

**All-China Federation of Trade Unions****Purpose of Paper**

The purpose of the paper is to invite the General Council to consider recommendations from the STUC delegation to China on the STUC's relationship with the All-China Federation of Trade Unions (ACFTU).

**Background**

Following the visit of representatives of the ACFTU to STUC Annual Congress in April 2009, the STUC received an invitation from the ACFTU to visit China. The invitation was discussed at the General Council on 1 July 2009, where the decision to accept was taken. Following discussions with the ACFTU, it was agreed that the delegation would visit China from 17-22 January, 2010.

The aim of the visit was to enhance mutual understanding between the STUC and ACFTU; to discuss possible future co-operation between both organisations; and learn about China's development.

At its meeting in December 2009, the General Council agreed a range of issues to be discussed with the ACFTU during the visit. These issues were: the effectiveness of China's Contract Labour Law; China's failure to ratify 3 of the 8 core labour standards; China's economic development, international trade and the impact of MNEs; the future direction of the ACFTU, including the role of unions in collective bargaining, in improving health and safety and in organising migrant workers and workers in the private sector; international matters; equality; environment and climate change; and labour/human rights.

The General Council considered an initial report from the delegation at its meeting on 3 February 2010, and agreed to consider recommendations from the delegation in relation to future relations with the ACFTU at its March meeting.

The delegation met on 10 February 2010 to prepare recommendations for the General Council's consideration.

## **Report of the Visit**

During the visit, the STUC delegation visited Beijing; Xian and Shanghai and held discussions with:

### *All China Federation of Trade Unions*

Xu Zhenhuan, Vice Chairperson, Member of the Secretariat  
Quingy Li, Deputy Chief, Europe Division, International Dept.

### *Shaanxi Federation of Trade Unions*

Wang Shulin, Vice Chairperson  
Wu Siquan, Director, International Department

### *Shanghai Municipal Trade Union Council*

Xiao Kun Tao, Vice Chairperson  
Zhang Guofeng, Deputy Director, International Department

The delegation visited the China Institute of Industrial Relations and met its Vice President, Professor Shen Chin-Chin, and colleagues.

The delegation also visited Xian-Janssen Pharmaceutical Ltd and China Telecom Shanghai and held discussions with trade union representatives at both enterprises.

The delegation also participated in a number of social and cultural activities during the visit.

During the visit, the issues identified for discussion by the General Council were raised by the delegation and addressed by the ACFTU representatives. Several proposals for future co-operation were also discussed.

In considering the recommendations from the delegation on the STUC's future relationship with the ACFTU, the General Council way wish to consider the ACFTU's attitude to the key issues discussed during the visit. Unless otherwise indicated, the following brief summary represents the delegation's interpretation of the ACFTU's position.

## *International Relationships*

The ACFTU representatives advised the delegation of the principles which govern its approach to developing relationships with other trade union centres. The following extract from a speech delivered by Xu Zhenhuan, Vice Chairperson, and Member of the Secretariat of ACFTU, to the ILO, explains the ACFTU's position as articulated to the delegation.

“The ACFTU attaches special importance to developing international exchange and cooperation and pursue the principle of independence, mutual respect, seeking common ground despite differences, strengthening cooperation and promoting friendship.

“The ACFTU is ready to rise above ideological, cultural and religious differences and international affiliations, to establish and develop friendly relations with trade unions of all countries and international trade union organisations on the basis of independence, equality, mutual respect and non-interference in each other's internal affairs, and to make combined efforts with workers and trade unions the world over to strive for world peace, seek common development, defend workers' rights and promote social progress.

“So far, the ACFTU has established friendly relations with more than 400 national trade union centres and in more than 150 countries and regions, as well as with international and regional trade union organisations, and actively participates in ILO activities.”

Meanwhile, Chinese trade unions actively conduct exchanges and cooperation with their overseas counterparts in labour relations, trade union work, as well as in economic, cultural, technological and educational fields, so as to draw upon beneficial experiences and practices of other countries and promote mutual understanding and friendship with workers and trade unions of all countries.

The ACFTU currently holds seat on the Workers' Group of the ILO Governing Body. Although not recognised by the ITUC as an independent, free trade union organisation, the ITUC and a number of its affiliates, including the TUC, have a position of constructive dialogue with the ACFTU.

The ACFTU leadership indicated a desire to continue and to develop a relationship with the STUC based on the above principles. The Shaanxi Federation of Trade Unions, with the approval of the ACFTU, also expressed a strong desire to establish, through the STUC, a relationship with union organisations in Scotland on a regional, industrial, or occupational basis, and advised that a proposal in this regard would be sent to the STUC for consideration. This proposal has yet to be received.

### *Economic Development*

While recognising the size of the Chinese economy (currently the second largest in the world), its export performance (China is currently the world's largest exporter) and its increasing influence on the global economy and potentially the Scottish economy, the ACFTU emphasises that China is a developing economy, which faces a number of considerable challenges in achieving the objective of its government and of the trade union movement of establishing the first socialist market economy.

Amongst other factors, the ACFTU points to the gap in income per head between China and developed economies; the unequal distribution of income across China; the size and demands of a large internal migrant workforce of circa 100 million workers; and the requirement to achieve substantial year on year economic growth to maintain its employment rate, as justification for its "developing economy" status. (China requires to create 24 million jobs per year to maintain its current employment rate and requires to achieve 1% GDP growth to create 1 million jobs. Its growth rate for 2009 was 9%).

This status in turn is the justification for the Chinese government's approach to international cooperation on climate change and on trade, which the ACFTU appear to support. Just as the developed economies have accused China of protectionism in the application of its managed exchange rate policy, which has assisted its export performance, China accuses the developed economies of protectionism in attempting to "impose" on China targets on emission reduction and the inclusion of minimum labour standards in trade agreements.

## *The role of the ACFTU and unions in China*

The ACFTU is China's trade union centre. Its structure is both industrial and geographic. Of an industrial workforce of circa 270 million workers, the ACFTU's combined membership is circa 230 million. They recognise that organising workers, particularly in the private sector and with multi-national corporations, is an increasing challenge, despite success in achieving a global first in securing a union recognition agreement with Wal-mart.

The ACFTU views its relationship with the Chinese government as a partnership, the main objective of which is to achieve stable "harmonious" economic growth through the success of enterprises, thereby creating the conditions for the fair treatment of workers. It also views this partnership as a means through which it can influence the Chinese government's approach to employment relations, for example, the new Chinese Contract Labour law. In response to the financial crisis and global recession, the ACFTU and Chinese government concluded a pact to secure growth in the economy. The pact involved wage cuts, reductions in working hours, unpaid overtime and other measures.

However, this partnership approach has not enabled the ACFTU to persuade the Chinese government to ratify all eight of the ILO core labour standards - the unratified ones being freedom of association and free collective bargaining (87 and 98) and forced and compulsory labour (29 and 105).

Union organisation is enterprise/company based. On its visit to Xian-Janssen Pharmaceutical Ltd in Xian, the delegation met the Chair of the Xian-Janssen Pharmaceutical "branch" whose responsibilities covered all Xian-Janssen Pharmaceutical plants. The same structure applies to State Owned Enterprises, joint venture companies and private companies.

Reflecting the ACFTU's priority of contributing towards the achievement of stable "harmonious" economic growth, at the workplace, the priority of the union is to secure the success of the enterprise and thereby the fair treatment of workers. This approach appears to apply, irrespective of the type of ownership arrangement.

The enterprise/workplace union role includes a strong emphasis on employee welfare provision. The union plays a leading role in providing facilities and opportunities for the creative, sporting and general cultural education and development of workers. It also provides a means through which workers support broader community activity.

The union role is also important in enforcing China's Contract Labour law at the workplace and there is increasing interest in unions pursuing collective bargaining activity with employers. There is also interest in developing union activity on health and safety and skills and lifelong learning.

On the issue of labour disputes and the emergence of alternative "unofficial" union structures, the union representatives with whom the delegation met did not deny that disputes arose between unions and employers, but emphasised that they must be conducted and resolved within the law. Actions that violate the law, including acts of violence, are dealt with under the law.

### *Human/Labour Rights*

The union representatives with whom the delegation met were not particularly forthcoming on the issue of human/labour rights.

Their view was that all Chinese citizens and visitors to China are expected to abide by Chinese law. Those who did not were subject to the appropriate sanction imposed by the law.

### **Recommendations from the delegation**

Having fully considered the issues described above and, in particular, the increasingly important role of China in the world economy, and the potential impact of this on the Scottish economy, the delegation believes that the STUC should maintain a relationship with the ACFTU.

The delegation invites the General Council to consider the following:

- that the STUC invite a small delegation from the ACFTU to visit Scotland in late 2010, to continue the dialogue between the two Centres and to explore opportunities for practical collaboration;
- pursue with the Shaanxi Federation of Trade Unions its promised proposal on cooperation with union organisations in Scotland, through the STUC;
- maintain contact with the TUC's International Department, with regard to the TUC's relationship with the ACFTU and its status within the international trade union movement;
- maintain contact with the GB/China Centre on trade union developments within China and explore opportunities for its support for the STUC's work with the ACFTU;
- discuss with the Scottish Government, Scottish Development International and the Scottish Council Development and Industry how the STUC's relationship with ACFTU might assist in the internationalisation of the Scottish economy;
- explore with Scottish institutions and academic community the possibility of developing contacts with the China Institute of Industrial Relations; and
- continue to respond positively to requests for meetings with visiting Chinese union delegations as resources allow.