup> ALR interview.

<sup>23</sup> See Appendix 2 for detailed timelines required by law.

<sup>24</sup> ILO, WCC interviews.

<sup>25</sup> ALR, CTUM, DFDL interviews.

<sup>26</sup> CTUM interview.

the two parties (a more common occurrence in 2013-14; inclusion is now more typical),<sup>27</sup> or they may ask some people to leave the hearing partway through as they try to help the parties reach an agreement.

Unions and labor rights organizations are playing an instrumental role in supporting workers to develop their written materials and present their cases. For example, CTUM reports assisting in 360 cases during January-October 2016, and Action Labor Rights assisted with 136 cases in 2016.<sup>28</sup>

MOLIP reports that TCBs have been established in most of Myanmar's 325 townships,<sup>29</sup> but official data shows that the majority of disputes are dealt with in and around Yangon. Stakeholders report that some TCBs struggle to cope with a high volume of cases with limited resources, which also affects their ability to respond to cases within the legally-required timelines. However, in general, TCBs that deal with more cases (such as Hlaing Tharyar) also have more experience and manage the process more professionally than those in townships that have fewer factories and fewer disputes.<sup>30</sup>

Agreements reached at the TCB are not published, but hard copies are kept on record at the Township Labor Office and are available for review upon request.

## **ARBITRATION BODY (REGION/STATE)**

Disputes that are not resolved at the TCB level can be brought to the relevant Arbitration Body (AB). An AB is established in each region or state—a total of 15, including one for Nay Pyi Taw. Similar to TCBs, ABs are composed of 11 members—3 from government, 3 nominated by employer organizations, 3 nominated by labor organizations, and 2 distinguished persons—who serve two-year terms. Upon receiving a case, the AB conducts hearings that are typically attended by three members (one from each group of government, employer and labor). Then all 11 members convene to discuss the case and make a decision, based on a majority vote. At the Yangon AB, the busiest location (due to Yangon's estimated 5,000 factories from all sectors), the 11-member group meets at least once per week. Decisions are to be made within seven days from when the case is received, and then sent to the parties within two days.

At the AB level, it is common for both parties to have legal assistance or representation. The decisions of the AB are binding, but if either party is not satisfied with the decision, they have seven days to submit their dispute to the Arbitration Council. On occasion the AB can decide to send a case on to the AC without making a decision, but all 11 AB members must agree on taking this action.<sup>31</sup>

## **ARBITRATION COUNCIL**

The Arbitration Council is the highest level in the arbitration process. It consists of 15 members—5 selected by MOLIP (typically retired Ministry staff), 5 nominated by employer organizations, and 5 nominated by labor organizations. Members are appointed to two-year terms.

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<sup>27</sup> Ibid.

<sup>28</sup> ALR, CTUM interviews.

<sup>29</sup> MOLIP interview.

<sup>30</sup> CTUM interview.

<sup>31</sup> AB interview.

When a case is received by the AC, a Tribunal of three members (one from each group) is formed to hear the case. The parties to the dispute are allowed to select the AC member who they want to serve on the Tribunal (the worker selects a labor organization member and the employer party selects an employer organization member, and then those two members select the government representative). Unlike at the Arbitration Bodies, the Tribunal has the authority to make the final decision and the full Arbitration Council does not review or sign each case. However, the full AC does meet at least once per month to consider whether to approve sending cases of noncompliance to court.<sup>32</sup>

### Cambodia's Arbitration Council

Myanmar's Arbitration Council was modeled after Cambodia's, which was established in 2003 to resolve collective labor disputes in which conciliation attempts were unsuccessful. For each dispute it also has a tripartite structure (labor, employers, government), with three arbitrators selected to form an Arbitration Panel to issue a decision.

*Similarities:* Both ACs operate in contexts where rule of law is weak, with widespread instances of judicial ineffectiveness and corruption. An arbitration mechanism therefore provides an important alternative to the judicial system.

*Differences:* The Cambodia AC has a larger number of arbitrators (30) and handles more cases – 338 in 2015. The higher number is partly because there is only one level of arbitration, compared to 2 in Myanmar (which has ABs and the AC). Collective bargaining is also more common in Cambodia, which creates more potential for disputes that fall within the CAC's purview. The Cambodia AC is independent from the government; Myanmar's is under the Ministry of Labor. As in Myanmar, Cambodia AC members initially had limited experience, but substantial trainings from ILO and then the Arbitration Council Foundation have helped to improve capacity and competence.

*"...the [Cambodian] Arbitration Council (AC) has had an impact that transcends labor issues. The AC serves as a model of good governance and probity for the entire judicial system...there is no question that it has created a unique Cambodian standard that government officials can reflect and learn from in the wider judicial reform process."* – USAID report (2009)<sup>33</sup>

The Tribunal may choose whether or not to hold a formal hearing or to base their decision on existing documentation. The Tribunal is not obligated to accept new evidence but they sometimes do seek more information if they find critical evidence is lacking.<sup>34</sup> A decision is to be made within 14 days from the time when the case is received (or 7 days in cases related to essential services).<sup>35</sup> The parties then have three months within which they can amend the agreement, if they both agree to the changes. Both sides typically have legal representation at the AC level, although often the employer representative is more

<sup>32</sup> AC interview.

<sup>33</sup> US AID 2009 report on labor and industrial activities in Cambodia, originally quoted in Hugo van Noord et al., 2011, "Cambodia's Arbitration Council: Institution-building in a developing country," ILO Working Paper No.24, p.24. [www.ilo.org/ifpdial/information-resources/publications/WCMS\\_166728/lang-en/index.htm](http://www.ilo.org/ifpdial/information-resources/publications/WCMS_166728/lang-en/index.htm).

<sup>34</sup> AC interview.

<sup>35</sup> In the SLDL, essential services include: (i) water supply services; (ii) electricity services; (iii) fire services; (iv) health services, and (v) telecommunication services. (SLDL Chapter I, Article 2(f)).

professional. An AC member estimated that unions are involved in about half of the cases, either helping with the written complaint or by being physically present.<sup>36</sup>

## JUDICIAL SYSTEM

Technically there are two points where disputes can potentially exit the arbitration system and enter the judicial system. For individual disputes, if either party is not satisfied with the outcome at the TCB level, they should then take the case to court (rather than to an AB). Collective disputes not resolved at the TCB must go to the AB. In addition, either party can appeal an AB or AC decision to the Supreme Court, as the constitution provides citizens the right to do so if “deprived or affected” by the decision.<sup>37</sup>

However, in practice the distinction between individual and collective disputes is not very clear. The law describes an *individual* dispute as between an employer and one or more worker, while a *collective* dispute is between an employer (or employer organization) and a labor organization.<sup>38</sup> In practice, it can be hard to determine whether the dispute is with the worker(s) or with a labor organization, and individual disputes often go through the arbitration system as well, in part because this is viewed as a more effective mechanism than the courts and a way to help protect worker rights.

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*“Even for us, it can be difficult to determine whether a case is individual or collective—but even if it is individual, we will still hear the case. Our role is to settle disputes.” AC member*

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Of the 151 cases on the AC website (2014-2016), more than 40 percent of cases involved just one worker. While this does not necessarily indicate that these cases were *individual* cases rather than *collective* cases, the high number of cases with a single worker likely reflects that *individual* cases are also moving through the system. A member of the Yangon AB estimated that of the 120 cases they heard in 2016, 20 were individual cases and 100 were collective. MOLIP advises that for legal issues, individual cases have to go to court and not to the AB/AC, but that individual dismissal cases can go through arbitration, and many such cases are being heard at the AC.<sup>39</sup>

The current limitations of the judicial system tend to increase utilization of the arbitration system, as workers bring cases to arbitration that are outside of the scope of collective bargaining, including cases of physical harassment or abuse. In such cases, TLOs will sometimes tell workers to take their case to court rather than the TCB, but workers typically feel that the judicial system is not an effective option.<sup>40</sup>

If either party does not comply with an AC decision—which is binding under law—MOLIP has the option to bring a case against them through the courts, after approval from the AC. From April 2015 to July

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<sup>36</sup> AC interview.

<sup>37</sup> Myanmar Constitution, 2008. Article 378(a).

<sup>38</sup> SLDL, Chapter I, Article 2(n), (o).

<sup>39</sup> MOLIP interview.

<sup>40</sup> ALR interview.

2016, 30 cases were sent to court.<sup>42</sup> During such processes, the AC decisions are binding until the court makes a ruling to either affirm or alter the AC's decision.

## REGIONAL AND GLOBAL CONTEXT

While Myanmar's AC was modeled after Cambodia's, it is relatively unique in the region. Neighboring countries use a variety of means for assisting in the resolution of labor disputes. In Thailand and Bangladesh, differences between workers and employers are often dealt with in the court system. In Bangladesh, a massive backlog of cases in the labor courts means there is no effective means of quick resolution.<sup>43</sup> Singapore has an Industrial Arbitration Court in place to handle disputes between employers and trade unions. Vietnam has a labor arbitration council, but it is restricted to conciliation of certain types of collective labor disputes. China uses Labor Dispute Arbitration Councils (LDACs) extensively, with an emphasis on mediation—over 700,000 cases were settled by LDACs in 2014, more than half through mediation.<sup>44</sup>

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<sup>42</sup> AC interview.

<sup>43</sup> As of 2014, Bangladesh's eight labor courts had a backlog of almost 16,100 cases due to shortage of tribunals, negligence of the industry owners, and loopholes in the labor law. *Human Rights and Business Country Guide: Bangladesh*, <http://hrbcountryguide.org/wp-content/uploads/2014/02/Bangladesh-23.03.16.pdf>.

<sup>44</sup> China Labour Bulletin, "China's labour dispute resolution system," [www.clb.org.hk/content/china%E2%80%99s-labour-dispute-resolution-system](http://www.clb.org.hk/content/china%E2%80%99s-labour-dispute-resolution-system).

## Implementation and Trends

As experience with the new labor dispute resolution process has grown, so too has the number of disputes—more than 1,200 cases were officially received in 2016 by TCBs. AB and AC cases have also increased steadily.

**Table 1. Labor disputes received and resolved<sup>45</sup>**

	2012	2013	2014	2015	2016
<b>Township Conciliation Bodies</b>					
Cases Received	965	902	852	1,018	1,238
Resolved	908	780	738	862	1,054
(% Resolved)	94%	86%	87%	85%	85%
<b>Arbitration Bodies</b>					
Cases Received	57	105	88	120	154
Decisions Issued	40	96	78	126	149
Resolved at AB Level	23	42	37	51	59
(% Resolved)	40%	34%	32%	33%	32%
<b>Arbitration Council</b>					
Cases Received	17	54	41	75	90

At the township level, the TCBs seem to be relatively effective at resolving disputes, with a successful resolution rate consistently around 85 percent. In 2014, just 16 percent of cases from Yangon TCBs were referred on to the Yangon AB.<sup>46</sup> In contrast, the regional and state ABs have had much lower rates of resolving disputes—decisions were issued in approximately 80 percent of cases in most years, but nearly 60 percent of these decisions were appealed to the Arbitration Council in 2015 and 2016.

**85%** of TCB disputes are successfully resolved through conciliation

There are several possible reasons behind the increase in disputes. As the system becomes more established and awareness grows, more workers and employers may be aware of the option of taking a dispute to the TCBs. The activities of labor organizations and labor rights NGOs have also increased in the last few years, including training for workers on their legal rights, which could be increasing use of the system. The gradual establishment of WCCs could also be serving as an opportunity to identify and address a backlog of existing disputes, which previously were ignored.<sup>47</sup> Meanwhile, as investment increases and more businesses are established, there are more workers and enterprises, and therefore more potential disputes. Finally, as changes are made to labor laws, such as the increase in minimum wage or the introduction of a mandatory employment contract, disputes tend to result in cases where

<sup>45</sup> Data from MOLIP, February 24, 2017.

<sup>46</sup> ILO communication.

<sup>47</sup> WCC interview.



employers change their policies to meet government requirements, but workers do not accept or agree with those changes. For example, disputes occurred in 2016 in instances where employers dismissed workers because they refused to sign the employment contracts which were newly mandated by the government.

## LOCATION

Disputes are geographically concentrated in areas with more factories, making the TCBs in and around Yangon and the Yangon AB much busier than in other parts of the country. This is reflected in the location of AC cases, with nearly 80 percent of published AC cases originating in Yangon.<sup>48</sup>

**Table 2. Location of Published AC Cases**

Yangon	120	79%
Mandalay	13	9%
Sagaing	6	4%
Tanintharyi	4	3%
Magwe	1	1%
Unclear	7	
<b>TOTAL</b>	<b>151</b>	

## TOPICS

While detailed data on TCB cases is not available, previous research from 2014 on the Hlaing Tharyar TCB found that most disputes (75 percent in a sample of 83 cases) were related to these topics: increase of basic wages and salaries, overtime, and allowances (e.g., for meals and transport).<sup>49</sup> Other less common topics included dismissal (sometimes of union members), compensation, and workplace conditions. Disputes ranged from legal violations, such as improper dismissal or forced overtime, to disputes over pay and productivity targets, or workplace conditions like the number of bathrooms or lack of pest control. Women's rights have also been a topic of dispute, with cases related to maternity leave and the right of a worker to return to her previous position after taking leave,<sup>50</sup> but labor and human rights groups reported low awareness about gender rights, maternity leave, and issues like sexual harassment, which may reduce the number of disputes on these topics.<sup>51</sup>

## 60% of Arbitration Council disputes are related to dismissal

At the AC level, more than 60 percent of the 151 cases published on MOLIP's website were related to reinstatement (28.5 percent), dismissal (26.5 percent), or unemployment pay (6 percent)—all topics related to employee termination. Yangon AB members reported that employers often did not follow proper procedures for termination of workers, and that in 2016 in particular, many AB cases dealt with union

<sup>48</sup> Our analysis is based on review of the 151 AC cases posted online for 2014-2016, as of February 2017. An estimated 285 cases were received by the AC during 2012-2016 (data reported by MOLIP in Feb 2017).

<sup>49</sup> ILO interview.

<sup>50</sup> CTUM, MOLIP interviews.

<sup>51</sup> CTUM, FIDH interviews.

worker dismissals.<sup>52</sup> In addition, other stakeholders reported that firing labor organization leaders and members became increasingly common in 2016, with an increase in disputes and the blacklisting of union members.<sup>53</sup>

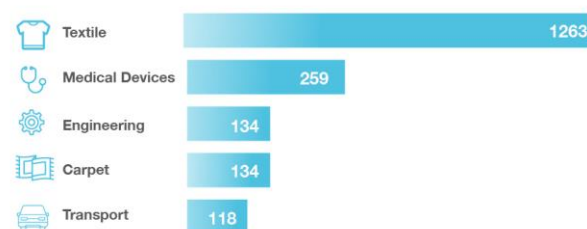
The frequency of disputes related to dismissal and compensation suggests that legislative provisions are not adequate or sufficiently clear on implementation, leading to conflicting interpretations. For example, the provisions on termination and unjustified dismissals are scattered across different laws and regulations without clear hierarchy or consistency.<sup>54</sup> Violations are often blatant, suggesting that awareness of the law is low. While some employers will claim other reasons for firing union members, others have reported the cause of firing as “forming a union,” with no concern that this might be illegal.<sup>55</sup> Cases on specific topics increase as new laws come into place. For example, when MOLIP passed rules about minimum wage, the number of disputes over wages rose,<sup>56</sup> and when a new universal employment contract was mandated, disputes arose over the contract terms and dismissal of workers for refusing to sign. Thus, the labor dispute resolution process appears to be functioning as a testing ground for interpretation and implementation of new laws and guidelines.

The existence of at least 10 distinct laws covered by the SLDL, governing specific areas like leave and holidays and labor organization, complicates legal interpretation, as do the conflicting definitions of employee and employer in different laws. Cases involving subcontractors become even more difficult because the obligations of an employer to subcontracted labor are unclear.<sup>57</sup>

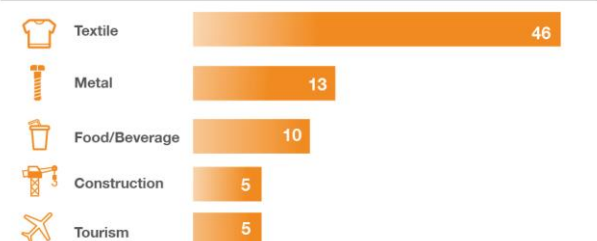
## INDUSTRIES

An estimated 30 percent of all disputes brought to the AC involved the textile and garment sector, and these disputes also involved larger numbers of workers—52 percent of all workers involved in published AC disputes were in the textile and garment sector.<sup>58</sup>

### Top 5 Number of workers in disputes by sector



### Top 5 Number of disputes by sector



<sup>52</sup> Yangon AB interview.

<sup>53</sup> Solidarity Center, ILO interviews; Zaw Zaw Htwe, 2016. “Blacklisted workers unhireable: activists.” Myanmar Times, August 26. [www.mmtimes.com/index.php/national-news/yangon/22162-blacklisted-workers-unhireable-activists.html](http://www.mmtimes.com/index.php/national-news/yangon/22162-blacklisted-workers-unhireable-activists.html).

<sup>54</sup> ILO interview.

<sup>55</sup> Solidarity Center interview.

<sup>56</sup> Nyan Lynn Aung and Khin Wine Phyu Phyu, 2015. “Labour disputes rise and factories cut back,” Myanmar Times, September 17. [www.mmtimes.com/index.php/in-depth/16520-labour-disputes-rise-as-factories-cut-back.html](http://www.mmtimes.com/index.php/in-depth/16520-labour-disputes-rise-as-factories-cut-back.html).

<sup>57</sup> DFDL interview.

<sup>58</sup> See above. This data reflects our analysis of 151 cases posted online.

Other industries with at least four AC disputes include: metals, food/beverage, construction, tourism, cement, transportation, and wood. The Thai oil and gas company PTTEP also had a high-profile dispute over interpretation of Myanmar legal requirements on leave and overtime, which was mentioned by several stakeholders as controversial.

## OWNERSHIP

For the garment sector, more than 60 percent of published AC cases involved foreign-owned factories, and the involvement of foreign owners may actually be even higher than that due to the prevalence of foreign investors and joint ventures. Stakeholders suggested that many of the disputes involving foreign owners could be attributed largely to cultural barriers, including language and communication problems. An AC member reported that, in his experience, some of the disputes involving foreign owners were just misunderstandings, and an explanation from the AC of the legal or cultural context was sufficient to settle the dispute.<sup>59</sup>

### CASES: IN DEPTH

A selection of 13 Arbitration Council cases were translated into English by the ILO and BSR.<sup>60</sup>

- » All 13 cases were related to the dismissal of one or more workers. Three of the cases indicate that the workers in question had been involved in union organizing activities.
- » In most cases, the decision focused on the details of the termination process. Was the worker properly warned, did the worker sign a warning letter, was the worker forced to sign the warning letter, and did the employer pay the appropriate amount of severance and notice pay?
- » In 62 percent of the cases, the AC largely agreed with the previous AB decision; in 38 percent of the cases, the AC decided differently than the AB.
- » Employers were advised to follow legal procedures and keep better records: “If the employer made the records and gave the warnings step by step...and dismissed the worker by giving notice letter, [the] employer would not need to be in the settlement process and ... [would not] ...need to pay anything.” (Case 72/2016)
- » Social justice was mentioned as a determining factor: “As [the worker] was dismissed from his job, he was not entitled to any severance pay nor compensation, but to show social justice it is considered that one month salary should be paid.” (Case 64/2016).
- » Decisions reference specific legal requirements (e.g. on pay, leave, or dismissal), but do not mention other AC decisions as precedent.

<sup>59</sup> AC interview.

<sup>60</sup> Case numbers: 24/2015, 1/2016, 30/2016, 53/2016, 59/2016, 61/2016, 62/2016, 64/2016, 66/2016, 68/2016, 72/2016, 84/2016, 85/2016.

# Ensuring an Effective Dispute Resolution Process

Throughout the interviews, stakeholders suggested areas for improvement that would help to ensure Myanmar's dispute resolution process continues to become a more effective and reliable mechanism for fair agreements among workers and employers. Below are several procedural and administrative aspects that would help to improve confidence in the process.

## 1. CLEAR LEGAL FUNCTION AND BOUNDARIES

**Setting the boundaries.** The current boundaries of what types of disputes the arbitration process can address are proving difficult to apply. One challenge is the difficulty of distinguishing between individual and collective disputes. In addition, the lack of a robust judicial system means that many individual disputes (particularly over dismissal) are instead being addressed by the ABs and AC. Some observers see this as a beneficial adaptation that better protects worker rights, but it also signals an underlying weakness in the understanding of “collective” and what a collective bargaining agreement (CBA) entails. Under the SLDL, the concept of a CBA is introduced as a way to settle disputes, while the broader international understanding of a CBA is that of a collective employer-worker agreement that relates to all conditions of work.<sup>61</sup> Strengthening the understanding and utilization of CBAs would be one way to help differentiate which disputes should go through the arbitration process. MOLIP has also indicated that revisions to the SLDL may be made that would allow the ABs and AC to legally hear individual rights disputes.<sup>62</sup> If not, a viable alternative to the arbitration process for individual dispute cases is needed.

Concerns have also been raised about whether interest disputes are being decided at the AB and AC level through non-voluntary arbitration, which would conflict with ILO Freedom of Association guidance that any negotiations between workers and employers should be free and voluntary.<sup>63</sup>

**Continued amendment and revision.** The dispute resolution process outlined in the SLDL has already evolved in practice, as employers, workers and government officials gain experience in implementation and identify areas for potential improvement. Some changes and additional guidance have already been adopted in the form of amendments. Continuing to amend and revise the law, based on practical experience and in alignment with broader labor law reform efforts, will help to strengthen its effectiveness and credibility.

**Utilizing process to improve legal awareness and compliance.** The dispute resolution process also functions to inform employers and workers about laws and regulations, particularly at the township level, as TLOs take on the role of advising parties about legal provisions in certain cases (or referring the parties to the relevant government department) rather than accepting a dispute for conciliation. Some participants noted that there have been cases where conciliation is actually reducing workers' legally-entitled benefits. For example, negotiation can lead to a worker accepting lower compensation than that required by law, especially if they are eager to reach settlement quickly.<sup>64</sup> TLOs and other members of

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<sup>61</sup> Solidarity Center interview.

<sup>62</sup> ILO interview.

<sup>63</sup> Ibid.

<sup>64</sup> CTUM interview.

the conciliation and arbitration bodies have an important role to play to ensure that existing legal rights and obligations are upheld throughout the process.

## 2. CONSISTENT AND PROFESSIONAL PROCESS FOR DECISION-MAKING

Stakeholder perceptions are diverse, but many believe that the ABs and AC favor workers over employers. A common perspective is that the primary objective of the dispute resolution process is to protect workers, rather than to act as a neutral arbiter that understands both workers and employers have rights and obligations that should be upheld.

At the same time, some stakeholders complained that employers have an advantage (especially at the township level), as local government officials may not want to penalize companies, and employers often have more professional legal support than workers. A TCB member reported that pressure at the township level is applied to both parties: employers are pressured to make compromises and pay workers, because they have more resources; and workers are pressured by the TCB to compromise and not make trouble.

At the AB and AC level, a common perception is that these bodies tend to more frequently side with workers, partly due to consideration of “social justice” factors, rather than strictly on the merits of a case.<sup>65</sup> An AC member reported that AC discussions tend to favor the weaker side (usually the workers) for practical reasons, and that, given the challenging socioeconomic conditions in Myanmar, accommodations should be made because workers in the dispute are often in a desperate situation.<sup>66</sup> The frustrations of workers at the AC level are mostly related to a lack of good-faith participation by employers and a lack of enforcement of the decisions that are made.

Others expressed confidence in the fairness of the outcomes, saying that sometimes workers are happy with the outcome, and sometimes not.<sup>67</sup> MOLIP staff reported that they hear both types of complaints—that employers are favored, and that workers are favored—suggesting that perceptions of bias are not one-sided.<sup>68</sup> MOLIP staff also suggested that the high number of dispute cases being brought to the bodies means that people have confidence in the system.<sup>69</sup>

Experience from Cambodia suggests that a trend of arbitration outcomes favoring workers does not necessarily indicate bias. An Arbitration Council Foundation staff member reported that early on, the Cambodian Arbitration Council (CAC) tended to rule more for workers because there were many instances of labor violations and noncompliance with the law. More recently, however, workers have been bringing interest disputes with demands that go beyond what the law provides, and as a result, the CAC has been ruling more for employers.<sup>70</sup>

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<sup>65</sup> Asia Business Synergy, ILO interviews.

<sup>66</sup> AC interview.

<sup>67</sup> CTUM, TCB interviews.

<sup>68</sup> MOLIP interview.

<sup>69</sup> Ibid.

<sup>70</sup> ACF interview.

Clear guidance for AB and AC members on the scope of information that should be included in their decision-making, and whether social justice factors should be allowed as a consideration alongside legal requirements, would help to instill confidence in the arbitration outcomes.

Questions regarding the role of precedent in the decision-making process have also been raised. At the CAC, the Council Members are required to abide by a guideline aimed at ensuring consistency in decision-making. In practice, this means that prior cases are often mentioned as relevant and referenced in the official CAC decision. When and if the CAC departs from consistency, it must explicitly state its reason for doing so in the text of the decision. The result is that prior decisions fall somewhere between what common law jurisdictions term *persuasive* and *binding* precedent.<sup>71</sup> Cases decided by the Myanmar AC are not currently being mentioned as precedent for decisions in later disputes, but the extent to which previous decisions should inform later cases is not currently clear. AC members indicated that previous decisions are considered persuasive but not binding.

In addition, the Myanmar AC decisions reviewed for this report contained limited explanations of the AC's reasoning, compared to those from the CAC. Inclusion of detailed reasoning in the AC decisions would be helpful for parties to the dispute (and also potentially for the Supreme Court) to better understand the rationale for the AC's decision. This would make the dispute settlement system more predictable, and in turn, help improve the rule of law.<sup>72</sup>

### 3. EFFECTIVE ENFORCEMENT OF DECISIONS

Enforcement of arbitration decisions has proved to be a challenge. The SLDL lacks specificity about mechanisms for enforcement,<sup>73</sup> but what currently happens if there is a failure by one or both parties to comply with AC decisions is that MOLIP can bring a judicial case (a step which must first be sanctioned by the AC). For example, there have been cases in recent months where union members were dismissed and the AC decided that the workers should be reinstated, but the employer did not comply. MOLIP then brings a suit against the employer and the court issues a decision that may include a fine (the minimum fine is 1 million kyat, or roughly US\$740). Several concerns were voiced about this process. For example, it can take a long time for a court case to be decided, and some stakeholders believe this is a way for employers to delay the process and hope the worker(s) will give up. In addition, many stakeholders feel that the minimum fine is relatively low and insufficient to act as a deterrent. They believe that some employers view paying the fine as a low-cost way to avoid reinstating a “troublemaker,”<sup>74</sup> although technically the requirement is to pay the fine *and* reinstate the worker.

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*“In 2016, many employers decided not to comply, they would just go to court and pay the fine. Now many employers do not reinstate the workers.”*

CTUM

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Both labor groups and AC members expressed concern about noncompliance with AC decisions undermining the effectiveness of the arbitration process. Some reported an increasing trend in the past

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<sup>71</sup> ACF interview.

<sup>72</sup> Based on review of a sample of translated AC decisions.

<sup>73</sup> DFDL interview.

<sup>74</sup> AC, ALR, CTUM, Solidarity Center interviews.

year of employers deciding to go to court and pay the fine rather than reinstating workers.<sup>75</sup> Suggestions have been made to increase the minimum fine or include criminal penalties for noncompliance,<sup>76</sup> but a proposal to that effect during the 2014 amendment process was not approved by the Hluttaw (Parliament), and the addition of a criminal penalty has been criticized by employers and others as inappropriate or ineffective.<sup>77</sup>

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*“The fines are too small, they are easy to pay. Bad-faith employers are simply not deterred from denying workers their rights.”* Solidarity Center

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At the township and region/state levels (TCB and AB), compliance with agreements can also be slow, with employers taking a long time to implement specific measures that were agreed to (whether concerning compensation, reinstatement, or changes in policies or workplace conditions). In these cases, labor rights groups will sometimes assist by informing the TLOs who then follow up with the employer.<sup>78</sup>

#### 4. QUALIFIED MEMBERS SELECTED FAIRLY

**Selection of members.** MOLIP is ultimately responsible for selecting the members of the various conciliation and arbitration bodies. While the SLDL clearly defines how many members can be nominated by the tripartite groups (government, labor organizations, and employer organizations), Myanmar law does not provide detailed guidance on how the nomination process should take place. Implementation of the selection process has been controversial, especially for the Arbitration Council. The five members for the employer side are nominated by the employer organization, UMFCCI, which selects them by committee. Selection of five members from the labor organization side has proved more contentious. MOLIP’s approach has been to announce a date for the election, set basic rules about how many votes are allowed for which type of organization, and then allow the various labor organizations to nominate candidates and hold a vote. However, the election scheduled by MOLIP in July 2016 was subject to complaints about who was invited (or not), who was allowed to vote, and when the meeting was held, with the result that some organizations refused to participate in the meeting and rejected the election results.<sup>79</sup> Although five new members were selected at that time, demands that MOLIP hold a new election<sup>80</sup> had stalled the installation of the new AC members as of April 2017.<sup>81</sup>

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<sup>75</sup> CTUM interview; Zaw Zaw Htwe, 2016. “Factory bosses accused of firing labour leaders, ignoring arbitration rulings,” Myanmar Times, January 5. [www.mmtimes.com/index.php/national-news/yangon/18317-factory-bosses-accused-of-firing-labour-leaders-ignoring-arbitration-rulings.html](http://www.mmtimes.com/index.php/national-news/yangon/18317-factory-bosses-accused-of-firing-labour-leaders-ignoring-arbitration-rulings.html); Zaw Zaw Htwe, 2015 “Factory defies council order to rehire union members,” Myanmar Times, October 15. [www.mmtimes.com/index.php/national-news/yangon/17017-factory-defies-council-order-to-rehire-union-members.html](http://www.mmtimes.com/index.php/national-news/yangon/17017-factory-defies-council-order-to-rehire-union-members.html).

<sup>76</sup> Progressive Voice, 2016. *Raising the Bottom: A Report on the Garment Industry in Myanmar*. <http://progressivevoicemyanmar.org/wp-content/uploads/2016/11/Raising-the-Bottom-Layout-English-Version-15-11-20161.pdf>.

<sup>77</sup> ILO interview.

<sup>78</sup> ALR interview.

<sup>79</sup> Kyaw Ko Ko, 2016. “New representatives on Arbitration Council disputed,” Myanmar Times, July 20. [www.mmtimes.com/index.php/national-news/nay-pyi-taw/21474-new-representatives-on-arbitration-council-disputed.html](http://www.mmtimes.com/index.php/national-news/nay-pyi-taw/21474-new-representatives-on-arbitration-council-disputed.html)

<sup>80</sup> Shoon Naing, 2016. “Labour union threatens boycott of Arbitration Council,” Myanmar Times, August 4. [www.mmtimes.com/index.php/national-news/21752-labour-union-threatens-boycott-of-arbitration-council.html](http://www.mmtimes.com/index.php/national-news/21752-labour-union-threatens-boycott-of-arbitration-council.html)

<sup>81</sup> Turner, Charles Michio, 2017. “Clouded future for the labour court,” Frontier Myanmar, February 27. <http://frontiermyanmar.net/en/clouded-future-for-the-labour-court>

Similar selection processes occur at the township and regional/state levels. The small number of employer organizations makes their selection process simpler, and the rapid growth of labor organizations and competition among them has made the selection of labor representatives more contested and chaotic.<sup>82</sup> Establishing a fair and transparent process for selecting representatives for the various bodies would help to increase confidence in the selected members and smooth the transition between terms. Cambodian stakeholders emphasized from their experience with CAC the need to agree on how members are appointed, saying that the selection process needs to be transparent or else stakeholders will not trust the outcome.<sup>83</sup>

**Characteristics of members.** The requirements for eligibility of conciliation and arbitration body members are increasingly stringent at higher levels (see Table 3). While AC members cannot also be members of a labor organization or employer organization, there are no similar restrictions at the lower levels, so in practice it is common to have employers and union members serving on the TCB and AB.

**Table 3. Requirements for members.**<sup>84</sup>

Body	Min. Age	Criteria
Township Conciliation Body	21	Experience in labor affairs, good character
Arbitration Body	25	Work experience, good character
Arbitration Council	35	Relevant work experience, good character, a person who may carry out the benefit of employer and worker fairly  May not be government employees or members of employer or labor organizations, or executive committee members in such organizations during past 12 months

At the TCB level, the members are often workers, owners, and government employees. Participation of workers and owners at the TCBS can be challenging due to their other full-time obligations, particularly in townships with a high volume of cases. The same is true at the AB level—AB members have other full-time jobs and must request leave or take time away from their businesses to participate in AB activities.

Each of the bodies has two-year terms for members. In practice, members are often re-selected for additional terms, but there is some turnover. For the 2017-2018 Arbitration Council, more than half of the selected members are new. Higher turnover of members can create capacity challenges due to the time needed to learn the process and requirements. Frequent changes in personnel mean that members are less experienced and knowledge-sharing and continuity is more limited.<sup>85</sup> Extending or staggering terms, or improving orientation for new representatives, could help to address the effects of high turnover.

<sup>82</sup> ILO interview.

<sup>83</sup> ACF Interview.

<sup>84</sup> SLDL Chapter III, Article 10; Chapter IV, Article 14; Chapter V, Article 20.

<sup>85</sup> DFDL interview.



### Who is on the Arbitration Council? (2017-2018)

The five government members selected by MOLIP are all retired from positions in the Ministry, and two are lawyers by training—all have previously served on the AC. Of the AC members selected by employer organizations, three are lawyers and the others are a businessman and a business consultant. Three of the employer representatives are newly nominated to the AC. The five new AC members selected by employee organizations in July 2016 (but not yet instated) include an assistant engineer, a railway foreman and a news editor.

## 5. EFFECTIVE ADMINISTRATION AND CAPACITY

**Capacity and timelines.** The required timelines stated in the SLDL for dealing with disputes at the various bodies are short in order to meet the needs of workers and employers to resolve disputes quickly. However, the timelines may be unrealistic.<sup>86</sup> At lower levels, disputes often take longer to address than the law specifies, especially in townships with high numbers of disputes, such as the Hlaing Thayar township, which alone dealt with around 300 cases in 2016. Although the time limit for TCBs to deal with a dispute is set at three days, this is also being interpreted as holding three meetings to attempt resolution, an approach that MOLIP has approved.<sup>87</sup> In practice, cases often take 1-2 weeks to resolve.<sup>88</sup>

The Arbitration Council has seven days to resolve a case, and AC members report that it can be challenging to work that quickly, and in practice they end up having a one-day hearing and 1-2 days to make a decision.<sup>89</sup> Cases are reported to move quickly through the AC process, with no backlog of disputes.<sup>90</sup>

**Table 4. Legal timelines for dispute resolution<sup>91</sup>**

Level	Days to Resolve
Workplace Coordinating Committee	5
Township Conciliation Body	3
Region/State Arbitration Body	7
Arbitration Council	7

Despite what the law mandates, the perception is that the process takes a long time, with one WCC member reporting that it takes a case one year to go through the Arbitration Council.<sup>92</sup> This is likely a perception of the time required to enforce an AC decision through the courts, which others said currently

<sup>86</sup> ILO interview.

<sup>87</sup> ALR interview.

<sup>88</sup> Ibid.

<sup>89</sup> AC interview.

<sup>90</sup> Ibid.

<sup>91</sup> See Appendix 2 for more detail on time limits for the phases of dispute resolution.

<sup>92</sup> WCC interviews.

takes 1-2 years.<sup>93</sup> The courts are very busy and do not currently have the capacity to resolve cases in a timely manner.<sup>94</sup>

Another challenge with timelines is that if either party (typically the employer) wishes to delay and drag out the process, there is little recourse to stop them from doing so.<sup>95</sup> When disputes are prolonged, workers are more likely to give up and accept compensation, so employers have an incentive to delay.<sup>96</sup> Ensuring that dispute cases move forward within the legal timelines would help ensure that parties are not adversely affected by delays.

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*“Many cases get drawn out, and the workers often give up and accept compensation (if it is being offered).”* Solidarity Center

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**Knowledge and experience of members.** Understanding of the current labor dispute resolution system under SLDL is not consistent, in part because the law is relatively new (2012) and implementation is still evolving. Limited knowledge and experience is often the norm for parties to the dispute as well as many TCB, AB, and AC members. The large number of TCBs and the short terms for members makes effective training at the township level a particular challenge.<sup>97</sup>

Support, in terms of training and capacity-building, has been provided to AB and AC members in the last few years by MOLIP as well as through the ILO and the U.S. Federal Mediation and Conciliation Services (FMCS).<sup>98</sup> One AC member reported that there was limited training provided at the start of his term, and he faced some confusion and challenges, but one year into his term they received training from the ILO.<sup>99</sup>

At the AC level, even members with legal expertise may still have limited knowledge of labor law issues such as freedom of association and collective bargaining.<sup>100</sup> For example, in some cases AC members have determined that dismissal is acceptable as long as compensation is paid.<sup>101</sup> Some stakeholders suggested that creating a dedicated Labor Court could help to replace or supplement the existing dispute resolution system, and provide more expertise on labor law and regulations.

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*“I wish we could have a Labor Court in Myanmar, it would be better. It could handle cases more professionally—currently we don’t have enough legal training.”* AB member

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<sup>93</sup> CTUM interview.

<sup>94</sup> DFDL, MOLIP interviews.

<sup>95</sup> Solidarity Center interview.

<sup>96</sup> ILO interview.

<sup>97</sup> Ibid.

<sup>98</sup> Ibid.

<sup>99</sup> AC interview.

<sup>100</sup> CTUM, Solidarity Center interviews.

<sup>101</sup> CTUM interview.

**Process.** The basic process for considering a dispute, including the submission of evidence, testimony by witnesses, and legal representation, has evolved in the last five years, but the process varies by location. What evidence is required or allowed (and whether this is shared with both parties) also varies by location and TLO. For example, in some cases additional witnesses have not been allowed.<sup>102</sup> Instances of hearings being conducted openly rather than privately have also been reported.<sup>103</sup> The limited experience of TCB/AB/AC members and parties to the dispute, as well as the labor organizations and supporting NGOs, means that challenges with procedures are common.<sup>104</sup>

In another example of procedural challenges, prior to 2016, AC members were not receiving case files in advance. Files were made available when members arrived for their meeting, and they then had only 30-60 minutes to review prior to discussion. After AC members objected to a lack of sufficient time for case reviews, MOLIP made changes and now they receive dispute information one day in advance.<sup>105</sup>

**Corruption and conflicts of interest.** The risk of members being influenced by parties to a dispute they are evaluating is perceived by stakeholders as a current or potential risk at all levels.<sup>106</sup> Some members follow a practice of allowing no personal contact from the parties prior to the hearing, but this is not specified in legal guidelines.<sup>107</sup> Likewise, there are no formal procedures or guidelines on how to handle conflicts of interest should they arise. Some AC members follow their own procedure to review any potential links to either party before agreeing to serve on a tribunal, but this is an “unwritten principle” and each member has the responsibility to do their own checks if they so choose.<sup>108</sup> One potential safeguard, as exists with Cambodia’s AC, would be to add (and make publicly available) procedural guidelines and rules about conflicts of interest.<sup>109</sup>

**Administration.** All administrative support is provided through MOLIP. At the township level, the Township Labor Office staff support the TCB process. At the region/state level, the Regional or State Officer for MOLIP is also the secretary of the AB and its staff supports the AB, and a MOLIP focal officer in Nay Pyi Taw also provides support for the various ABs. At the AC level, 3-4 staff from MOLIP are dedicated to support the Council.<sup>110</sup> Technically the secretary of the AC is the Director of MOLIP’s Labor Settlement Division, but because he is based in Nay Pyi Taw, the distance makes active participation difficult.<sup>111</sup> Having a robust secretariat with staff that parties can contact for information and engage with easily would strengthen the system, as has been the experience in Cambodia.<sup>112</sup>

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<sup>102</sup> ALR interview.

<sup>103</sup> Solidarity Center interview.

<sup>104</sup> Ibid.

<sup>105</sup> AC interview.

<sup>106</sup> MICS interview.

<sup>107</sup> AC interview.

<sup>108</sup> Ibid.

<sup>109</sup> ACF interview. In Cambodia there is a conflict of interest provision in the law. If any Council Member is on a case in which there is a conflict then they must recuse themselves, which does happen on occasion.

<sup>110</sup> AC, MOLIP interviews.

<sup>111</sup> AC interview.

<sup>112</sup> ACF interview.

In Cambodia, technical and management support is provided by an Arbitration Council Foundation that is predominantly financed through foreign donors, while in Myanmar all support is governmental. The support of government is beneficial for ensuring long-term viability of the dispute resolution process, but sufficient staff and resources are needed to enable it to function well and to facilitate communications and engagement. The CAC also has an international advisory board that provides legal and technical expertise.<sup>113</sup>

## 6. TRANSPARENCY AND ACCOUNTABILITY

**Transparency.** Basic mechanisms are in place to help provide transparency around the decisions being made. At the TCB level, agreements are not published, but AB and AC decisions are posted on the MOLIP website for public viewing. As of January 2016, 151 AC decisions and 252 AB decisions were posted on the website, although technical problems meant that some decisions were not accessible. Others are missing entirely—around 25 percent of AC decisions for 2015-2016 are not on the website. And while AB and AC members reported that decisions are posted quickly, other stakeholders complained of significant delays.<sup>114</sup> By contrast, the CAC posts its decisions online within two days of the decision, as required by Cambodian law.

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*“It can take some months before decisions go up on the website, which is very slow. The data is not searchable, we just look through the whole list.” CTUM*

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Many stakeholders (including labor organizations and WCC members) were not aware of the MOLIP website and did not know that AB and AC decisions are publicly available.<sup>115</sup> However, others are familiar with the site and actively use the published cases for their own learning or for trainings. Currently all information is in Burmese, so foreign buyers and owners are not able to find or read cases without assistance. Stakeholders expressed preferences for cases to be posted in a timely manner, with some information translated into English (such as keywords or a short summary of the case), and to have the cases be searchable. The Cambodia Arbitration Council website may provide a useful model of how to make cases more accessible. The CAC site includes English summaries for a selection of cases and “Decision Digests,” as well as annual reports that summarize information about CAC activities and outcomes.<sup>116</sup> Similar analysis of the outcomes of Myanmar’s dispute resolution process would also be helpful for MOLIP—as well as for participants and observers—as a signal of effectiveness, a means of spotting trends in certain topics or sectors that merit more attention, and a way to demonstrate fairness and transparency. In addition, Cambodia has found that by publishing CAC cases, relevant groups (unions, workers, and employers) have become more aware of their rights and responsibilities. In this sense, transparency has served an educational purpose.<sup>117</sup>

Increased transparency of dispute resolution activities and decisions was strongly supported by many stakeholders as a way to help increase awareness and accountability. Provision of additional content in a

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<sup>113</sup> ACF interview.

<sup>114</sup> AB, AC, CTUM interviews.

<sup>115</sup> MICS, WCC interviews.

<sup>116</sup> [www.arbitrationcouncil.org/](http://www.arbitrationcouncil.org/).

<sup>117</sup> ACF Interview.

more accessible format—such as procedures, guidelines, and resources—would make it easier for key stakeholders and the general public to understand the role and function of the dispute resolution process, and to participate in a more informed way.

Labor organizations play an active role in communicating information about decisions to workers. WCC and union members described sharing dispute outcomes with workers via their mobile phones (especially via the Viber app) as well as by distributing pamphlets and posting notices on bulletin boards in specific factories involved in disputes.<sup>118</sup>

**Accountability.** Labor organizations and labor rights NGOs can play an important role in supporting the dispute resolution process and increasing worker awareness in several ways. They can help workers with the establishment of WCCs and the utilization of this platform to negotiate directly with employers. They can help workers present their side of disputes by assisting them with written materials and through in-person support at hearings, or through pro bono legal assistance. They also can share information about existing cases and outcomes with workers in their networks, and conduct trainings for workers on their rights and options for resolving disputes.

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*“Some cases are not fair, but when workers request help from ALR, and the Labor Officer sees us there, they make a fair agreement.” Action Labor Rights*

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While labor organizations and NGOs have had a steep learning curve and levels of experience and ability vary, they increase accountability when they function as a knowledgeable observer in dispute resolution activities, particularly in locations where labor officers and participants may be less experienced with the process and legal requirements. They are also helping to increase accountability for compliance by tracking cases and whether employers are complying with decisions. For garment factories, labor organizations have taken the approach of contacting international buyers to notify them in cases where their suppliers have been involved in disputes and failed to comply with arbitration decisions.<sup>119</sup> International buyers have also begun to look at the dispute resolution process as a potential data point for the due diligence process, as one way to check whether current or potential suppliers are participating in industrial dialogue, treating their workers fairly, and supporting freedom of association.

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*“We tell all of our suppliers [in Cambodia] to follow the decisions of the CAC even if they are nonbinding. If suppliers don’t follow it, we downgrade their scorecard.” H&M*

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<sup>118</sup> WCC interview.

<sup>119</sup> CTUM interview.

## SUMMARY OF RECOMMENDATIONS

Support for the further development of an effective labor dispute resolution process for Myanmar can come from diverse groups, which each have a unique opportunity to contribute.

The **Ministry of Labour, Immigration and Population** has an essential role to play as the agency responsible for the design and implementation of the dispute resolution process. Many of the recommendations described here have already been proposed to MOLIP by various stakeholders through consultative processes.

- » Continue to amend and revise the SLDL and other relevant laws based on practical experience and stakeholder inputs, working towards harmonization of all related laws over the long term
- » Support the development of collective bargaining so that CBAs become more comprehensive agreements between workers and employers
- » Support the continued training and capacity-building of TLOs and other MOLIP staff who advise workers and employers on current and future labor law provisions
- » Support a consistent and professional decision-making process for the AB and AC with clear guidelines on evidence, use of precedent, and inclusion of reasoning in decisions
- » Develop better enforcement mechanisms for AB and AC decisions
- » Ensure transparent and equitable selection of TCB, AB, and AC members
- » Improve the orientation and training process for new TCB, AB, and AC members
- » Minimize the ability of parties to the dispute to create unnecessary delays in the process
- » Create guidelines for how the Bodies and Council should avoid conflicts of interest and corruption
- » Support improved transparency by making more information about AB and AC decisions accessible

**Labor organizations and labor rights NGOs** are already making major contributions, helping workers to navigate the system and providing accountability as observers. In addition, they can:

- » Strengthen their approach to collective bargaining and use of more comprehensive CBAs that create a clear shared expectation for terms of employment and working conditions
- » Continue to train workers and advocates (including legal professionals) on labor rights and how to utilize the dispute resolution system
- » Continue to attend dispute hearings and track outcomes as a means of increasing accountability
- » Continue to support the establishment of effective WCCs as a means of resolving disputes quickly and fairly

- » Participate in fair and transparent selection processes to increase confidence in members
- » Communicate more broadly with the local and international public about specific cases

**Employers and employer organizations** play an important part, increasing awareness of the process among employers and providing input to MOLIP on ways to improve. They can also:

- » Train HR managers regarding legal obligations and implement labor management procedures to ensure employers' obligations are fulfilled
- » Communicate within employer organizations and more broadly (including to buyers) about their participation in the process
- » Negotiate in good faith at all levels, from WCC to AC, to enhance confidence in the mechanisms of conciliation and arbitration as a viable alternative to the judicial system

**International buyers** have a more targeted opportunity for influence, particularly with current and potential suppliers. They can:

- » Require the establishment of functioning WCCs
- » Incorporate questions about participation in the dispute resolution process into standard due diligence procedures, as an indicator of supplier willingness to engage and negotiate with workers in good faith, and comply with any AB or AC decisions
- » Encourage and support training in supplier factories so that workers and managers understand both the dispute resolution process as well as their legal rights and obligations

## Looking Ahead

### IMPORTANCE AND IMPACT OF THE DISPUTE RESOLUTION PROCESS

Despite areas where stakeholders see room for improvement, there is general consensus from workers, employers, government, and the international business community of the potential benefits of a reliable and equitable dispute resolution process in Myanmar. In part, this is a practical preference for a nimbler alternative to the judicial system. Over the long term, however, the dispute resolution process could live up to its stated purpose of promoting “good relationship[s] between employer and workers.” Some think there has already been a positive effect on industrial relations through reduction of the number and length of strikes, although data to test this claim is limited.<sup>120</sup>

For workers and employers, the dispute resolution process provides access to a low-cost legal resource. Township Labor Officers and TCBs share knowledge and advice based on labor law and similar cases, and AB and AC members also clarify and interpret the law in their hearings and decisions. As the ABs and AC become more experienced on a range of issues, the publication of decisions with clear and consistent reasoning would contribute to predictability and a shared understanding of the law. Thus, the dispute resolution process also functions as a testing ground for changes taking place with Myanmar labor law and practices. In 2016, an increased minimum wage and the introduction of a mandatory employment contract both created significant workforce disruptions, as employers had varying interpretations and responses to the new requirements, including termination of workers to reduce costs.<sup>121</sup> Workers and employers need a mechanism to negotiate and address their differences, without causing a shutdown of production.<sup>122</sup>

From an international business perspective, buyers and investors see value in a dispute resolution process that is fair, efficient, and consistent, as a means of helping to uphold the rights and obligations of both workers and employers. Understanding any involvement of current or potential business partners in disputes provides another set of data for the due diligence process and a means of evaluating the good-faith participation of employers in industrial dialogue.

The differing perspectives on whether or not the process is achieving its goal of being fair and equitable partly reflect the challenge of establishing a new system, and the time and effort needed to build confidence and trust. It may be true that, as referenced above for the CAC, decisions currently tend to favor workers because of a lack of employer awareness and understanding of legal requirements, as well as a lack of enforcement. Over time, this may shift as HR managers become more knowledgeable of the law, and legal compliance by employers becomes more common.

### LABOR LAW REFORM

Just five years have passed since dramatic changes were made to Myanmar’s labor law. The process of labor law reform is ongoing, with several separate labor laws slated for review, amendment, and

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<sup>120</sup> CTUM, MOLIP interviews.

<sup>121</sup> Nyan Lynn Aung, Khin Wine Phyu Phyu and Zaw Zaw Htwe, 2015. “Factories told to pay up,” Myanmar Times, October 2. [www.mmtimes.com/index.php/national-news/16794-factories-told-to-pay-up.html](http://www.mmtimes.com/index.php/national-news/16794-factories-told-to-pay-up.html).

<sup>122</sup> ILO interview.



consolidation into a Labor Code over the next 4-5 years.<sup>123</sup> The SLDL is expected to be included in this code as well, but in the meantime, it may continue to be subject to amendments and revisions. The previous practice of issuing amendments, but not directly revising the original SLDL, makes interpretation more challenging, particularly where such amendments alter the original text.<sup>124</sup>

In 2016, MOLIP requested input from different regions and organizations about the law, and held a consultative forum, with the outcomes submitted to the Minister for consideration.<sup>125</sup> The timeline or specific process for any changes is unknown.

## IMPROVING IMPLEMENTATION

In the interim, there are ways to help improve the process and outcomes of the existing dispute resolution process. Labor organizations and labor rights NGOs are playing an important role in increasing awareness and supporting fair and effective utilization of the system. Additional training for workers, employers, supporting organizations, and legal professionals on how the process functions and technical provisions of the labor law would help to build capacity and expertise. Some training has already taken place, but continuing to share knowledge, capture learning from those who have participated, and transmit experience among different levels and locations would also prove beneficial.

Increased transparency would also enable a broader and more thorough understanding of the process and how it functions, for both participants and stakeholders. Enabling workers, NGOs, body members, foreign investors and buyers, and the public to more easily access information about AB and AC decisions would help to enhance the value of the dispute resolution process, and increase accountability and compliance with arbitration outcomes.

### For Further Research:

Additional research on topics raised in this report would help to clarify the opportunities for improvement. Specific suggested topics raised by stakeholders include:

- » Analysis of more cases (including TCB, AB, and AC) to understand trends
- » Data on length of time between receipt of case and decision, and influencing factors
- » Trends in strikes and lockouts and any impact of the dispute resolution system
- » Benefits and challenges of the composition of bodies at TCB, AB, AC level
- » Role of WCCs in resolving disputes

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<sup>123</sup> Natsu Nogami, Senior Legal Officer at ILO Yangon Office, "Legal and Institutional Reforms for Improved Labour Market Governance in Myanmar: ILO's Strategy for Support under the Initiative," PowerPoint presentation at the Second Stakeholders' Forum on Labour Law Reform and Capacity Building in Yangon, Myanmar, 29-30 September 2016. Available online at ILO Yangon Website.

<sup>124</sup> DFDL interview.

<sup>125</sup> MOLIP interview.

## APPENDIX 1: LEGISLATIVE PROVISIONS FOR LABOR DISPUTE RESOLUTION IN MYANMAR

The Settlement of Labour Dispute Law (SLDL) was promulgated on March 28, 2012, repealing the 1929 Trade Dispute Act. Its implementing rules, the Settlement of Labour Dispute Rules, were issued on April 26, 2012, and an amendment to the law, Law Amending the Settlement of Labour Dispute Law, came into effect on September 30, 2014.<sup>126</sup> The SLDL was enacted to safeguard the rights of workers and to facilitate the resolution of disputes “fairly, rightfully and quickly” (Preamble). The SLDL defines disputes as follows (Sec. 2):

- » **Dispute:** “labour dispute or disagreement between an employer or employers or employer organization which represents them and a worker or workers or the labour organization which represents them in respect of employment, working, termination of a worker or workers and in respect of working or service including pension, gratuity, bonus and allowances or compensation for work related grievance, injuries, accidents, deaths or occupational diseases or in respect of any other matters of worker including worker’s holiday, leave” [Art. 2(m)].
- » **Individual dispute:** “rights dispute between the employer and one or more workers relating to the existing law, rules, regulation and by-law; collective agreement or employment agreement” [Art. 2(n)].
- » **Collective dispute:** “dispute between one or more employer or employer organization and one or more labour organization over working conditions, the recognition of their organizations within the workplace, the exercise of the recognized right of their organizations, relations between employer and workers, and this dispute could jeopardize the operation of the work of social peace. This expression includes a rights dispute or interest dispute” [Art. 2(o)].

Under this law, four forms and levels of labour dispute resolution bodies shall be formed with the following mandates:

- » **Workplace Coordinating Committee (WCC):** shall be established in any trade in which more than 30 workers are employed, with a view to negotiate and concluding collective agreement (SLDL Sec.3). The mandate of the Coordinating Committee is, upon receiving request and complaint from the worker or labour organization or the employer over their grievances, to negotiate and settle such grievances within five days from the day of the receipt of the request [Sec.6(a)].<sup>127</sup>

WCC is composed of two representatives of workers and two representatives of the employer. Worker representatives shall be nominated by each of the labour organizations if they exist, otherwise they shall be elected by the workers.

<sup>126</sup> See relevant legislation (minus English version of amendment, which is not publicly available) on ILO’s website: [www.ilo.org/dyn/natlex/natlex4.detail?p\\_lang=en&p\\_isn=90651&p\\_country=MMR&p\\_count=86](http://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=90651&p_country=MMR&p_count=86).

<sup>127</sup> The Coordinating Committee shall keep the record of settlement and shall send report on the situation of performance in accord with the stipulation to the relevant Conciliation Body (Sec. 6(b)).

If there exists in the same undertaking both labour organization representatives and elected worker representatives, the employer shall not use the existence of elected representatives to undermine the position of the labour organization concerned or their representatives.

In the case where a settlement cannot be reached, the employer or worker may complain to the relevant Conciliation Body (SLDL Rules Sec. 9);

- » **Township Conciliation Body (TCB):** the Region or State Government shall form the Conciliation Body in the townships within the Region or State to determine the type of dispute whether it is individual or collective dispute which is complained or received and conciliate within the stipulated period in accordance with the stipulations so as to settle the dispute (SLDL Secs.10-12). The TCB consists of 11 members: one representing the relevant Region or State Government; 3 representatives elected by the employers or employer organizations; 3 representatives elected by workers or the labour organizations; 1 department representative of the relevant township level; 2 distinguished persons trusted and accepted by employer and the labour organizations; and a person assigned duty by the Ministry as the Secretary (Sec.10). The Township Conciliation Body shall conciliate the case within three days, not including the official holidays, from the day of knowing or receipt of such dispute (SLDL Sec. 24(a)); if the case cannot be settled within three days, the conciliation can be continued if both parties so request (SLDL Rules 11(b)). In a case where no settlement has been reached, the parties to an individual dispute can apply to the competent court (SLDL Sec. 23); while a collective dispute shall be referred to the relevant Arbitration Body (SLDL Sec. 25);
- » **Dispute Settlement Arbitration Body (SLDL Chapter IV):** the Ministry shall, with the approval of the Union Government, form the Dispute Settlement Arbitration Body in the Region or State. Its mandate is to make decision on the collective dispute handed over by the Conciliation Body (SLDL Sec. 27). The AB consists of 11 members: 1 person assigned by the relevant Region or State Government; 3 persons selected from the nomination list submitted by the employer organizations; 3 persons selected from the nomination list submitted by the labour organizations; 1 departmental representative selected by the relevant Region or State Government; 2 distinguished persons trusted and accepted by the employers or relevant employer organizations and the labour organizations; and 1 person assigned duty by the Ministry as the Secretary. The Arbitration Body shall make decisions on the collective dispute within seven days, not including the official holidays, from the day of receipt of such dispute and send the decision to the relevant parties within two days, not including the official holidays (SLDL Sec. 27). If it is a decision which concerns with an essential services or public utility service, the copy shall be sent to the Minister and relevant Region or State Government (ibid). In the case where either party is not satisfied with the decision of the Arbitration Body, application to the Arbitration Council for its decision may be made by both parties within 7 days, not including the official holidays, from the day of receipt of such decision or the unsatisfied party may carry out a lock-out or strike (Sec. 28). In respect of the essential services, any relevant party who is not satisfied with the decision of the Arbitration Body shall apply to the Arbitration Council within seven days, not including the official holidays, from the day of receipt of such decision (Sec. 29). The decision of the Arbitration Body shall come into force on the day of decision if both parties agree with the decision (Sec. 34); The relevant parties may agree to amend the decision of the Arbitration Body after three months from the day of coming into force; in such circumstances, the new agreement shall supersede the relevant part of the Arbitration decision (Sec. 36);

- » **Dispute Settlement Arbitration Council (SLDL Chapter V):** the Ministry shall, with the approval of the Union Government, form the Dispute Settlement Arbitration Council for hearing the accepted disputes and cause to decide (Sec. 21(b)). The Arbitration Council consists of 15 members: 5 persons selected by the Ministry of Labour; 5 persons selected from the nomination list submitted by the employer organizations; 5 persons selected from the nomination list submitted by the labour organizations. Upon receiving a case, the Arbitration Council shall form and assign duty to a Tribunal to try the case and make decision (Sec. 30). A Tribunal consists of three members representing each of the three parties. The Tribunal shall make decision on the collective disputes within fourteen days, not including the official holidays, from the day of receipt of such dispute (7 days in the case of essential services); and send the decision to the relevant parties within two days, not including the official holidays (Sec. 32). The decision of the Tribunal shall be deemed as the decision of the Arbitration Council, and such decision shall come into force on the day of its decision (Sec. 35). The relevant parties may agree to amend the decision of the Arbitration Council after three months from the day of coming into force; in such circumstances, the new agreement shall supersede the relevant part of the Arbitration decision (Sec. 36);
  
- » **Courts (SLDL Section 23):** A party to the individual dispute who is not satisfied with the conciliation by the Conciliation Body may apply to the competent court in person or by the legal representative. The decisions of the Arbitration Council are appealable to the Supreme Court, under Art. 296(a)(v) of the Constitution.

## APPENDIX 2: LABOR DISPUTE SETTLEMENT MECHANISM

Process	Types of disputes	Steps	Composition	Mandates/Roles	Maximum time limits
<p><b>1. Mandatory workplace negotiation</b></p> <p><b>(Enterprises with less than 30 workers)</b></p> <p><b>Mandatory workplace negotiation through Workplace Coordinating Committee (Enterprises with more than 30 workers)</b></p>	Individual or collective	<p>Grievances brought to the employer for negotiation (Arts. 3-7) <i>5 days</i></p> <p>The employer sends the record of settlement to the TCB if requested (Art. 6(b)) <i>no timeframe</i></p> <p>The employer shall submit list of WCC members and submit to TCB (Rules 6) <i>14 days</i></p> <p>Grievance brought to the WCC for negotiation and settlement (Art.6(a)) <i>5 days</i></p> <p>The employer shall submit the record of settlement to the TCB (Rules 7) <i>7 days</i></p>	<p>WCC</p> <p>4 members:</p> <ul style="list-style-type: none"> <li>• 2 from employer</li> <li>• 2 from unions or elected by workers</li> </ul>	<ul style="list-style-type: none"> <li>• Settling grievances</li> <li>• Negotiation/conclusion of collective agreement</li> <li>• Promoting good management-labor relationship</li> <li>• Negotiating and coordinating on the conditions of employment, occupational safety and health, wealth and productivity</li> </ul>	<p>5 days</p> <p>26 days</p>
<p><b>2. Conciliation (Township)</b></p>	<p>Voluntary conciliation for individual disputes</p> <p>Mandatory conciliation for collective disputes</p>	<p>Disputes brought to the Township Conciliation Body (TCB) (Art. 9) <i>No timeframe</i></p> <p>The TCB determines the type of dispute whether individual or collective (Art. 12) <i>No timeframe</i></p> <p>The TCB conciliates the dispute within 3 days and concludes mutual agreement in case of successful conciliation. (Art. 24)</p>	<p>Township Conciliation Body</p> <p>11 members:</p> <ul style="list-style-type: none"> <li>• 3 from government</li> <li>• 3 from employers</li> <li>• 3 from unions</li> <li>• 2 distinguished persons / public interest</li> </ul>	<ul style="list-style-type: none"> <li>• Determining the types of disputes whether individual or collective</li> <li>• Conciliating the dispute</li> <li>• Concluding an agreement in case of successful conciliation</li> </ul>	<p>Minimum 3 days</p>
	Collective disputes	The TCB refers non-conciliated collective disputes to Arbitration Body (Arts. 25-26) <i>2 days</i>			2 days

<b>3. Arbitration Body (Region/State)</b>	Collective disputes	<p>The AB forms a branch-body consisting of 3 members and holds a hearing; after the hearings submit the case to the AB (Rules 15-16).</p> <p>The AB makes decision within 7 days and sends the decision to the relevant parties within 2 days (Art. 27)</p> <p>If the arbitration cannot be concluded within the timeframe, the AB shall request to the AC to extend the time (Rules 15(a)).</p>	<p>Region/State Arbitration Body.</p> <p>11 members:</p> <ul style="list-style-type: none"> <li>• 3 from government</li> <li>• 3 from employers</li> <li>• 3 from unions</li> <li>• 2 distinguished persons / public interest</li> </ul>	<p>A branch-body consisting of 3 members will hear cases and send them back to the AB for decision-making.</p>	9 days
	Collective disputes	Referral to the AC (Art.2 8) 7 days			7 days
	Collective disputes	The parties may request the AB to re-explain the unclear facts in the decision (Rules 27) 7 days			7 days
<b>4. Arbitration Council (National)</b>	Collective disputes	<p>A Tribunal is formed (Art. 30), settles the collective dispute (Art. 31) within 14 days and sends the decision to the parties within 2 days</p> <p>In respect of essential services, a Tribunal is formed (Art. 30), settles the collective dispute within 7 days (Art. 32) and sends the decision to the parties within 2 days</p>	<p>Arbitration Council.</p> <p>15 members:</p> <ul style="list-style-type: none"> <li>• 5 from government</li> <li>• 5 nominated by employers</li> <li>• 5 nominated by unions</li> </ul>	<p>A Tribunal consisting of 3 members will hear the case and issue a decision. The decision of the Tribunal is deemed as the decision of the AC.</p>	<p>16 days</p> <p>9 days (essential services)</p>
<b>TOTAL DURATION</b>					<p><b>Minimum 75 days in general</b></p> <p><b>Minimum 68 days for essential services</b></p>

		The parties may request the Tribunal to re-explain the unclear facts in the decision (Rules 27) <i>7 days</i>			7 days
		If the decision requires employer to pay damages to the worker (for termination, dismissal or lock-out), the payment shall be made within 30 days (Rules 26)			30 days

## APPENDIX 3: INTERVIEW PARTICIPANTS

Workplace Coordinating Committee members (Hlaing Tharyar)  
Township Conciliation Body members (Hlaing Tharyar)  
Arbitration Body members (Yangon)  
Arbitration Council members

Action Labor Rights  
Agriculture and Farmers' Federation of Myanmar (AFFM-IUF)  
Arbitration Council Foundation (Cambodia)  
Asia Business Synergy  
C&A Foundation  
Confederation of Trade Unions of Myanmar (CTUM)  
DFDL  
Embassy of Denmark  
H&M  
International Federation for Human Rights (FIDH)  
International Labour Organization (ILO)  
Mercury Basic Worker Union  
Ministry of Labour Immigration and Population (MOLIP)  
Myanmar Industries, Crafts and Services Trade Union Federation (MICS)  
Peace Nexus  
Progressive Voice  
SMART Myanmar  
Solidaridad  
Solidarity Center



## About BSR

BSR is a global nonprofit organization that works with its network of more than 250 member companies and other partners to build a just and sustainable world. From its offices in Asia, Europe, and North America, BSR develops sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. Visit [www.bsr.org](http://www.bsr.org) for more information about BSR's 25 years of leadership in sustainability.