

***International Association of Economic and Social Councils***

***and Similar Institutions***

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**Social Dialogue in China: Achievements and the Role of CESC**

1. **It is a historic decision for China to establish and improve social dialogue mechanism.**

The social dialogue mechanism in China is gradually established with the reform and opening up and the development of the socialist market economy. Since the late 1970s, China has promoted reform in various sectors and made the great historic transformation from a highly centralized planned economy to a robust market economy from a closed and semi-closed state to all-around opening up country, making great social and economic accomplishments. As the reform and opening up deepens, China boasts increasingly diversified economic composition, thus there is an urgent need to build an interactive platform in line with the characteristics of market economy to coordinate relations of social interests, especially labor relations and establish a system to protect the rights and interests of employees. Under these circumstances, the social dialogue advocated by the International Labor Organization has been gradually integrated with such systems as trade union participation and democratic management in enterprises in China and has been gathering momentum.

1. **China has made much headway in the establishment of social dialogue mechanism**

In recent years, the Chinese government have attached great importance to and made great explorations into the establishment and improvement of a social dialogue system with Chinese characteristics on both macro and micro levels, and have made progress through inheritance and innovation and by learning from others. On the macro front, related national laws, rules and regulations have been further improved, joint conference system for trade unions and government was set up and a tripartite consultation mechanism of labor relations has been push forward. On the micro front, consultation on an equal basis and collective contract system has been encouraged and democratic management for enterprises has been consolidated.

**Social dialogue has been greatly reflected in national laws, regulations and policies.**

Take tripartite consultation of labor relations for example. In 1990, China ratified the ILO Convention No.144 in 1976: the Tripartite Consultation (International Labor Standards) Convention. Since then, the Chinese government, trade unions and enterprises have begun to work together in exploring the establishment of tripartite consultation mechanism. In 2001, China ratified ILO Convention No.150 in 1978: Labor Administration: Role, Functions and Organization. The establishment of tripartite mechanism for coordinating labor relations was stipulated in the amended version of “Trade Union Law” in 2001, “Law on Labor Contracts” and “Law on Mediation and Arbitration of Labor Disputes” formulated in 2007. The “National Tripartite Conference System of Coordinating Labor Relations” stipulates the composition of national tripartite conference, roles and tasks, the content of coordination, working principles and conference rules, in order to better regulate the operation of national tripartite mechanism.

**Tripartite Consultation Mechanism has been gradually established and improved at national, provincial, city and county levels.** Over the years, the three parties of labor relations have been working together to play a significant role in promoting the formulation and implementation of labor laws and regulations, analyzing important problems of labor relations and establishing and improving the tripartite system of coordinating labor relations, and gaining greater social influence.

**The coverage of consultation on the basis of equality and collective contract system has been constantly expanding.** Since the reform and opening-up, consultations on the basis of equality and collective contract system have been conducted all across China. The year 2009 saw the signing of 1,247,000 collective contracts all over China, covering 2.112 million enterprises and 161.964 million employees, 65.2% of the employees in China and the signing of 512,000 collective contracts for paycheck, covering 902,000 enterprises and 61.776 million employees.

**Democratic management system for enterprises has been promoted.** The democratic management system is an important manifestation of social dialogue mechanism with Chinese characteristics on the micro front. First, employee representative congress system has been established and improved. Employee representative congress is the organization for employees of enterprises and institutions to exercise democratic management. The openness of enterprise affairs is a system where enterprises and institutions, in accordance with the law, enable the employees to get timely and factual knowledge of problems concerning the development of enterprises or institutions and the immediate interests of employees and involve the employees in decision-making, management and supervision. Third, constantly improve the establishment of system of employees sitting on the board of directors and supervisors.

1. **China Economic and Social Council promotes the establishment of social dialogue mechanism and harmonious labor relations**

**--Maintain the dominant role of laborers.** Laborers are the main body of social and economic development. In promoting the establishment of social dialogue mechanism with Chinese characteristics, it is important for CESC to maintain and materialize the value of laborers in the process of labor, make sure that the fruits of labor are created and shared by all the laborers, maintain the economic, political and social status of the laborers to a maximum and make full use of the dominant role of laborers.

**--Consider the actual situation in China.** CESC recognizes that China is in the primary stage of development and in accordance with the basic national situation, learn from the experiences of other countries and grasp the nature and characteristics of China’s current labor relations, strive to develop social dialogue mechanism with Chinese characteristics through consultation, coordination and communication and enable different parties of labor relations to discuss problems through consultation, build the mechanism together and create and share the interests.

**--Stick to the right-protection outlook in China.** CESC adheres to the principle of putting employees first in a active and scientific manner in accordance with the law, combine serving the employees and safeguarding lawful rights and interests of employees with organizing, educating and guiding employees so as to promote the establishment and improvement of the mechanism of coordinating labor relations and strive to realize, protect and develop the economic, political, cultural and social interests of employees. CESC attaches great importance to using the advantages and positive role of trade unions for enterprises in social dialogue mechanism, and make an effort to allow all parties of labor relations to maximize their functions and roles, be at peace with each other and work together for development.

**--Keep pace with the times and stick to exploration and innovation.** CESC is undergoing innovation amidst transformation and making great strides through exploration, conscientiously learn from good practices and experiences of ESCs and similar institutions of other countries and try to grasp the law of social dialogue and explore an effective platform for, expand the methods of and innovate the ways of social dialogue. CESC actively participated in Asian Social Dialogue Forum to promoting social dialogue in Asia and achieved fruitful results.

**Explore and Establish a Social Dialogue Mechanism with Chinese Characteristics and Develop New Labor Relations: Analysis of Trade Unions in China**

In recent years, trade unions in China have not only been gaining in-depth insight into social dialogue, but also pushing it forward in practice.

**Major steps trade unions in China have taken to promote social dialogue on the macro front.** First, they have been actively involved in the formulating of labor laws and regulations, giving voice to the employees and putting forward the suggestions and ideas of their own. Second, they have assisted the Standing Committee of the National People’s Congress in the enforcement and inspection of relative laws, improved the legal environment of protecting the rights and interests of employees. Third, they have promoted the joint conference system with governments and strengthened the establishment of tripartite consultation mechanism of labor relations and made constant progress. Fourth, they have promoted an increase in the proportion of first line workers among the deputies to the people’s congresses at all levels.

**Major steps trade unions in China have taken to promote social dialogue on the micro front.** In accordance with laws such as “Trade Union Law”, they have promoted the establishment of democratic management system for enterprises in the basic form of employee representative congress, represented and organized the employees to participate in democratic decision-making, management and supervision in enterprises and institutions through employee representative congress, democratic appraisal and discussion, openness of enterprise affairs and workers sitting on the board of directors and board of supervisors, and protected employees’ right to know, to participate, to voice and to supervise.

**Major steps trade unions in China have taken to promote social dialogue in dealing with the impact of the international financial crisis.** In addressing the impact of the international financial crisis, trade unions in China have carried out the “Common Agreement Action” between trade unions, enterprises and employees. Through consultation on the basis of equality with enterprises, they have signed new collective contracts or supplementary contracts based on the content of agreement, urged enterprises, especially state-owned enterprises to actively meet social obligations by trying as hard as possible not to lay off employees or cut salary or to minimize lay-offs and pay cuts, stabilizing the job market and stepping up on-job training when enterprises are running under production capacity. This practice has not only further enriched the forms and content of social dialogue, but also showcased the success of strengthening social dialogue in the new situation.

1. **Thoughts and strategies of trade unions in China to strengthen the establishment of social dialogue mechanism and develop harmonious labor relations.**

China now enjoys a strategic opportunity for further development but is confronted with social problems. Although labor relations in China is on the whole harmonious and stable, there are many hidden uncertainties. Such a situation calls for trade unions in China to cash in on the new situation brought about by accelerating globalization, and analyze the new problems that come with deepening industrialization, informationization, urbanization and internationalization, so as to make progress in promoting social dialogue and coordinating labor relations.