

Racers to the bottom snub new rights for workers

While foreign corporations spout principles of Corporate Social Responsibility and donate computers to schools and participate in UNESCO programs, they simultaneously threaten to withdraw from China if the proposed *Labor Contract Law* is passed - laws which aim to set a higher standard for the protection of worker's rights.

The American Chamber of Commerce in Shanghai (AmCham) says, 'we believe American companies are leaders in creating a safe, fair, and fulfilling workplace' as well as 'respecting Chinese workers'. What is puzzling about this comment is its location in the introduction to a barrage of AmCham criticisms in their 42-page response to the proposed Chinese *Labor* laws. The more alarming part is why foreign companies, including US-China Business Council and European Chambers of Commerce, have written responses to proposed Chinese laws in the first place...

AmCham, for example, represents over 1300 corporations and has strongly opposed these Chinese Labor laws which greatly expand the role of labor unions; reduce the precariousness of temporary contracts; require companies to pay severance where contracts are not renewed, and restrict mass layoffs, amongst other provisions to improve the conditions of workers in China. AmCham states in their written response: 'We believe it (the draft laws) might have negative effect on China's investment environment'.

Similarly, the European Union Chamber of Commerce in China (EuroChamber) has responded negatively to the laws. Not quite as aggressively as AmCham, the EuroChamber remarked that the draft laws tend to over-regulate the employment relationship and that the Chinese government would do much better to reinforce the existing laws before enacting new stricter laws.

Meanwhile the European Parliament passed a resolution on EU-China relations in September calling on the Chinese government to ratify key ILO Conventions and urged China 'to combat all forms of modern slavery and exploitation, particularly of female workers, so as to ensure respect for the fundamental rights of workers and discourage social dumping.' Further, many of the companies that ratified the Electronics Industry Code of Conduct (EICC) are the same companies that are members of these Chambers rejecting the laws: Flextronics, Apple, Hewlett and Packard, Dell...

We don't think that the draft law will eliminate Chinese labor problems as it will not provide Chinese workers with the right to independent trade unions with leaders of their own choosing and the right to strike. However, it gives workers the potential to make efforts to form independent unions, elect their own leaders and utilise their potential bargaining power once they realise what rights they are actually entitled to by law.

The issue here, where global corporations have the power to manipulate national governments and their laws so as to maintain conditions for exploitation, clearly illustrates the crucial need for consumers and non-government organisations to expose the hypocrisy and to put pressure on corporations to support the protection of workers' rights all over the world.

More information:

- Short summary of proposed laws and companies' opposition:
http://pcglobal.org/components/com_booklibrary/ebooks/Summary%20of%20laws%20and%20opposition.pdf
- **Report by Global Labour Strategies:** 'Behind the Great Wall of China'- This is an in-depth study of the laws, current and proposed and a thorough analysis of all the issues:
http://laborstrategies.blogs.com/global_labor_strategies/2006/10/us_corporations.html
- **European Union Chamber of Commerce in China,** 'Comments on the Draft Labour Contract Law, April 20, 2006,
http://www.mo.be/user_docs/LettertoNPC.pdf.
- **American Chamber of Commerce in Shanghai,** "Comments and Suggestions on Revision to Labor Contract Law," April 19, 2006. Available at:
<http://www.amcham-shanghai.org/NR/rdonlyres/A18F268D-6EE8-4221-B075-4F00282E8623/1427/AmChamShanghailaborcontractlawcommentstoNPCApr2006.pdf>
- **USChinaBusiness Council** "Comments on the Draft Labor Contract Law of the People's Republic of China (Draft of March 20, 2006)," April 19, 2006 p.2. Available at:
<http://www.uschina.org/public/documents/2006/04/uscbc-comments-labor-law.pdf#search=%22USChina%20Business%20Council%20Comments%20of%20the%20Draft%20Labor%22>
- **Chinese Labour Laws translated into English:**

http://pcglobal.org/components/com_booklibrary/ebooks/Translation%20ofChinese%20Labor%20Laws.pdf

- **American Chamber membership list (partial):**

[http://pcglobal.org/components/com_booklibrary/ebooks/Amcham%20Membership%20List%20\(partial\)%20\(3\).pdf](http://pcglobal.org/components/com_booklibrary/ebooks/Amcham%20Membership%20List%20(partial)%20(3).pdf)

- Julius Melnitzer, "Power Shift: China's government prepares to make sweeping changes to its labor laws," *Inside Counsel*, August 2006. Available at:

http://www.insidecounsel.com/issues/insidecounsel/15_211/global_views/577-1.html

- Article in **China Herald:**

<http://www.chinaherald.net/2006/10/new-labor-law-fact-and-fiction-wto.html>

- Article in **NY Times:**

http://laborstrategies.blogs.com/global_labor_strategies/2006/10/us_corporations.html

- **China Labour Bulletin**, 2 articles from labor news in China:

<http://iso.chinalabour.org.hk/public/contents/article?revision%5fid=38246&item%5fid=38245>

Second:

[http://iso.china-](http://iso.china-labour.org.hk/public/contents/article?revision%5fid=38983&item%5fid=3898)

[labour.org.hk/public/contents/article?revision%5fid=38983&item%5fid=3898](http://iso.china-labour.org.hk/public/contents/article?revision%5fid=38983&item%5fid=3898)