

## **Introduction**

Dispute resolution in the Philippines evolved from both indigenous traditions and legal systems adopted from western models. Courts are organized in a hierarchical structure, which provide the primary forum for settlement of controversies involving rights, which are legally demandable and enforceable. Outside of the court system, and in specific instances through institutions and mechanisms established by legislation, parties may also seek adjudication of their rights and interests.

The first part of this study presents an overview of in-court and out-of-court systems in the Philippines by describing the current situation regarding the use of the courts as a dispute resolution mechanism, determining the factors which influence the parties' choice between court litigation and other methods of alternative dispute resolution (*e.g.*, arbitration, negotiation, conciliation and mediation), identifying the major problems and difficulties which discourage resort to the courts, and direction of reforms to improve the judiciary and enhance its effectiveness as a dispute resolution mechanism. Upon the other hand, alternative dispute resolution (ADR) as developed and practiced in the Philippines is depicted through the twelve agencies that use ADR today. These ADR institutions are discussed in detail including the disputes within their jurisdiction, rules of procedure and incidence of cases. However, an inherent limitation has been noted arising from the lack of monitoring and data recording in almost all these ADR institutions. Detailed monitoring, evaluation and documentation of ADR experience are not widely practiced--a problem, which has been recognized by the Supreme Court Judicial Reform Project, team itself.

The second part tackles the dispute resolution process in specific cases. Three fields of disputes are chosen for this study -- consumers, labor and environment.

In the area of consumer protection, the concept of ADR is applied and operationalized through particular departments of the Government, which have been vested with basic authority over mandatory safety standards and consumer education and the power to sanction and impose civil or criminal penalties for safety violations. The National Consumers Affairs Council was established by R.A. 7394 to improve the management, coordination and effectiveness of consumer programs nationwide. Aside from government controls, local consumer groups linked to an international

group also help promote and enhance consumer rights and responsibility, while initiatives from private business establishments to resolve consumer complaints and queries are encouraged.

As to labor dispute settlement, discussion focuses on the two distinct and contrasting methods employed in the Philippines, namely (a) the preferred method of collective bargaining and voluntary arbitration, and (b) compulsory arbitration of labor disputes in industries indispensable to the national interest when invoked by the State or by government agencies exercising quasi-judicial functions when invoked by either, or both, labor and management. Statistical data is presented to show that most labor disputes are settled through the process of compulsory arbitration while major factors are cited to explain the lesser acceptability of collective bargaining and voluntary arbitration as modes of dispute settlement.

The last topic concerns environmental issues in which ADR seems to have very limited application. Environmental laws recently enacted in the Philippines are discussed to highlight the link between resource protection and community or user access to these resources. Provisions for dispute resolution mechanism in each of these laws relate to such access to the particular resource. Aside from such legal framework for ADR and assessment of its application, a variety of examples of dispute resolution systems that may not be contemplated under modern international trends is also presented.