

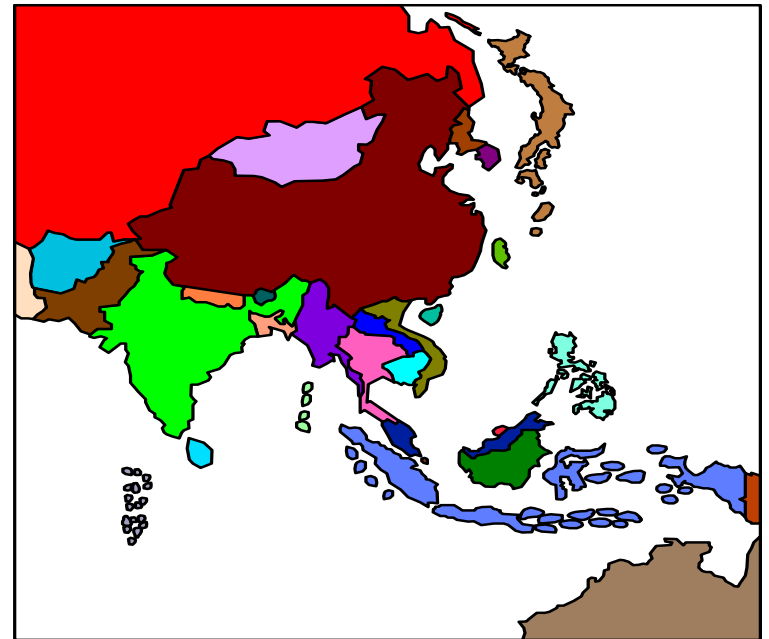
# Industrial Relations Trends and Developments in China

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# Economic and Industrial Context



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- High economic growth for past 20 years
- Market liberalisation
- An increase in enterprise forms and decline in state business activities
- Development of external labour market
- Strongly dependent on international trade
- Economy in transition



# Political and Social Issues

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- One party state
- Greater income disparity
  - Location, industry, gender, sector
- High unemployment in rural areas
- Range of legislative developments
  - Labour Contract Law - 2008
- Political system in transition? – party-guided pluralism?



# Background

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- Population: 1,314,480,000 (beginning of 2007)
- Increase of 6,920,000 over previous year (0.53%)
- Economic active population: 782,440,000 (2007)
- GDP Growth: 10.5% (2006); 11.4% (2007)
- 48.5% of GDP – Secondary Industry
- RMB rose 17.1% against US dollar in past 3 years
- Unemployment: 4.1% (commencement of 2007)



# Collective Bargaining

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- Legitimate activity of trade unions (Trade Union Law 1992 and 2001)
- Collective contracts (Labour Law 1995)
- Collective Contract Provisions, 2004
  - Employment conditions above statutory minimum
  - Move from a political to an industrial instrument
  - Sole representation
  - Professional assistance now allowed
- Tripartism and collective bargaining (ILR article)



# Legislative Developments

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- Fixed-term Contract Employment 1986
- Gender-related legislation (1988, 1990, 1992)
- Settlement of Surplus Labour 1993
- Labour Law 1995
- Revised 1950 Trade Union Law (1992, 2001)
- Collective Wage Consultation 2000
- Administration of Labour Market 2000
- Collective Contracts Provision 2004
- Labour Contract Law 2008

# 2008 Labour Contract Law



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- Came into effect on 1 January 2008
- Strengthens protection for workers
  - Written contracts for all workers including migrant workers
  - Restricts use of temporary workers
  - Harder to layoff workers
  - Move towards long-term contracts
- Unions will have the right to collectively bargain with employers



# Social Partners: The ACFTU

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- Peak body and sole trade union
- 169.94 million members (2006)
  - Increase of 24.1% since 2005
- 1.32 million primary trade union affiliates
  - Increase of 29.8% since 2005
- Union density
  - ACFTU figure of 63%
  - My estimate: range 21.7% to 57.1% (about 50%)
  - Highest in public sector





# Social Partners: CEC/CEDA

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- Structure
  - 0.55 million members (commencement of 2007)
  - Most recent figures – 436,000/438,700?
  - Wide representation of members
  - Tripartite consultation
- Covers a diverse range of enterprise forms
- Participates with the ACFTU in:
  - Legislative processes
  - Tripartite consultation system (with MOLSS)



# Industrial Action

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- Strikes neither prohibited or allowed
- Labour disputes have risen nearly 6 times in the 10 year period 1996 to 2005
- In 2006:
  - 317,162 registered labour disputes (1.1% increase)
  - Resolution - arbitration(45.5%); mediation(36.6%)
  - Major causes – remuneration (32.6%); social insurance (31.6%)
  - Collective labour disputes - 13,977 (4.4%)



# Other Developments

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- ILO conventions 111 (employment discrimination) and 155 (OH&S) ratified 12 January 2006 and 25 January 2007 respectively
- Rival trade unions emerging, although nascent at this stage



# Outlook – Likely Issues to Impact on Industrial Relations

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- Social instability – labour unrest major concern
  - Remuneration
  - Social insurance
- Rising inequality (Gini Coefficient – 0.45)
- Rising inflation
- Environmental issues