

OESA's China Compensation and HR Update Webinar

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China's HR Environment: Recent Developments

- Trends in Chinese labor markets
- Implementation of Social Insurance Law
- Labor unrest increases, and
- Government and ACFTU continued push for collective bargaining
- Other labor related developments

Trends in Chinese Labor Markets

- Most workers now employed in private companies, though public sector employment remains about 25% of the urban labor force
- Global financial crisis affected migrant workers and export sectors most, but was temporary
- Labor shortages in coastal manufacturing centers first appeared in 2004, reappeared in 2010
- Central government put more protective labor laws into effect in 2008
- Disputes have risen rapidly since 2008

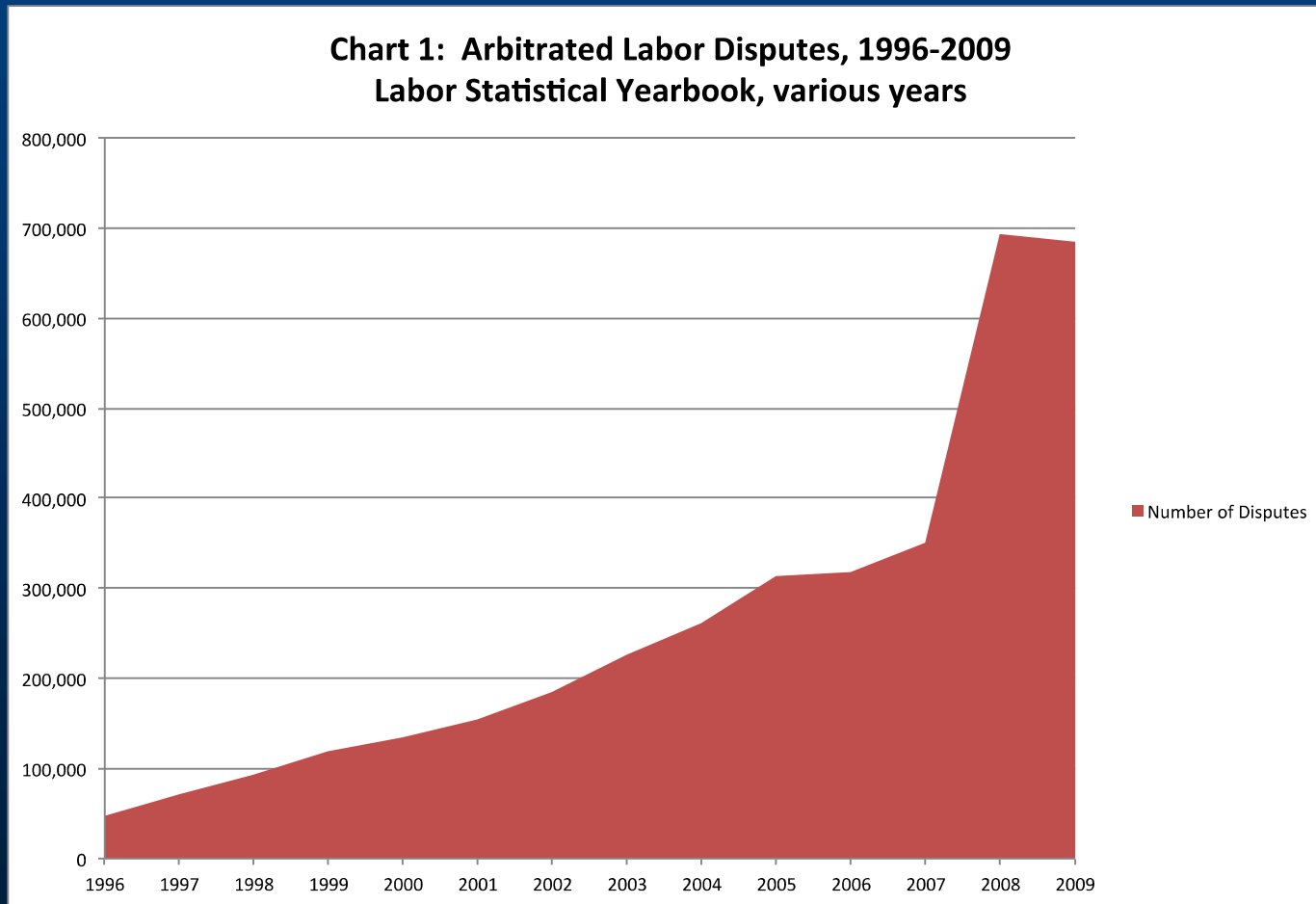
PRC Social Welfare Law

- National law effective since July 1, 2011
- Supersedes and unifies wide range of central and local level directives, rules and regulations
- Transferability of Social Insurance
- Deduction of employer's work-related injury costs
- Enhancement of collection of social insurance fees
- Foreigners to participate in the social insurance system

Application of SIL to Foreigners

- Provisional measures (“Measures”) for coverage of foreigners working in China came into effect 10/15/11
- Shanghai, Beijing, Chengdu, Qingdao issued implementing regulations
- Other cities (Xiamen and Yantai) started enforcing the Measures locally and requiring foreigners to participate in PRC social insurance but have not issued local implementing regulations yet
- Dalian verbally indicated they will delay implementation for foreign nationals (to avoid scaring away FDI)

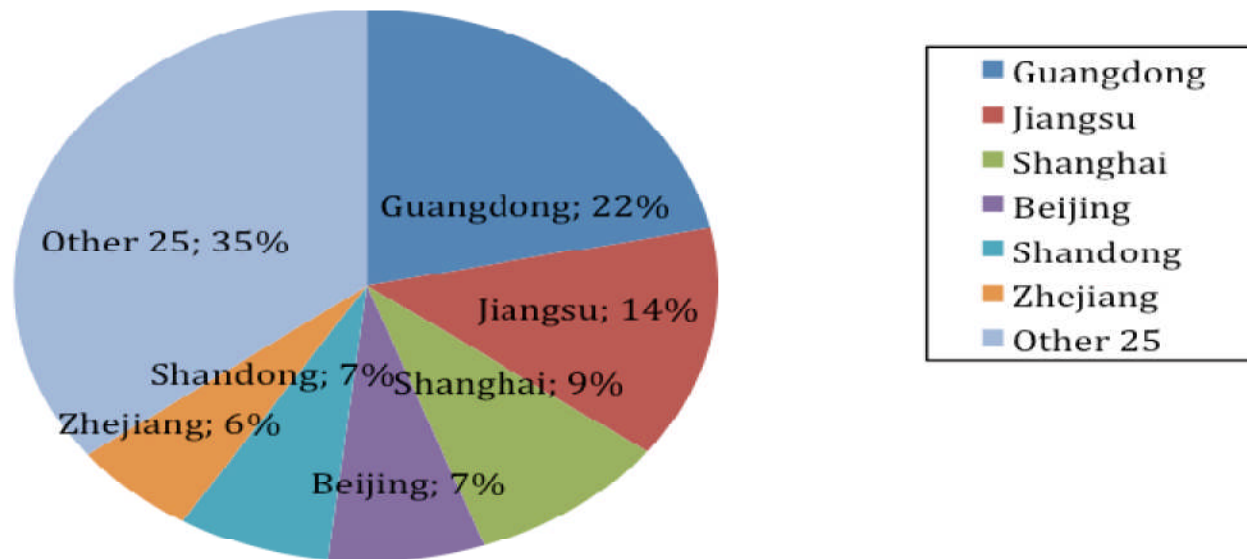
Labor Unrest Increases



Disputes heavily concentrated in a few provinces and provincial level cities

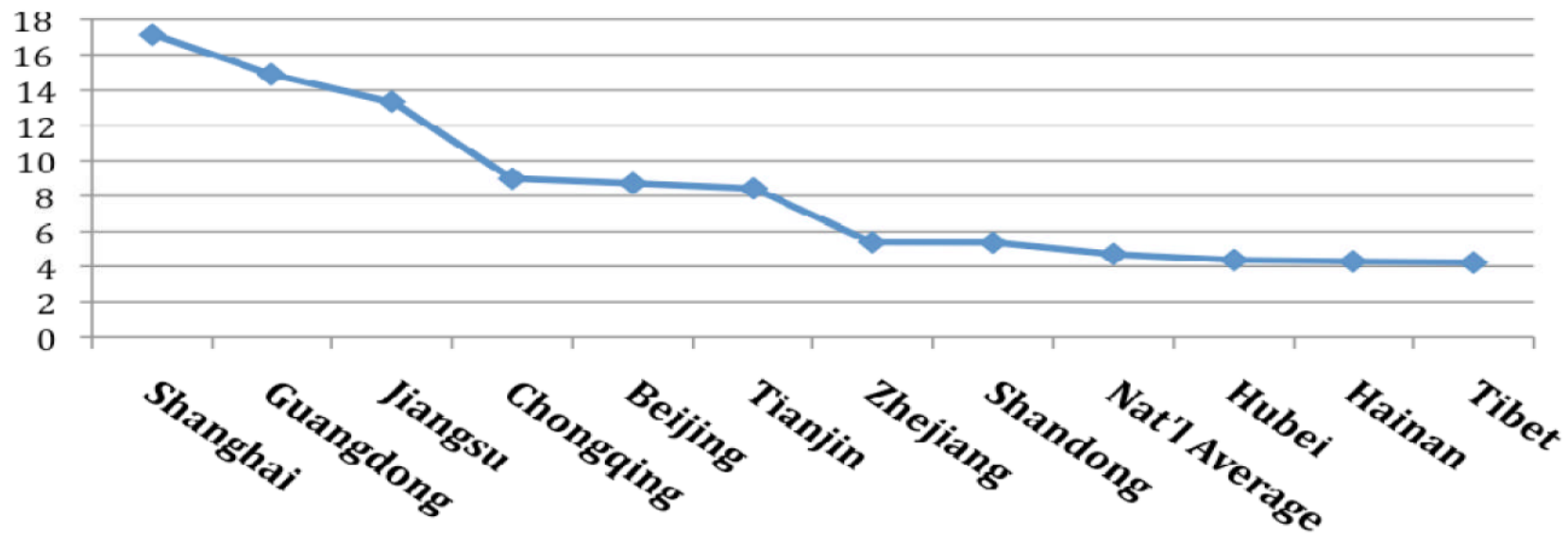
Chart 2: Number of Disputes by Province, 2008

Labor Statistical Yearbook, 2009



Where has the highest incidence of labor disputes?

**Chart 3: Disputes Per 1,000 workers,
2008**
Labor Statistical Yearbook, 2009



Government and ACFTU continue to push for collective bargaining

- “Rainbow Plan” goal to sign collective bargaining contracts in all companies that have a branch of the labor union by end of 2012
- Regional efforts to push collective bargaining through provincial measures
- Other local efforts

Other HR/Labor Developments

- MOHRSS issues labor dispute mediation regulations
- PRC issues draft rules to increase labor protections for female employees
- Central government report issued highlighting abuse of secondment arrangements

QUESTIONS?

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