Draft Regulations for Labor Contract Law Issued

China's Legislative Affairs Office of the State Council on Thursday made public the draft of implementation regulations for the labor contract law to solicit public opinions.

The draft mainly addresses the term of labor contract and economic compensation after labor contract termination and the dispatch of laborers.

The Labor Contract Law, which took effect on Jan. 1, 2008, entitles employees of at least 10 years' standing to sign labor contracts with no fixed termination dates.

The term caused some confusion on the general public and employers. Some people said it would weaken enterprise vitality.

Law experts, however, said the term aims to promote a sense of stability among employees and a harmonious relationship between employees and employers. Meanwhile, a labor contract with no fixed termination dates did not amount to a lifetime contract. Termination of such contract is possible if there are legitimate causes.

The draft, stipulates that under circumstances including employee's incompetence to live up to job requirements during the trial use period, serious violation of regulations and duty dereliction, the employers could terminate labor contract with no fixed termination dates.

Bankruptcy would also justify the termination of the contract, according to the draft.

The draft stipulates that the employers should double the amount of compensation if they terminate the contract at their own will.

After the implementation of the Labor Contract Law in January, a string of staff-sacking scandals in many companies followed. The most renowned of them is the "voluntary resignation" scheme by the Guangdong-based Huawei Technologies Co. Ltd., China's telecom network equipment giant.

Huawei 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.

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