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- About Us
- Business Directory
- China Business
- China Law Contents
- Vietnam Law Contents
- Disclaimer
- DPRK Korean Law Contents
- Home
- Links
- Relevant US Laws
- Services

中文原文

Home

English  
Commentary



PROCEDURES FOR THE IMPLEMENTATION OF THE PROVISIONS FOR  
LABOUR MANAGEMENT IN JOINT VENTURES USING CHINESE AND  
FOREIGN INVESTMENT

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These Procedures are specially formulated in order to facilitate the smooth implementation of the "Provisions for Labour Management in Chinese-Foreign Joint Ventures" (hereinafter referred to as "Management Provisions") and to facilitate the development of Chinese-foreign joint ventures (hereinafter referred to as "joint ventures").

[Article 1] The labour plans of a joint venture, after being decided by the board of directors, shall be filed with the department in charge of the venture and the local labour personnel department and shall be brought into line with the state labour plan.

[Article 2] New workers to be employed by a joint venture according to its labour plan shall be openly recruited in line with the relevant policies of the State in the region defined by the labour personnel department and shall be selected for employment on the basis of their qualifications through testing.

If the newly-recruited workers have to undergo training, the joint venture may fix a period of time for training according to its needs. All the trainees must be tested by the joint venture at the end of the training period and selected for employment on the basis of their qualifications. Those still unqualified shall be retrained or sent back.

[Article 3] If the engineers technicians and managing personnel in the locality cannot satisfy the quantitative needs of the joint venture, the joint venture may recruit them from outside the region upon approval by the labour personnel department in the relevant province, municipality or autonomous region and with the consent of the labour personnel departments in the regions concerned.

The joint venture may fix a probation period for the newly-recruited personnel and the personnel recommended by the department in charge of the venture or the local labour personnel department in line with the Article 3 of the Management Provisions. They must be formally employed if they are proved to be qualified during the probation period. Those unqualified shall be sent back and should be accepted by their original units if they are permanent staff and workers.

[Article 4] Apart from the agents of the foreign participant in a joint venture, all the staff and workers of a joint venture shall be recruited from among Chinese people, provided the Chinese side can provide the qualified Chinese people.

[Article 5] The employment of personnel of a joint venture shall be conducted in the form of signing a labour contract which, apart from the relevant matters listed in the first clause of the Article 2 of the Management Provisions shall stipulate the effective period of contract, conditions for its modification and termination and the rights and obligations of the venture and its staff and workers.

The labour contract shall be concluded by the joint venture and the venture's trade union organization through consultations (or by the joint venture and representatives of its staff and workers if the trade union is not yet organized). and in accordance with Article 2 of the Management Provisions the contract shall be submitted to the labour personnel department in the province, municipality or autonomous region for approval. The labour personnel department in the province, municipality or autonomous region may authorize the labour personnel department in the county where the venture is located to ratify the contract.

The joint venture may sign a collective labour contract with the venture's trade union organization or sign contracts with individual staff and workers. Once a contract is signed it should be observed by both sides. The modification of a contract at the request of one side must be agreed upon by both sides and submitted for approval to the original approving organ.

In addition to the labour contracts, the joint venture may sign labour service contracts with the units which provide personnel or the local labour service companies on recruitment, employment and dismissal of workers and staff.

[Article 6] The joint venture shall strengthen the work of regularly training the staff and workers to improve their technical skills. Expenses incurred in training may be handled in accordance with the "Supplementary Notice on the Interim Provisions for Control and Spending of Educational Funds for Staff and Workers" issued by the Ministry of Finance in 1982.

[Article 7] When a joint venture wants to dismiss redundant staff and workers as a result of a change in production and technical conditions or other reasons during the contractual period, it must notify the venture's trade union organization and the dismissed staff and workers one month before dismissal. The dismissal decision shall be submitted for the record to the department in charge of the venture and the local labour personnel department.

Workers and staff should not be dismissed during the period of their treatment or recuperation for industrial injury and occupational diseases or during the period of their treatment at hospitals for illness and injury irrelevant to their work. Women workers and staff also should not be dismissed during their pregnancy over six months or during maternity leave.

The joint venture should give compensation to those workers and staff who are dismissed during the period of the labour contract or after the expiration of the contract according to their length of work in the venture. The dismissed worker may be paid one month of the average wage of the venture for each full year's work. Those who have worked more than 10 years shall be paid one-and-half months of the average wage of the venture for each full year's work, starting from the 11th years.

[Article 8] Workers and staff of a joint venture may resign for special reasons during the period of the labour contract and shall submit their application to the venture through their trade union organization one month before their resignation. The venture shall permit the resignations of workers and staff who have just reasons, but shall not give them compensation.

If the workers and staff, who received training provided by the venture want to resign during the contractual period, they shall compensate the venture for an agreed amount of the expenses incurred in their training.

[Article 9] The joint venture shall give moral encouragement or material reward to those workers and staff who observe the venture's rules and regulations in an exemplary way and make fine achievements in fulfilling their tasks of production or other work, carrying on technical innovation and improving management. Those who have made outstanding achievements shall be promoted or their wage levels increased. The decision for such awards shall be made by the general manager and vice-general managers.

[Article 10] The joint venture may, in accordance with the seriousness of the case, impose criticism or punishment on staff and workers who violate the rules, regulations or labour discipline with adverse effects to the joint venture necessary, may impose a fine or economic sanction. Those who commit serious mistakes and refuse to mend their ways despite repeated admonition may be expelled.

The sanctions shall be decided upon by the general manager and vice-general managers after seeking opinion from the venture's trade union organization and listening to the argument from the persons concerned. The sanction of discharge must be reported to the department in charge of the venture and the labour personnel department for the record.

[Article 11] When the joint venture administers reward or punishment to those workers and staff appointed by the administrative organs of the government, the power and procedures for the ratification shall be handled in accordance with the "Interim Provisions of the State Council on Awarding and Punishment of Personnel in the State Administrative Organs" issued in 1957.

[Article 12] The joint venture shall pay the Chinese workers and staff in accordance with the wage levels stipulated in Article 8 of the Management Provisions. The increase in wages shall be decided upon by the board of directors in the light of the regulations of contract, articles of association and the state of the venture's production and management. It is not necessary to keep to the scales set by state-run enterprises.

The retail wages of the workers and staff of state-run enterprises in the locality in the same line of business stated in Article 8 of the Management Provisions means the average wages of the workers and staff in the state-run enterprises in the locality in the same line of business and with similar production scales and technical conditions. The concrete amounts of the wages shall be examined and approved by the local labour personnel department together with the financial department and the department in charge of the venture.

Workers and staff who leave a joint venture and join another unit shall be paid in accordance with the system of wage standards, bonuses and subsidies of the unit.

[Article 13] The joint venture must pay the Chinese workers and staff, in accordance with Article 11 of the Management Provisions, labour insurance, welfare benefits and various government subsidies on house rent, prices of basic daily necessities, culture, education, health protection, tec, for staff and workers. The amount of these funds shall be examined and approved by the labour personnel department in the province, municipality or autonomous region together with the financial department and the department concerned, and readjusted in line with changes in the standards of the labour insurance, welfare benefits and various government subsidies in state-run enterprises.

The labour insurance welfare benefits of a joint venture paid to the Chinese participants in a joint venture shall be used under the supervision of the venture's trade union organization. The subsidies shall be handled according to the relevant regulations of the government.

[Article 14] The labour insurance and welfare benefits of the staff and workers in a joint venture shall be handled in accordance with the relevant regulations of the Chinese government for state-run enterprises. The joint venture may express its opinion on the clauses or items in the regulations if it considers them unsuitable and may make proposals which shall be implemented after approval by the labour personnel department in the province, municipality or autonomous region for ratification with the consent of the financial department and the trade union at the same level.

[Article 15] The joint venture should pay attention to strengthening labour protection for its staff and workers and appoint proper and sufficient personnel in charge of the labour protection work. Effective measures must be taken to improve the labour conditions of the staff and workers and ensure safety in production and civilized production. The expenses in this field may be settled in accordance with the "Notice On Strengthening Protection from Silicon Dust and Toxic Materials" issued by the State Planning Commission in 1973.

[Article 16] The joint venture shall implement the systems of work schedules, holidays and paid leave of absence which are carried on in China's state-run enterprises.

It must distribute labour protection appliances to the staff and workers with reference to the standards in state-run enterprises.

[Article 17] When staff and workers die or suffer injuries from industrial accidents or sustain severe occupational poisoning and other injurious occupational accidents, the joint venture shall report the matter promptly to the department in charge of the venture and local labour personnel department and trade union organization, and accept their investigation and treatment.

[Article 18] The joint venture in special economic zones should implement the labour management provisions stipulated by the zone.

[Article 19] These Procedures shall be implemented under the supervision of the labour personnel departments at various levels.

[Article 20] These Procedures shall go into effect on the day they are promulgated.

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Print Page