

**CHINESE LABOR CONTRACT LAW OF 2008:
BACKGROUND AND ASSESSMENT**

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Executive Summary

1. China's Labor Contract Law (LCL) of 2008 is the product of changes in labor relations. Together with the Law of the Mediation and Arbitration for Labor Disputes (LMALD) of 2008, it has made great progress in protecting Chinese labor's rights on many legislative aspects.
2. China passed the LCL of 2008 because of the extremely disadvantaged position of Chinese workers, the examples of which include forced child labor, rampant labor abuses, underpaid and even unpaid migrant workers, overtime work without pay, and dismissal of employees by employers. Chinese employees are too weak to bargain with employers on important labor issues.
3. The LCL provides wide protection for workers with the stipulation of employers' obligations and the employees' rights with regard to signing and enforcing a labor contract.
4. The LMALD of 2008 also included articles to protect employees such as the extending of effective litigating time from 60 days to 12 months and the granting of migrant worker's right to apply for labor arbitration. The burden of proof will be basically put on the shoulders of the employers, and all labor arbitration and litigation will be free of charge.
5. In the short term, the LCL has caused some companies to close, to relocate to countries less protective of their workers, or to suffer some losses.
6. Though the results of LCL enforcement did not meet expectations, more employers are taking social responsibility and respecting labor rights. Since February 2010, after Jiangsu Province raised its minimum wage standard, Beijing, Chongqing, Guangzhou and Shanghai have followed suit.

7. For LCL to be effective, China needs to ensure nationwide enforcement of the LCL. The Labor Administration Authorities of the government would do well to take responsibility for the supervision of the enforcement of the LCL.