

## **2010 International Forum on Chinese Trade Unions & Labour Relations**

Beijing, 15 September 2010

Good morning! I am very delighted to be invited on behalf of the ILO to the International forum on Chinese Trade Unions and Labour Relations. By way of introduction, the ILO is the only UN specialized agency with a 'tripartite' structure which allows it to bring together representatives of governments, employers and workers to jointly shape policies and programmes. The ILO is mandated to realize, through social dialogue and tripartism, the universal values of freedom, human dignity, security and non-discrimination in the world of work.

The ILO defines social dialogue to include all types of negotiation, consultation and exchange of information between, or among, representatives of governments, employers and workers on issues of common interest.

The main goal of social dialogue itself is to promote consensus building and democratic involvement among the main stakeholders in the world of work. Successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability and boost economic progress.

China has 25% of the world's work force and has an average annual GDP growth greater than 10% over the past 20 years. The shape of the Chinese IR system will profoundly affect development patterns throughout the world. We are now witnessing a crucial turning point of the industrial relations in China, which can be seen from a series of industrial relations related events such as Foxconn, Honda and others. Not only industrial relations environment but also industrial relations actors are changing.

The new labour laws such as labour contract law, employment promotion law, and labour dispute mediation and arbitration law offer better protection of workers' rights. At the same time, because of widespread labour shortage, workers are gaining better bargaining power at the other.

In addition to that, new generation of industrial workers, the so-called second generation of migrant workers, have better knowledge on how to protect their rights and how to use laws to advance their interests. Equally important is that the new generation of industrial workers is determined to stay in urban areas

and therefore their only chance of having better future is through improving their conditions of work.

The above changes converge to produce enormous driving force for changes of industrial relations and human resources management at the workplace and beyond.

These changes coincide with the momentum for transformation of the pattern of economic development in China.

The global economic crisis clearly demonstrated that China's over-reliance on export is not sustainable. China needs to boost its domestic demand. To expand consumer spending, China needs to boost incomes of its citizens, majority of whom are wage earners. How China can create virtuous cycle of better working conditions, better productivity and industrial upgrading is a crucial challenge for the government and social partners.

In order to accommodate the above changes, a system of industrial relations based upon representation of voices of workers and employers is essential.

The ILO, with its unique tripartite structure and profound expertise, is willing to work with the government and social partners to manage this crucial stage of industrial relations development in China so that the entire society can benefit from truly representational, harmonious and efficient system of industrial relations. This system will facilitate productivity enhancement, higher valued added manufacturing and fairer distribution of incomes and will contribute to the national development and the building of a harmonious society.

Finally, I would like to wish you a fruitful discussion and look forward to a continued cooperation in the future.