

Position paper on order placements in Myanmar/Burma ¹

1. Introduction

In May 2010 the executive board of FWF adopted a formal position on Myanmar/Burma as a sourcing country for member companies. The position as it was then adopted can be found [here](#). In short, this position states that (prospective) affiliate members were expected to gradually terminate production at factories in Burma, as a way to support the policies of national governments of EU states as well as the positions of international and local stakeholders that had been consulted by FWF staff.

2. Process towards position update

In April 2012, By-Elections were held in Burma to fill 45 vacant seats in parliament. For the first time since 1988, the military regime allowed members of opposition parties to compete. The election resulted in 43 seats being taken by representatives of opposition parties. One of the elected MPs was Aug San Suu Kyi, who is internationally regarded as the representative of the democratic opposition in the country.

Following the election, Suu Kyi called upon the international community to engage with Burma again by suspending economic sanctions as a means to strengthen the reform agenda in the country. Simultaneously she urged the international community to closely follow the situation in the country ².

On 23 April, EU member states suspended sanctions against Burma for a year with exception of the arms embargo, following similar steps taken by the US, Canada, Australia and Norway. Government leaders of several EU member states explicitly stated that the sanctions on Burma may be restored if its government failed to make significant progress in implementing further reform. Sanctions by the EU were being suspended rather than being lifted completely, as member states remained concerned about ethnic conflict and political prisoners.

In April-May 2012, FWF took notice of the positions and / or actively consulted the following organisations (An overview of the positions of the above organisations is included in the annex):

- Governing body of the International Labour Organisation (ILO)
- Burma Centre Netherlands (BCN)
- International Trade Union Confederation (ITUC)
- Labour NGOs in Thailand working with Burmese migrants

¹ The country's former military rulers changed the name in English from Burma to Myanmar in 1989, ostensibly to better reflect the country's ethnic diversity. Regime opponents and exile groups from a range of ethnic groups—as well as foreign governments including the United States—have persisted in using the word Burma.

² <http://www.telegraph.co.uk/news/worldnews/asia/burmayanmar/9202653/Aung-San-Suu-Kyi-supports-suspension-of-UK-sanctions-against-Burma.html>



3. Position as of 1 August 2012

FWF finds that the recent developments in Burma are encouraging but should be regarded with caution. Although the recent developments bear a promise towards the future, the existing state of affairs does not yet provide a substantial improvement in law enforcement and social dialogue in the country. Simultaneously, FWF is aware that now EU sanctions are lifted, economic relations with Burmese companies could help drive the country towards further reform.

As the EU has lifted sanctions on Burma for the duration of a year, FWF suspends its requirement for new companies to phase out production in Burmese factories for the duration of the same period.

A crucial element in the revised position is the conviction that the momentum of political change in the country must now be used. Enabling FWF members to work with Burmese suppliers while implementing FWFs requirements regarding due diligence and providing workers access to appropriate remedy, are expected to contribute to implementation of labour standards in the country. By allowing its members to be active in the country, FWF expects to be in the best position to contribute to implementation of core labour standards.

4. Country specific requirements for member companies

FWF member companies that were working with Burmese suppliers upon joining FWF may put the process to phase out production on hold for a year (June 2012-June 2013) under the following conditions:

- During the period June 2012-June 2013 the production volume in Burma may not be increased towards a level above the total production volume in the country for 2011.
- FWF must be informed about total volumes of order placements at existing suppliers during June 2012-June 2013.
- It must explicitly be communicated to the supplier that the possibility exists that the exit strategy may be continued if FWF cancels the suspension of its phase out requirement.

FWF member companies in general may start up relationships with Burmese factories under the following conditions:

- FWF is informed in writing by the member company in case contact is made with Burmese factories.
- FWF must be kept informed about each order placement. Sample / test orders may be placed in Burmese factories. Normal orders may only be placed in Burmese factories at volumes if these can again be phased out within a year (in case FWF cancels the suspension of its phase out requirement)
- Companies must ensure that the Burmese translation of the Code of Labour Practices is posted in factories, and should implement all of FWFs requirements that apply to factories where clothing is made.



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5. Evaluation of revised position

At the latest, the executive board of FWF will assess the suspension of this requirement again in June 2013. If necessary a decision may be taken at an earlier moment.

6. Activities by FWF

FWF will not set up a local audit team in Burma in the foreseeable future, but will continue to follow the situation closely by consulting local and international stakeholders.

FWF will continue to monitor the labour situation in the country, with special focus on developments with regard to the following labour standards:

- Employment is freely chosen
- No exploitation of child labour
- Freedom of association and the right to collective bargaining

FWF will assess possibilities to offer workers in Burmese factories producing orders for member companies to make use of its complaints handling mechanism. To this end FWF will make contact with local parties and where possible seek cooperation. A possibility that will be considered is to cooperate with the complaint mechanism that is The ILO provides a complaint mechanism, facilitated by the ILO liaison office in Rangoon. FWF will also get in contact with the Federation of Trade Unions of Burma (FTUB).

FWF staff will actively inform companies about this position and resulting requirements for its members.

FWF staff will report to the Committee of Experts about steps that were made with regard to the above approach in January – February 2013.



Annex - Stakeholder positions

In May 2012, FWF took notice of the following stakeholder positions:

Governing body of the International Labour Organisation (ILO)

In June 2012 the ILO lifted its restrictions on the full participation of Myanmar in its activities and decided to review the progress on the elimination of forced labour in the country next year.

The Conference requested that urgent attention be given to technical cooperation priorities in Myanmar. Priorities already established are the effective and full realization of freedom of association as well as the elimination of forced labour.

Burma Centre Netherlands (BCN):

BCN is positioned to represent Dutch civil society organisations with regard to Burma. BCN finds that the recent develops offer sufficient ground to encourage European enterprises to strengthen economic ties with Burma. Simultaneously, it believes that European enterprises should use their sphere of influence to promote further implementation of human rights and labour rights with partners in Burma.

International Trade Union Confederation (ITUC):

While observing the changes in Burma, the ITUC expressed serious concerns that governments may prematurely remove sanctions on the country. According to the ITUC, ending sanctions before necessary reforms are in place would not support Burma's long-term economic and social development but likely contribute to continued human rights violations. The ITUC stated that forced labour and other human rights violations continue to take place.

Labour NGOs in Thailand working with Burmese migrants

FWF consulted various Bangkok-based labour NGOs in May 2012, whose view is relevant as a result of the strong ties between Thailand and Burma.

In general, stakeholders were regarding the process towards the by-elections as a positive development. FWF was advised to closely follow the reform process, and urged to be cautious in revising its position on production in Burmese factories by its member companies.