

Courts to give economic cases priority

Courts will give economic cases priority to ensure the interests of workers, banks and companies are properly protected.

"Time is of the essence in cases involving the illegal withdrawal of funds by domestic and foreign investors," Supreme People's Court spokesman Ni Shouming told a press conference Thursday.

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NI SHOUMING
Supreme People's Court
spokesman

The courts will make sure that people attempting to transfer assets will be put under tight scrutiny.

Ni said property and other assets of a company will be frozen to ensure the rights of workers and banks are not compromised before a case is concluded.

The courts will take measures to see that in such cases shareholders and senior management do not flee, making litigation more complicated and time consuming, he said.

"We will penalize people who try to take advantage of flaws in the investment guidelines. We will make sure all liquidation takes place according to the law so that the rights and interests of creditors are protected," Ni said.

The number cases in which people have fled after selling the assets of company without the knowledge of the authorities and the banks have increased in the past two years.

This year in particular, many companies are feeling the effects of changes to export tax rebates, interest and taxation rates, and the high costs of raw materials and labor.

Statistics show that the number of labor disputes have increased by nearly 94 percent in the first 10 months year-on-year.

"As most of the foreign funded companies are supported by domestic companies, any flight of capital by foreign funded companies will affect the domestic ones," Ni said.

Su Haopeng, a professor with China University of International Business and Economics, said the new Labor Contract Law, introduced earlier this year, had gone a long way to protecting the interests of workers and their social security, and this in turn, had led to an increase in costs for companies.

"New policies on pollution, already in force in some of the provinces, are also pushing more companies to flee," Su said.

He said the liquidation of assets should only be done after defaulted wages have been paid, social insurance commitments met, and outstanding taxes paid.

In Shandong province, 87 companies funded by investors from the Republic of Korea (ROK), withdrew from the province without the proper liquidation of assets last year. This number had grown from 21 in 2003.

On Jan 12 this year, more than 10 ROK company officials suddenly abandoned their Yantai Shigang Fiber Co Ltd in Shandong, and fled due to financial difficulties.

They left without paying more than 3,000 workers, and unpaid debts of 54 million yuan (\$7.8 million).

"The courts will equally protect the lawful rights and interests of domestic and foreign enterprises, and individuals," Ni said.

"The courts will follow international rules and regulations along with Chinese laws to give fair hearings to domestic and foreign parties involved in disputes."

