



The Dispatch Labor System in China Questioned

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This issue of China Labor News Translations (CLNT) features three excerpts from published Chinese-language articles on the labor dispatch system in China. In the past several years, the use of dispatch labor has become a contentious issue in Chinese labor relations. Under the labor dispatch system, workers sign labor contracts with labor dispatch agencies and are then “dispatched” to enterprises that are recruiting new workers. These enterprises therefore have fewer responsibilities associated with labor contracts such as for social security payments and workplace injuries to dispatch workers. Dispatch workers are also often paid less than contract workers for the same work. When dispatch workers are no longer needed, they are easily “returned” to labor dispatch agencies receiving no severance compensation. As the labor dispatch system exists in a legal grey area, companies have exploited the loopholes to not only continue but expand the employment of dispatch workers unabated in recent years.

The first article, [Labor Dispatch System in Reform](#), provides the background on the history and development of the labor dispatch system in China. What has become the labor dispatch system, the article points out, emerged from the use of workers in foreign enterprises in the late 1970s and early 1980s. But the use of labor dispatch has become particularly widespread and part of a trend of generalised casualisation in the past decade. The article highlights its extensive use by state-owned enterprises since the early 2000s to replace laid-off workers formerly holding long-term and non-fixed term contracts offloading their traditional welfare obligations in the process. Privately-owned enterprises during the same period have also widely adopted the use of dispatch labor to take on new workers in expanding industries like the auto industry.

The Labor Contract Law (2008) stipulated that dispatch labor is to fill “temporary, auxiliary or substitute job positions”. But this not only failed to constrain the widespread employment of dispatch labor for positions that are neither temporary, auxiliary or substitute jobs. Rather, it has had an opposite effect, acknowledged by trade union officials, of accelerating the systematic use of dispatch labor by employers. Often in response to the more stringent labor regulation of the Labor Contract Law, employers in both state-owned and privately-owned enterprises recruited new workers via labor dispatch agencies and terminated and replaced existing labor contracts with dispatch labor contracts to avoid taking on employment costs and responsibilities associated with formal labor contracts.

Click below to read the article:

[Labor Dispatch System in Reform](#)[劳务派遣制度改革进行时](#)

The second article, [Rights of 60 Million Labor Dispatch Workers Hard to Protect](#), brings attention to a new report by the All-China Federation of Trade Unions on the dispatch labor system in China. The report notes that the total number of dispatch workers nationally has reached 60 million, more than twice the previous figure of 27 million released by the Ministry of Human Resources and Social Security. The article further points out that given China’s total number of workers of 300 million, the proportion of labor dispatch workers has reached 20%. Most of the labor dispatch has been concentrated in state-owned enterprises, government organisations and public-sector institutions; in some state-owned enterprises over two thirds of the workforce is occupied by dispatch workers. Furthermore, dispatch labor is not only confined to manufacturing industries but also state-owned petroleum, chemical-engineering, telecommunication, finance, banking, aviation and railway industries, replacing formerly white-collar jobs with dispatch labor who are often recent college graduates.

There are inadequate legal requirements in the Labor Contract Law for setting up a labor dispatch agency. The law simply requires initial capital of 500,000 and registration as a limited liability company. While the number of labor dispatch agencies has been increased dramatically, there is a general lack of oversight over these agencies and protection of dispatch workers. Large numbers of labor dispatch agencies are operated by family and friends of local labor security department officials, making them both “players and referees”, according to an official from the Ministry of Human Resources and Social Security cited in the article.

Click below to read the article:

[Rights of 60 Million Labor Dispatch Workers Hard to Protect](#) 

[6000万劳务派遣人员权益难保障](#) 

The third article, **An Investigation of the Dispatch Labor System**, points to the growing labor conflicts caused by the expansion of dispatch labor system. The article mentions a number of incidents since the implementation of the Labor Contract Law, such as the dismissal of 1,800 “temporary workers” from a TV station, the “collective resignation” incident at Huawei, and dismissals of employees by LG, Wal-Mart, and other foreign enterprises that have led to labor conflicts. Workers sometimes resort to desperate measures in order to draw attention to their plight, as was the case of dispatch workers from a Guangzhou beer company who threatened to jump off a bridge in a compensation dispute with the company.

In the past, CLNT has covered a number of issues and incidents related to dispatch labor. In the [July 2009 issue of CLNT](#) , we discussed labor dispatch in the case of a widely acclaimed labor dispatch agency called Quanshun Labor Dispatch Company that claims to produce a win-win situation for both workers and employers. As the use of dispatch labor became the target of criticism by labor scholars and advocacy groups in China, the [September 2009 issue of CLNT](#)  focused on an investigative report by Chinese college student group, the Student Coca-Cola Campaign Team, on the use of dispatch labor in a Coca Cola bottling plant, and the subsequent international campaign launched by Hong Kong-based NGOS [Students and Scholars Against Misbehavior \(SACOM\)](#) in support of the students. Despite such criticisms, there has not been any clear sign yet that this trend may be reversed.

Click below to read the article:

[An Investigation of the Dispatch Labor System](#) 

[调研劳务派遣制度](#) 

As in other countries, the use of dispatch labour constitutes a profound threat to building or maintaining a strong labour movement. Moreover, the murky relationship between labor dispatch agency and the actually employing enterprise on the one hand, and dispatch workers on the other not only complicates efforts by workers to establish their employment relations and claim their legal rights, but also creates barriers to effective trade union activities, especially organising, at the enterprise level.

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