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PRESS RELEASE

'China regulations clarify Labor Contract Law', *Jurist Legal News & Research*

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The [State Council of China](#) on Thursday issued regulations implementing ambiguous provisions of the [Labor Contract Law](#) [backgrounder] that [took effect](#) at the beginning of this year. Among other clarifications, the regulations provide that contracts without a termination date do not have a lifetime term, instead specifying the circumstances in which employers or employees may unilaterally terminate. Although the law is [viewed as a major advancement](#) [IHT report] for employee rights, employers have complained that it has increased operational costs. The law requires workers to have written employment contracts, establishes a right to severance pay, sets a minimum wage and limits the amount of overtime that companies may ask employees to perform. Draft regulations were [released](#) [China Law & Practice report] in May. Following public comment, the final regulations were approved September 3 by the State Council, which is China's Cabinet. Xinhua has [more](#).

The law was [adopted](#) last June by the Standing Committee of China's [National People's Congress](#) amid revelations that labor officials had [failed to report](#) the enslavement of hundreds of people at brick kilns in Shanxi and Henan provinces. Criminal charges were brought against government officials, and a State Council conference chaired by [Chinese Premier Wen Jiabao](#) said that those who had enslaved workers or illegally employed children would be severely punished.

Joey Zhu, attorney from Lehman Lee & Xu comments as below:

The regulations implementing ambiguous provisions of the Labor Contract Law are of great importance to the labor law field which has immense pectrum of influence across China as it clarify many area of the labor contract law and made the contract more enforceable to ameliorate the current implementing labor law. This is the regulation the whole China legal field is expecting which came into effect timely.

For more information about the firm, please visit our website at <http://jurist.law.pitt.edu/paperchase/2008/09/china-regulations-clarify-labor.php>

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