

# The Policy Responses to Changes in Employment Structure and Forms in Myanmar

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## I. Introduction

As a developing country, Myanmar undergoes several challenges of labor issues to responsible business. Laws covering labor protection were outdated as there was not really any laws cover enough for both employers and employees in the past before election. The Myanmar government has carried out reform in the labor laws since 2011 to reach international labor standards and norms. After 2012 election, Myanmar has gained much attention and has a chance to exposure to global markets and modern technologies which resulted in drastic changes in community, economy, society and its environment. Things which were done in conservative manner and traditional way become more systematic and structured in business and industrial sectors. After decades of isolation, the government has opened up to the international community and consolidating democratic governance. The government has been considerably drafting and amending labor laws. Therefore, labor policy in Myanmar is changing rapidly with many draft laws currently under review and at various stages of the legislative process with various parts of the government organization. As a result, the current legal framework on both existing and draft laws and regulations that impact on the labor market causes much confusion to its legal rights and obligations of employers and employees.

## II. The role of industrial structure and employment status in Myanmar

Myanmar's industrial structure is still in the early stage and the industrial base is still weak. Myanmar's current industry is highly focused on limited sectors such as agriculture, natural resources and manufacturing industries.<sup>1</sup> The share of GDP in agriculture sector constantly drops down while industry and services sectors increase repetitively.<sup>2</sup> Myanmar's economic growth in the past few years has nothing short of explosive. The GDP of agriculture sector contributes 31.4% in 2013-2014, 29.9% in 2014-2015, and 28.9% in 2015-2016, while the industry and services sectors contribute 28.6%, 40.0% in 2013-2014, 29.7%, 40.5% in 2014-2015 and 30.0%, 41.1% in 2015-2016 individually.<sup>3</sup> In 2016-2017, the agriculture sector contributes 27.2% of GDP production and the industry and services sectors contribute 30.9% and 41.9% of GDP production respectively.<sup>4</sup> Most manufacturing enterprises in Myanmar were micro size establishments with fewer than 10 workers, which account for over 80%<sup>5</sup> and of which nearly 90% is owned by private entrepreneurs in the past years. The modern industry sector has only recently become a key economic contributor in Myanmar. The majority of

1. United Nations Industrial Development Organization (UNIDO), *Strategic Directions for Industrial Development—Summary of Industrial Development Strategy 2017*, 2018.

2. Ministry of Commerce, *US GSP Report*.

3. World Bank Group, *Myanmar Economic Monitor*, October 2017.

4. Ibid.

5. World Bank Group, *Myanmar Economic Monitor*, December 2016.

the industry sector included labor-intensive, low-technology industries engaged in relatively low value-added activities such as textiles/garments manufacturing mostly in the textile and garment industry and the labor intensive CMP<sup>6</sup> industry, construction and transportation.

“As registered industries increased, their employment also augmented. Here again, Garment Industry recorded the highest growth rate of 77.7% per annum. However, apart from the garment industry, the industrial structure has not been much changed. Myanmar’s industry is still characterized with the extremely large share of agro-based consumer’s goods industries and less importance of heavy industries.” (Toshihiro Kudo, ed., *Industrial Development in Myanmar: Prospects and Challenges*, IDE-JETRO, 2001, 40)

“The agriculture sector is home to the majority of Myanmar’s workers. 56.0% of labor market participants self-identified in the Census as primary sector workers in agriculture, forestry, fisheries or mining. A further 12.0% of workers were employed in the secondary sector, of which 7.0% are found in manufacturing activities and nearly 5.0% in construction. Finally, tertiary employment accounts for 32.0% of workers. The share of the population working in agriculture, industry and services did not change substantially between 2009/2010 and 2014—reflecting limited reallocation of labor to higher productivity sectors.” (World Bank Group, *Myanmar Economic Monitor*, December 2016, 13)

Myanmar has a comparative advantage of low-cost labor. The agricultural sector employed 48.8%<sup>7</sup> of workforce in 2017 contributes about 50.0% of GDP. Nonetheless, it is important to note that agricultural sector has low value-added activities and low labor productivity. And it is followed by 33.4% of labor force in the services sector and 17.8% of labor force in the industry sector.<sup>8</sup>

### 1. Employment status, structure and forms in Myanmar

The employment status was classified as (i) employee (including paid apprentices), (ii) employer (with regular employee), (iii) own account worker (including cooperation of a household or family business, (iv) contributing family worker (helping without a pay in a household or family business) and (v) cooperative member (not getting salary).<sup>9</sup> In terms of the types of employment of the working population, it is found that the group of own account workers made up 34.0% of the working population, employees in private organizations accounted for 39.9%, contributing family workers 23.7% and employers 2.4%.<sup>10</sup> As Myanmar is still a predominant agricultural country, the workforce of Myanmar mainly involved in the primary employment sector.<sup>11</sup>

There is no definition of categories of workers. Even though certain laws, such as the Factories Act or the Shops and Establishments Act, differentiate on the basis of workplace most of the labor laws apply to all workers regardless of the types of work they are engaged in. Either self-employment or statutory employment are not specifically defined in the current Myanmar labor laws.

“Most jobs in Myanmar are outside the modern sector. More than one-third of workers—equivalent to 8.5 million jobs—own a family farm and identify farming as their primary employment activity. Another 16% (nearly 4 million people) are primarily agricultural laborers. More than six million own their own non-farm household businesses. Among wage earners who do not work in agriculture, half (2.6 million) are in small firms, which are likely to offer few worker protections. The other half work in government jobs (800,000) or in large private sector firms (1.7 million), both domestic and foreign. Thus, the formal modern sector is still only 11.0% of total jobs in Myanmar, which is in line with other economies with longer structural transformation periods.” (World Bank Group, *Myanmar Economic Monitor*, October 2017, 53)

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6. Cut, Make, Pack Industry.

7. Ministry of Labour, Immigration and Population, *Annual Labour Force Survey 2017, Quarterly Report*, the first quarter.

8. Ibid.

9. Ministry of Labour, Immigration and Population, *Thematic Report on Labour Force, Census Report Volume 4-G*, June 2017.

10. Ministry of Labour, Immigration and Population, N7 above.

11. Ministry of Labour, Immigration and Population, N7 above.

Overviewing to the labor market in Myanmar, lack of awareness by workers of the new legal rights safeguards, skill shortage labor with low educational attainment, and lack of consistency in enforcing labor laws are recognized as weakness.

“The main occupations are skilled agricultural workers (34.0%), elementary occupations (25.1%), services and sales workers (16.9%) and craft and related trade workers (11.2%). In 2017, the working-age population (aged 15 or over) was about 36.4 million. In terms of rural and urban areas, rural area covers 70.9% of working age population while urban area, 29.1%. It is relatively higher percentage in younger age groups among the distribution of working age population for each 10 years age groups of working age population. Among the 15 or over population, employed persons constitute 60.2% and in turn employees constitute 39.9% of the employed persons while employers occupied 2.4%, own account accounts 34.0% and 23.7% by unpaid family workers. The same as other ASEAN developing countries, informal employment is very large and accounted for 83.0% at the national level. The unemployment rate in 2017 was raised by 1.3%. While the unemployment rate in 2015 was 0.8%, the rate in 2017 was higher (2.1%).” (Ministry of Labour, Immigration and Population, *Annual Labour Force Survey 2017, Quarterly Report*, the first quarter, 7, 11, 12, 18)

Across Myanmar almost 10% of firms indicate a poorly skilled workforce is a major constraint compared to 1.4% of firms citing labor regulations as a major constraint.<sup>12</sup> At the national level, the proportion of the working age population that have completed high school is 6.5%.<sup>13</sup> It could be considered as comparatively low compared with other developed countries. The proportion of the working age population with a graduate education qualification and above is 5.8%. In urban areas it is 13.0% while in rural areas it is 2.6%.<sup>14</sup> In 2015, 56.0% of the employed population at a main job had a primary or below primary level of education.<sup>15</sup> The proportion rose to 77.0% for an education level below high school and 13.0% had an education level of high school or above.<sup>16</sup> The percentage of the employed population with an education level of bachelor degree and above is highest in the services sector.<sup>17</sup>

The Ministry of Education offers some important strengths that can lay the roots for forthcoming education reforms. While the reform agenda is introduced, education reforms (including Technical and Vocational Education and Training, TVET, started in 2012) are already showing positive effects. Youth citizens such as school drop outs, and vulnerable persons can easily access to the TVET programs. The TVET sector covers a wider range of technical occupations related to construction, electrical, electronic, and mechanical, etc., hotel and tourism, pharmaceutical and nursing, agriculture and livestock breeding, and different vocational skills.<sup>18</sup> The TVET sector is currently being reviewed by the TVET Sub-working Groups participated by 19 ministries including the Ministry of Education, the Ministry of Labour, Employment and Social Security, and the Ministry of Science and Technology.<sup>19</sup>

The Ministry of Education of Myanmar has recently launched a new National Education Strategic Plan (NESP) aiming to establish an accessible, equitable and effective national education system over the next five years.<sup>20</sup> The NESP roadmap clearly recognizes the vital importance of developing an industry-led and competency-based TVET system able to train a skilled and competitive local workforce to support Myanmar’s long-term social and economic growth. However, due to financial constraints, training centers under ministries

12. World Bank Group, N3 above.

13. Ministry of Labour, Employment and Social Security, and Central Statistical Organization in collaboration with the ILO, *Myanmar Labour Force, Child Labour and School to Work Transition Survey, Executive Summary Report*, August 2015.

14. Ministry of Labour, Employment and Social Security, and Central Statistical Organization in collaboration with the ILO, *Myanmar Labour Force Survey 2015*.

15. Ibid.

16. Ibid.

17. Ibid.

18. TVET Myanmar, <http://www.tvetmyanmar.gov.mm/en/tvet/tvet-myanmar-directory.html>.

19. Ibid.

20. *Myanmar National Education Strategic Plan 2016-2021*, <http://sustainablekills.org/myanmar-national-education-strategic-plan-2016-2021/72495/>.

have limited capacity. There are over 100 private sector vocational/skills training providers and a few local NGOs (initiated with international support) that provide vocational and technical training.<sup>21</sup> And investments are needed to place for the TVET programs in Myanmar in order to fulfill skillful labor demand.

## 2. Industries based on rural livelihoods

Agriculture, forestry/livestock and fisheries have the potential to expand with an effective industrialization strategy. The State in 1988 and 2011 adopted and implemented policies aimed at uplifting the life of rural people with agriculture based livelihoods.<sup>22</sup> Since 1988, Myanmar has been in a transition from a developing country to that of a modern, developed country centered on agriculture.<sup>23</sup> Myanmar landscape has significantly changed based on agricultural development. A substantial share of the population is in the rural areas, so it is important to add value to agricultural production. However, at the moment, there is systematic disintegration of rural livelihoods, logistics, rural finance and rural industries. There is also a lack of modern machinery and proper storage capacity, as well as a low level of knowledge related to principles of integrated agriculture. Therefore, it is crucial to begin immediately to structurally improve and transform rural livelihoods based on market perspective and criteria of environmental and social sustainability.

According to DICA Report, investments are in particular encouraged in the labor-intensive industries in second-tier cities in areas such as production of garments and shoes or assembling of toys and stationary articles, and agro-processing industries at the locations of agricultural produce in rural areas.<sup>24</sup> Approximately 11,000 registered firms exist in industrial zones in Myanmar, with over half in Yangon alone.<sup>25</sup> The majority of large registered firms are in Yangon.<sup>26</sup> Just after the election period, there were industrial zones of 18 in all locating in various rural or small-town areas, notably in the minority regions.<sup>27</sup> Recently, FDI (Foreign Direct Investment) commitments and New Industrial Zones, moreover Special Economic Zones have developed in places of Myanmar, and the inflow of employment opportunities through such industrial zones have attracted people in rural area of a relatively poor agricultural region and lost population through migration to the more developed cities.

## III. Changes in employment structure due to changes of social structure

“Even though the labor force of the country remains predominately agricultural, change is occurring. The tempo of urbanization is increasing and the percentage employed in agriculture is decreasing. The causes of these changes reflect a decline in the share of the economy that is derived from agriculture and an increase resulting from industry and services. (Ministry of Labour, Immigration and Population with technical assistance from UNFPA, The 2014 Myanmar Population and Housing Census, *Thematic Report on Migration and Urbanization, Census Report Volume 4-D*, December 2016. XV, 13)

“This finding suggests that the policy of developing industrial zones in rural area is a powerful instrument influencing the direction of migration. Industrial zones attract those persons who reside at rural areas to work within the zones and if the workers are able to live close to where they work, this increases the population of these areas. Policymakers should be aware of the relationship between migration and the development of new industrial zones, and they should make appropriate arrangements for accommodation and other services for those who lives in rural areas.” (Ibid, XII)

Among total population of Myanmar, 65.6% are of productive age and about 28.6% are under 15 years of

21. Gemunu Wijesena and Roel Hakemulder, ILO Liaison Office in Myanmar, *Assessment of the Business Service and Training Market in Myanmar*, 2014.

22. Shin Thynn Tun, *Rural Livelihood and Agricultural Reform in Chiba Village, Shwebo Township, Sagaing Region, Myanmar*, 2015, 12.

23. Ibid.

24. DICA (Directorate of Investment and Company Administration), <https://www.dica.gov.mm/>.

25. Tim Dobermann, *Urban Myanmar*, International Growth Centre, November 2016.

26. Ibid.

27. Dwight H. Perkins, *Industrial Policy Reform in Myanmar*, 2012.

age.<sup>28</sup> It is an impressive number of working age population compared to other countries. In Myanmar, there has been facing a shortage of skilled workers regardless of having a big workforce firms. Myanmar Business Survey 2014 cites lack of skilled labor in Myanmar as one of the biggest obstacles to start a business.<sup>29</sup> The role of tradable services depends on Myanmar's ability to increase its human capital.<sup>30</sup>

Myanmar has risen to the challenges to enact meaningful reforms, improvement, development in the areas of workers' right, eliminating child labor and developing substantial policy reforms.<sup>31</sup>

## 1. Migrants in Myanmar and urbanization

According to the census report, Myanmar is still very much a rural society, with about 70%<sup>32</sup> of the population living in rural areas. Participation in the labor force is higher in rural areas than in urban areas: 69.3% and 62.9%, respectively.<sup>33</sup>

“As the country becomes more developed economically, its population is more likely to reside in urban areas. The percentage of the population living in urban areas in more developed regions was estimated at 78.0% in 2014, while it was only 48.0% in less developed regions. From 1983 to 2014 the tempo of urbanization in Myanmar increased. From 24.8% of the population that lived in areas classified as urban in 1983, the level of urbanization increased to 29.6% in 2014. With alternative sources of employment coming up, the pace of development remains slow, and the gap between rural and urban development can be partly attributed to an urban bias and governmental policies which focus more on developing cities and urban areas. There is a finding that the lack of off-farm employment in rural areas and the seasonality of agriculture were the main factors in rural to urban migration. Rural-urban migration has increased dramatically since 2010 in the area around Myanmar's largest commercial center, Yangon, where it represents a far more important migration flow than international migration. Migration accounts for 80.0% of Yangon's population growth in the last five years. During the years of 2011 to 2014, the proportion of the population migrating within Myanmar is much higher for the people currently living in urban areas compared to rural areas. For example, 42.3% of people currently living in Yangon have migrated from another state or region.” (Ibid, 2, 13, 71, 106, 149)

The timing of this trend parallels the growth of opportunities in the urban economy, most importantly in manufacturing, which employs 70% migrants from the village tracts surveyed, split almost equally between women and men, with most of the remainder working in the services sector, or as skilled labor in trades.<sup>34</sup> In Myanmar, female labor force participation tends to be high because agricultural work and family responsibilities can easily be combined.<sup>35</sup> It is only recently that rural women have begun migrating to garment factories coming up in and around Yangon.<sup>36</sup> The main reason for movement for both sexes was “following family” and “employment/seeking employment.” Females were more likely to follow family than males—49.0% versus 32.0%; and males migrated more for reasons of employment than females—47.0% versus 23.0%.<sup>37</sup>

“Almost all Burmese nationals living overseas have migrated for employment purposes, 98.0% of the total. The next most important reason for moving overseas is following moving family members, which accounts

28. Ministry of Immigration and Population, The 2014 Myanmar Population and Housing Census, *The Union Report: Occupation and Industry, Census Report Vol.2-B*, March 2016.

29. Rajan Acharya. Myanmar Labour Market beyond 2015. *Myanmar Business Today*, January 6, 2016.

30. Dobermann, N25 above.

31. Ministry of Commerce, *Second US GSP Report*, April 2014.

32. Ministry of Labour, Immigration and Population, N9 above.

33. Ministry of Labour, Immigration and Population, N9 above.

34. Kyan Htoo and A Myint Zu, Rural-Urban Migration around Yangon City, Myanmar, *Food Security Policy Project Research Highlights, Myanmar*, December 2016.

35. World Bank Group, N5 above.

36. Anu Seth, Myanmar—The Rural-Urban Divide, *Myanmar Insider*, September 2014, <http://www.myanmarinsider.com/myanmar-the-rural-urban-divide/>.

37. Ministry of Immigration and Population, The 2014 Myanmar Population and Housing Census, *The Union Report: Census Report Volume 2*, May 2015.

for 1.0%. According to the 2014 Census, approximately 4.0% of the population, or 2.02 million persons,<sup>38</sup> of Myanmar were reported to be living abroad, 74.3% of whom are residing in Thailand. The next most popular destination is Malaysia (14.5%) and Singapore (2.4%).” (Ministry of Labour, Employment and Social Security, and Central Statistical Organization in collaboration with the International Labour Organization (ILO), *Myanmar Labour Force, Child Labour and School to Work Transition Survey 2015, Executive Summary Report*, August 2015, 28-29)

The main driving factor behind these migrant flows is economic, with most of migrants in search of jobs and higher wages.

## 2. Child labor participation in rural and urban areas

As such, in Myanmar, there is no official definition on child labor yet.<sup>39</sup> Therefore, ILO and the Ministry of Labour, Employment and Social Security defines the child labor in accordance with the international practices where working children such as age 5-17 and engaged in hazardous work for pay or profit or age 15-17 and engaged in work more than 44 hours a week for pay or profit. According to the survey conducted by the Ministry of Labour, “there are 1,278,909 children work across the informal and formal sectors including 60.5% in agriculture, forestry, and fishing; 12.0% in manufacturing; 11.1% in trades; and 6.1% in other services. Numbering 676,208, boys account for a larger share of this workforce than girls, who the survey found to number 602,701. Expectedly, an overwhelmingly large proportion of the children engaged in hazardous work are from 15-17 age group.<sup>40</sup> Over 63.0% of the working children in the construction industry and 54.6% of those in the agriculture, forestry, hunting and fishery industry are engaged in hazardous child labor. 4.9% of total child population has been involved in hazardous work place.<sup>41</sup> Of all those engaged in hazardous child labor, 75.0% are in the age group of 15-17 years, a third of this in the age group of 12-14 years.” (Ibid, 45)

The jobs available to the children are similar to those available to adult.<sup>42</sup> In some cases, children works alongside their parents, performing less skilled work.<sup>43</sup> Nevertheless, these jobs, in common, do not represent the full range of employment carry out by children. Children reported working in a wide range of sectors and findings suggest that younger children work in less regulated environment such as places for delivery, rubbish collection sites and selling newspaper at the traffic points. The major cause of child employment is household financial hardship, with around one-third of Myanmar’s households estimated to be living in poverty.<sup>44</sup> Poverty, cost barriers to education and lack of effective labor legislation are some of the factors which contribute to the existence of the child labor. In addition, internally displaced and stateless children, in particular, have limited access to education due to an inadequate number of schools.<sup>45</sup>

“By the level of education attained, almost all child labors were educated only completed primary level. Among the total population of 48 million in Myanmar, children (5-17 years) comprised 27% of the population with over 12 million with boys and girls accounting for 6 million each. 83% of children are only attending schools and not working. This is highest in the 5-11 years group (97.5%). By the time they reach the age of 15-17 years, 50% have already quit schooling and boys more than the girls. About 6.5% of children have never attended a school.” (Ibid, 33, 35)

The Government has established laws and regulations related to child labor. However, gaps exist in Burma’s

38. Ministry of Labour, Immigration and Population with technical assistance from UNFPA, The 2014 Myanmar Population and Housing Census, *Thematic Report on Migration and Urbanization, Census Report Volume 4-D*, December 2016.

39. Ministry of Labour, Immigration and Population, N7 above.

40. Ministry of Labour, Immigration and Population, N7 above.

41. Ministry of Labour, Immigration and Population, N7 above.

42. ILO, *Rapid Assessment on Child Labour in Hlaing Thar Yar Industrial Zone in Yangon, Myanmar - 2015*, International Programme on the Elimination of Child Labour (IPEC).

43. Ibid.

44. BSR Report, “*Child Labor in Myanmar’s Garment Sector: Challenges and Recommendations*.” BSR, 2016, San Francisco.

45. ILO, N42 above.

legal framework to protect children effectively from child labor. And Myanmar's parliament ratified an ILO convention calling for the elimination of the worst forms of child labor including slavery, trafficking and the use of children in armed conflict and hazardous work.<sup>46</sup> In 2016, the government amended the Shops and Establishments Act and the Factories Act, which raised the minimum age for work to 14 years of age in these sectors. The amendment to the Shops and Establishments Act also established 18 years of age as the minimum age for dangerous work in this sector. During the reporting period, a list of hazardous work prohibited for children was drafted and is awaiting government approval.<sup>47</sup> However, a general minimum age for work has not been established, and as a result, there is no minimum age for work in all sectors in which children are employed, including agriculture and informal work.<sup>48</sup>

#### IV. History of Myanmar labor law and its reform

In Myanmar, labor laws were composed of a series of the old Indo British laws and various laws related to labor can be found as they were provided by sector (factories, shops and establishments, oil fields) or by theme (leave and holidays, minimum wages, workmen's compensation).<sup>49</sup> There is no existence for principal of labor legislation in Myanmar. Subsequently, Myanmar's labor markets face many difficulties to adjust labor policy as the Myanmar labor legislation systems were being lack of accuracy with rapid changes and many gaps in application regarding some categories of labors which were not mentioned in the respective labor laws (for instance, the working hour for shift-worker was not clearly mentioned in the Factories Act or the Shops and Establishments Act), as well as some exclusion of legal protection on labour-related issues. In the past years, the employees were employed without concluding any employment contract. However, the Ministry of Labour has implemented reforms in the labor legislation system by enacting the new labor laws (the Employment and Skills Development Law, the Labour Organization Law, the Minimum Wages Act, the Settlement of Labour Disputes Law, and the Shops and Establishments Act 2017) and amended the old provisions of labor laws (the Factories Act 1951, and the Leave and Holidays Act 1951).

According to the Employment and Skills Development Law which was enacted in 2014, the employers are required to execute an employment contract within 30 days of appointment of an employee.<sup>50</sup> The law further provides that the employment contract shall be submitted for the review, approval, and registration to the respective township labor office.<sup>51</sup> In August 2015, the Ministry of Labour, Immigration and Population issued Notification 1/2015 announced that all employees must be employed under the prescribed employment contract<sup>52</sup> with the specified minimum wage set by the Ministry of Labour.<sup>53</sup> Unfortunately, the official template of employment contract was focused on factory workers and was unable to cover most businesses in Myanmar. Working hours and overtime were regulated exclusion of shift-workers for logistic business. The Ministry of Labour issued the revised employment contract template in August 2017. Moreover, the National Minimum Wage Committee has tentatively suggested the proposed new minimum wage of 4,800 Kyat for an eight hour working day after discussing the survey results from state and regional level of minimum wage committees, ILO, non-government organizations, representatives of employers and employees from upper Myanmar and lower Myanmar.<sup>54</sup> After scrutinizing with the objections or suggestions from the representatives

46. ILO, Worst Forms of Child Labour Convention, December 2013.

47. ILO, *Myanmar Programme on the Elimination of Child Labour (My-PEC) Project, Technical Progress Report*, September 2016.

48. Ibid.

49. ILO, *Labour Law Reform in Myanmar*, January 2017.

50. Section 5 (a) of the Employment and Skills Development Law.

51. Section 5 (g) of the Employment and Skills Development Law.

52. The notification 1/2015 was issued on August 31, 2015, announcing that the official employment contract template was uploaded to the Ministry of Labour website effective from September 2015.

53. By issuing the notification 2/2015 in August 2015, minimum wage rate is set at 450 Kyat per hour, and 3,600 Kyat per day (official working hours shall be 8 hours per day) for workers in all enterprises except small enterprises with 15 employees and under, and family enterprises with effect from September 1, 2015.

54. Notification 1/2018 issued on January 2, 2018, by National Minimum Wage Committee.

of the government, employers and employees, the National Committee for Minimum Wage shall determine the new minimum wage rate within 60 days with the government approval.<sup>55</sup>

By repealing the Social Security Act 1954, the new Social Security Law provides for a health and social care insurance system; a family assistance insurance system; invalidity benefit, superannuation benefit and survivors' benefit insurance system; and unemployment benefit insurance system from a social security fund, which both employers and employees pay into.<sup>56</sup> The Social Security Board (SSB) is progressively implementing the new law. In April 2014, the SSB started "the implementation of the new contribution and benefit levels for the existing benefits (medical care, sickness, maternity and work injury) as well as the collection of contributions for the new family benefits. As Myanmar is moving towards significant policy reforms, the social protection sector will be subject to be considered as important institution of the country. It is crucial that it adopts a strategy of growth of the covered population and improved efficiency." (Lou Tessier and Mi Win Thidar, *Evaluation of the Operations of the Social Security Board*, ILO-MDRI Technical Report, December 2014, 3-4)

However, only about 1% of the population is registered in the social security system according to the head of the Social Security Board.<sup>57</sup> Meaning that social security system in Myanmar is still in a weak stage. Despite delays in paying benefits, computer system failures and piling up of documents needed signatures, workers welcome to the new systems implemented under the 2012 Social Security Law as it provides more generous benefits.<sup>58</sup> However workers still get confused by the complicated procedures.

## V. Conclusion

The early stage of industrialization presents quite a few challenges for Myanmar needed to overcome effectively. The labor laws cannot cover all types of employment sectors in Myanmar at the present time. As Myanmar has opened its doors to foreign business, many FDI commitments have poured into Myanmar and urbanization has increased. The development of industrial zones was found near the big cities and people tend to leave their residential areas and seek jobs in more developed areas. Moreover, despite the high literacy rate, there is a low rate of skilled labor workforce. The social structure of Myanmar also has impact on employment status and forms such as child labor or migration problems due to financial situation. The Myanmar government put many efforts to eliminate child labor issues and has established or reviewed legislation system related to child labor and migrant workers.

Myanmar has been focused on developing effective labor legislation system. In the late 2016, the government introduced its new investment law, enabling new opportunities and relief for some sectors of foreign investments. In cooperation with the ILO, UN and some NGOs, the responsible ministries have conducted evaluation on existing legislation aimed at enhancing the legal framework to meet the current global standard. Some of the new legislation regarding child labor or overseas employment have been laid down in order to monitor and review the labor market and its enacted labor laws. Currently, a draft bill on the Overseas Employment Act is waiting for approval by the parliament. At the present time, the Ministry of Labour is drafting labor laws for foreign workers, the Occupational Safety and Health Law, as it is necessary.

Moreover, new minimum wage has been proposed and revision of model employment contract format has been newly introduced this year. On the other hand, national education system such as the TVET programs has been focused and developed by the new government to fulfill skillful labor demand in Myanmar. Nonetheless, Myanmar labor legislation is still considered to be weak covering all employment in every sector.

Ensuring that labor laws are accessible and equally understood by employers and workers is vital in

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55. National Minimum Wage Committee, N54 above.

56. Social Security Law enacted on August 31, 2012, which came into effect on April 1, 2014.

57. *The Irrawaddy*, "Burma's Social Security Enrollees to See Benefits Boosted by April" (January 29, 2014), <https://www.irrawaddy.com/news/burma/burmas-social-security-enrollees-see-benefits-boosted-april.html>.

58. *Frontier Myanmar*, November 10, 2017.

Myanmar. Moreover, new industrial regulations are in transition. The lack of labor courts and a labor conciliation and arbitrations systems puts a considerable burden on the Ministry of Labour. Till now, Myanmar's legal framework still has gaps for all labor issues. For the future as seen from here, labor policy and labor legislation system in Myanmar would be improved to adequately protect all employments sectors and should be better to be well understood by both sides of employers and employees.



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