New Labor Laws and Their Influence on China’s Labor Market

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Jinyun Liu

jinyunl@isr.umich.edu

Co-Director
Center for China Employment and Labor Relations
The University of Michigan
A. China’s New Labor Laws

B. Rational of New Labor Laws

C. Influences on Labor Market

D. Future Expectations
A. China’s New Labor Laws

1. Labor/Employment Contract Law

2. Employment Promotion Law

3. Labor Dispute Mediation and Arbitration Law
1. Labor/Employment Contract Law

- Individual Employment Contract
- Five Required/Mandate Insurances
- Open-ended Contract
- No Temporary Workers
- Punishment
2. Employment Promotion Law

Prohibits Discrimination on Nationality, Race, Gender, Religion, Disability but not Age
3. Labor Dispute Mediation and Arbitration Law

- Arbitration is Free
- Arbitration Award must be Made within 45 Days
- Arbitration Award is Final and Binding for Employers but not for Employees
B. Rational of New Labor Laws

- Economy has been Developing quite Fast
- Largest Foreign Currency Reserve
- Dramatic Increase of Labor Disputes
- “Slave Labor”
Number of Labor Disputes

Data Source: China Labor and Social Security Year Book 1994 -- 2004
C. Influences on Labor Market

- Cost of Labor will Increase
- Cannot Use Temporary Workers
- Strict Limitation on Overtime
- Cannot Terminate Contract without Justified Cause
D. Future Expectations

- Cost of Labor will not be the Major Issue
- Cancellation of the Favorable Tax Rate for Foreign Investments
- Increase of the Value of Chinese Currency to U.S. Dollars
- Shortage of Energies (Gas/Oil and Electricity)
Questions and Comments

Thank You!