



INTERNATIONAL TRADE UNION CONFEDERATION

GENERAL COUNCIL

Brussels, 16 - 18 December 2008

Agenda item 14:

China

The General Council is invited:

- To take note of the information presented;
 - To instruct the General Secretary to continue to act on the mandate for engagement with the ACFTU decided at its last meeting; and
 - To provide guidance in the implementation of that mandate.
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1. At its 3rd Meeting (Washington, December 2007) the General Council held a lengthy discussion on ITUC action in respect of China.

2. The General Council instructed the General Secretary to pursue contacts with the All China Federation of Trade Unions with a view to exploring the terms of potential engagement between the ITUC and that organisation. It was made clear that that could in no way compromise the ITUC's commitment to promotion of human and trade union rights in China as elsewhere. The importance of the ITUC's responsibilities to its affiliates in Hong Kong and of the role of the International Hong Kong Liaison Office were underlined. Key issues to be raised with the ACFTU were: ILO Core Labour Standards; its attitude to rights violations in countries other than China; its readiness to work substantively in respect of multinationals and the application of Global Framework Agreements, and its readiness to work in cooperation and solidarity with the ILO Workers' Group. Particular emphasis was placed on the scope for cooperation on multinational investors in China and on Chinese enterprises operating in other countries. Attention needed to be given too to emerging areas of Chinese influence, including in Africa and through the operation of sovereign wealth funds. The General Council further instructed the General Secretary to report back to it on developments in carrying out this mandate and said that ACFTU membership of the ILO Governing Body should be considered in the light of progress achieved.

Contacts with the ACFTU

3. In application of this mandate two meetings were held with representatives of the ACFTU: in Tokyo on 4 March, hosted by RENGO, Japan with Brother Takagi in the chair; and in London on 6 May, hosted by the TUC, Great Britain, with Brother Barber presiding. On each occasion, the ACFTU was represented by Ms. Sun Chunlan, Vice Chair and 1st Secretary, and the ITUC by the General Secretary.

4. At these meetings, the ACFTU representatives expressed the organisation's willingness to engage seriously with the ITUC in the areas identified by the General Council and in any others it might consider priorities. The ACFTU supported the fundamental rights Conventions of the ILO and was ready to discuss their application

in China and elsewhere. They also understood, and would assume fully the responsibilities of membership of the ILO Workers' Group.

5. Following initial identification at the Tokyo meeting of possible areas for cooperation, the London meeting agreed that a concrete programme of activities should consist of:

- A symposium of ITUC and ACFTU leaders to discuss practical cooperation on multinational enterprises and on core labour standards
- A delegation of senior ITUC leaders to China
- Visits of ITUC experts to China to exchange insights and experiences on specific issues and in particular on wages and collective bargaining.

Election to the ILO Governing Body

6. General Council members were informed of these developments by ITUC circular N° 21 (2008) which was copied to all affiliates. In that circular, and following consultations with the President and Deputy Presidents, the General Secretary conveyed his recommendation that, in the light of the above developments, the ITUC should facilitate the election of an ACFTU candidate as a substitute, non-voting, member of the Workers' Group of the ILO Governing Body. It should be noted, in this regard, that the ACFTU's strong initial position had been to seek a titular, voting seat and that it had only been able to retreat from that position with great difficulty. That issue will certainly arise again at the 2011 elections and will need to be addressed in the light of future developments.

7. At the election on 2 June, the only candidates for membership of the Workers' Group were those presented by the ITUC and that of the ACFTU, its International Affairs Director, Mr. Jiang Guangping. All were duly elected with the number of votes for Mr. Jiang falling within the range received by all ITUC-affiliated candidates.

Implementation of Joint Activities 2008

8. Progress in implementation of joint activities with the ACFTU has been disappointingly slow. There are some obvious explanations for delay on the Chinese side: the Beijing Olympics appear to have been a priority preoccupation for practically all parts of Chinese society with the ACFTU no exception; and more directly, the preparations for the 15th ACFTU Congress, initially scheduled for July, but eventually held 17 – 21 October have been an obstacle to progress.

9. These delays have also been the background to the ACFTU's attitude to the October ASEM Trade Union Summit in Bali, and APLN Meeting in Lima in which it had informally expressed interest, but not attended. The ACFTU has already indicated that it wishes to work with the ITUC around the next ASEM meeting in 2010.

10. Although concrete conclusions are difficult to substantiate, it is probable too that the internal dynamics of the ACFTU are a complicating factor. The ITUC's decision to engage with the ACFTU was not taken easily, and it is likely that the ACFTU's decision has raised its own difficulties which would be all the more sensitive in the lead up to its Congress. In any case, it is clear that the ACFTU is venturing into

unexplored territory, that this brings with it a high degree of nervousness, and that this, in turn leads it to propose, in the first instance at least smaller and less visible activities than those anticipated and sought by the ITUC.

11. Nevertheless, efforts are continuing to implement the agreed items. The ITUC has placed particular emphasis on the holding of a first workshop on multinational enterprises originally foreseen for October in Geneva. This workshop was subsequently scheduled to take place in Turin on 8 and 9 December. In addition the ITUC provided experts, in this case from the DGB, Germany and from the TUC, Great Britain, to take part in an ILO-ACFTU national workshop on collective bargaining in Wuhan, 27 – 29 October. The high-level ITUC mission to China, to which the ACFTU attaches considerable importance cannot take place this year but could be scheduled for the first part of 2009. In the circumstances explained above, it would seem advantageous to link it to satisfactory progress in the other areas. A visit to China by the General Secretary prior to the General Council meeting has been planned with a view to advancing the agenda of engagement with the ACFTU in line with the approach set out by the General Council.

Developments in China

12. Initial official reports of the 15th ACFTU Congress provide no indication of significant new developments in the organisation, although further information may become available by the time the General Council meets. Mr. Wang Zhaoguo was re-elected for a third five year term as ACFTU President and Sun Chunlan as one of twelve Vice Presidents and 1st Secretary. The address by the country's Vice President, Xi Jinping at the opening session covered largely familiar ground. He emphasized the leadership role of the Communist Party, but also the need for trade unions to increase their coverage and to promote better the legitimate interests of working people. In one passage there is reference to the need to strengthen cooperation with “trade unions and labour sectors” in Hong Kong and Macau, and in Taiwan, and with “international trade unions and trade unions of various countries”.

13. The period leading up to the Congress, however, saw a highly-publicised campaign by the ACFTU to increase its representation in those of the “Fortune 500” top global companies operating in China. The 100 day campaign to increase the ACFTU's presence to 80% in these enterprises ended at the end of September and was reported to have been successful. Total membership announced at the Congress was 209 million – up from 123 million in 2003.

14. The real impact of intensified ACFTU recruitment is the subject of intense debate. Observers have differing assessments as to the potential benefits to working people, while some business interests have expressed concern about resulting restrictions on management freedom of action and on costs. The Chairman of the American Chamber of Commerce, however, publicly expressed his organisation's readiness to “provide as much assistance as possible” for the establishment of trade unions, reflecting the view that, in reality, business has no choice and does not want to antagonise government.

15. Nevertheless, these developments come at a time of rising labour costs, which one report puts at a 30-40% increase in coastal manufacturing zones over the last four years. In this context, the effects of the Labour Contract Law which came into force at the beginning of 2008 and provides for significant new protections for workers, and tighter implementation of legislation are of significance. Equally, there are signs, for

example in Shenzhen province, of a move towards some type of institutional recognition and regulation of strike action. The drafting of this regulation was a key discussion point in the collective bargaining workshop in Wuhan.

16. Dialogue with the ACFTU should allow the ITUC to form a clearer assessment of these developments and the extent to which they mark significant change in the role of the ACFTU and the perspectives for effective independent representation of Chinese workers. Certainly, the sharp slowdown in China's rapid rate of economic growth from its 10% trend of recent years introduces a new and potentially potent element to the situation, with reports already of mass redundancies and labour protests in adversely-affected enterprises.

17. In the broader context, however, the crisis in the global economy has given renewed impetus to China's claims to an expanded role in the multilateral system, and underlined its power as the holder of enormous financial reserves at a time of acute credit and liquidity shortage. World leaders have already called for China to be accorded a more important role in international institutions, and this can be expected to be a central theme in initiatives – starting with November's G20 Summit – taken to redesign the instruments of global governance.

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