

Center

China issues regulation to clear labor contract law

(Xinhua)

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China's State Council, the country's Cabinet, issued an implementation regulation for Labor Contract Law in Beijing on Thursday in an effort to clarify confusion surrounding the law.

The new law, which was put into effect on January 1, was hailed as a landmark step in protecting employee's rights. But many complained the law increased a company's operational cost as it overemphasized protection of workers.

One of the most debated terms was one that entitled employees of at least 10 years' standing to sign contracts without specific time limits. Some employers believed the "no-fixed-term contract" would bring a heavy burden to them and lower company vitality.

"By issuing the regulation, we hope to make it clear that labor contracts with no fixed termination dates did not amount to lifetime contracts," a Legislative Affairs Office of the State Council official told Xinhua.

The regulation listed 14 conditions under which an employer can terminate a labor contract. These included an employee's incompetence to live up to the job requirements, serious violations of regulations and dereliction of duty.

Another 13 circumstances were also included in the regulation, under which an employee could terminate his or her contract with an employer, including delayed pay and forced labor.

Compensation should be given if employers terminate the contract lawfully. Employers should double the amount of compensation if they terminated a contract at their own will. No further financial compensation was required, according to the regulation.

China's top legislative body, the Standing Committee of the National People's Congress, adopted the Labor Contract Law in June 2007, which was followed by a string of staff-sacking scandals.

The best known was the "voluntary resignation" scheme by Huawei Technologies Co. Ltd., the country's telecom network equipment giant.

The Guangdong Province-based company asked its staff who had worked for eight consecutive years to hand in "voluntary resignations." Staff would have to compete for their posts and sign new labor contracts with the firm once they were re-employed.

Huawei later agreed to suspend the controversial scheme after talks with the All China Federation of Trade Unions.

The NPC Standing Committee said on Thursday it would start a law enforcement inspection at the end of September in 15 provinces, municipalities and autonomous regions.

The Legislative Affairs Office of the State Council issued a draft of the implementation regulation on May 8 to solicit public opinion. By May 20, the office had received 82,236 responses. On September 3, the State Council approved the regulation.