AN OVERVIEW ON EMPLOYMENT AGREEMENTS IN BRAZIL AND IN CHINA

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ABSTRACT

This paper intends to compare Brazilian and Chinese labor legislations related to employement agreements, and to explain how they influence the way of doing business in both countries through a comparative analysis of the most relevant aspects. From an economic, political and historical perspective, labor legislation impacts wages, employment, domestic consumption and economic growth, among others. Employement agreements legislation affects labor market outcomes and business operations. This paper compares both legislations and concludes that regulatory changes have to be made in the near future in Brazil, in particular, but as well as in China; in order to provide a more effective environment to attain a sustainable economic growth.

Keywords: *Brazil. China. Labor Law. Employment Contract. Dismissal. Work Environment.*

1. INTRODUCTION

Labor law framework plays an important role in assessing the economic growth performance of economies and in influencing decision policies both at national and international level. There is no disagreement among mainstream scholars that an effective labor system has a positive impact on sustainable economic growth especially in emerging markets such as Brazil and China (Borensztein et al.,1998: 116; Costa, 2009: 105; Chen et al., 2010). Over the last decades, Brazil has established itself as one of the world's most important emerging markets and despite recent challenges that the country has been facing it remains as the largest economy in Latin America (World Bank, 2013). China is currently the second largest economy in the world (BBC News, 2014). China and Brazil are two of the BRIC countries (O' Neill 2001, 2011) and very few papers have been written and published internationally comparing employement contracts in Brazil and in China and their implications for companies operating in these countries.

Brazil and China present challenges for foreign direct investments (FDI) in legal areas such as labor laws. Indeed, labor laws in Brazil and in China are quite complex. The literature examining Brazilian labor law is as rich and thoughtful as it is expansive. Chinese labor legislations are also compound. Laws, norms and regulations are issued at different governamental level and in many cases overlapp previous rules, meanwhile other legal instruments remain silent regarding many labor issues affecting business in China (Josephs, 2003: 6; Guillaumond et al., 2013: 222). This paper intends to compare Brazilian and Chinese employement agreements labor legislations, and explain to foreign investors how these laws influence the way of doing business in both countries.

2. METHODOLOGY

FDI is considered an important driver for economic development particularly for emerging countries, such as Brazil and China (Borensztein et al., 1998; Chen et al., 2010). As managers regularly confront employment law questions, this study compares employment agreement labor laws in Brazil and in China and intends to show the reasons why some companies have difficult labor relations when doing business in these countries. The comparative method is very well adapted to provide an analysis of the most relevant aspects of the Brazilian and Chinese labor laws. The most relevant issues related to labor laws in Brazil and China have been selected as per a questionnaire to high-ranking HR and workplace level employees of multinational companies operating both in

Brazil and in China, representing different industries sectors. Firms-level respondents were selected using purposive sampling (Bryman, 2008: 415). In total, 35 questionnaires have been analysed between 2013 and 2014. Questionnaires were analysed for patterns and common issues and highlighted similarities and differences (Yin, 2009) in the light of the research questions (Burns, 2010). Six topics have received the largest number of common responses and concerns, as follows: Employment agreements, Dismissal, Wages, Working hours, Child Labor and Free association and Collective Bargaining. Employement agreements, Dismissal and Child Labor are the topics that showed the largest number of concerns by respondents. Thus, on this study we will compare only these three topics. This study might help companies in understading better the Brazilian and the Chinese labor markets and in formulating entry strategies in theses markets.

3. BRAZILIAN AND CHINESE LABOR LAWS: A Brief Overview

The Brazilian Constitution and the Consolidation of Labor Laws (*Consolidação das Leis do Trabalho* – CLT) are both considered as the basis of the Brazilian labor law system. The CLT is a broad set of rules with over 900 articles that deals with labor relations – individual and collective rights –, employment proceedings and labor courts system (Amadeo et al. 1992). In 1998, the Brazilian Constitution introduced additional labor rights. Article 7 of the Brazilian Constitution enumerates an impressive number of workers rights that may be divided as follows: safety in workplace; worker's booklet; minimum wage; maximum hours of work; paid weekly rest; maximum extra-time working hours; overtime minimum compensation payment; paid annual vacations; special protection clauses for women and children; maternity and paternity leave; insurance in case of unemployment and accident and funeral assistance; union organizations and the right to strike; different kinds of allowance or benefits, such as family allowance, education, transportation and protection against unjustified dismissals.

Brazilian labor law framework presents a rigid set of rules and quite high working rights and social standards levels. Brazilian labor laws do not provide too much space for negotiations between employers and workers and thus dramatically reduces any flexibility of employment agreement negotiations', in case of changes in the economic labor environment for instance. It is important to point out that collective employment relationship is not a quite usual practice in Brazil. The rigidity of the Brazilian legal framework opposes to a certain flexibility of the Chinese one, as it shows below.

Differently from Brazil, Chinese Constitution of 1982 (Constitution, 1982) only prescribes three basic labor rights: right and duty to work (Article 42); right to rest (Article 43); and right to retire (Article 44). Besides the Constitution, labor rights in China are based on other legal instruments, in particular the Labor Act of 1995. The Labor Act of 1995 is the foundation piece of legislation for the employment law regime in China. Recently, in order to transform and modernize China's labor system, the Chinese highest legislator's authority (the Standing Committee) promulgated the Labor Contract Act of 2007 that included significant changes to the existing legal framework (Allard and Garot, 2010; Brown, 2010). The most significant changes were related to the increase of individual employees' rights as well as to the strength of the structures for collective employees' representation. In summary, the most relevant laws and regulations governing labor relationship include, among others, the following:

- Labor Act, effective July 1, 1995;
- Labor Contract Act, effective January 1, 2008, amended with effect from July 1, 2013;
- Employment Promotion Act, effective January 1, 2008;
- Mediation and Arbitration of Employment Disputes Act, effective May 1, 2008;
- Labor Union Act, effective October 27, 2001;
- Implementing Regulations on Employment Contracts Act, effective September 18, 2008;
- Opinion on Several Questions Regarding the Implementation of the Labor Act, issued August 4, 1995
- Entry and Exit Control Act, effective July 1, 2013.

Most of these legal instruments are issued by the National People's Congress (NPC) and its Standing Committee. Some administrative rules and norms are issued by the State Council (the Central Government of China), by the Ministries or by commissions of the State Council. Local regulations are issued by the local people's congresses at different levels.

According to Article 8 of Labor Act of 1995, Article 6 of Labor Contract Act of 2007, and Article 18 of the Chinese Company Act of 2013, labor unions are entitled to represent employees and to sign collective bargain contract, covering issues such as labor remuneration, working hours, welfare, insurance, safety and health in the work place. In practice, most collective bargain contracts requires employers to ensure the increase of wages within a certain period of time, for instance for the next three years. Chinese labor framework is as complex and complicated as the Brazilian one as shows Figure 1 below.

Figure 1. Comparative Analysis of the Brazilian and Chinese Labor Framework

4. BRAZIL AND CHINA: A Comparative Labor Framework

In order to bring a broad overview of the selected relevant issues of the Brazilian and the Chinese labor laws framework which resulted from the questionnaires to high-ranking HR and workplace level employees of multinational companies operating both in Brazil and in China, this paper breaks out into three categories of worker's rights and employers' obligations, as follows: employment agreements, dismissal and child labor.

4.1. Employment Agreements

In Brazil, the CLT contemplates two types of employment agreements: for a definite and for an indefinite term period. Most of the employment agreements in Brazil are for an indefinite term period. Employment relationship is defined by the CLT, as per Article 3, as an employment relation where an individual – employee – provides regular or continuous services to an employer, under the orders of the latter, for compensation. If these conditions are present, an employment relationship is valid and enforced before Brazilian labor courts. Many employment relations in Brazil are more the result of factual circumstances than based on a written agreement. A written agreement is not required to evidence a labor relationship before Brazilian courts, since such evidence may be implied from factual circumstances – *de facto* employement relationship. A written employment contract may be in a foreign language. However, in the event of conflict, Brazilian law shall apply and the Portuguese version of the agreement will prevail.

In China, the term of the employment relationship is determined by the employment contract agreement. The rights and obligations of the parties, including procedures for disputes resolution are all subject to the terms of the written contract (Jiang, 2009, p. 64). Each full-time employee shall have an individual written employment contract. As in Brazil, an employment contract in China may be in a foreign language. If there are two or more languages adopted in the text of a labor contract, it shall be presumed that the terms and expressions in various versions have the same meaning. In case that the terms and expressions in different versions are inconsistent, they shall be interpreted according to the purpose of the contract. In practice, the parties of the contract choose which version will prevailed. Employment contracts in China should be in writing; however Chinese labor law recognizes the concept of *de facto* employment relationship. When a *de facto* employment relationship is deemed to exist, employers generally are entitled to most of the rights that has an employee relationship based on a written contract.

The Brazilian labor law recognizes six categories of employment agreements, as follows:

4.1.1. CLT worker

A CLT worker is an employee that has a legal and valid employment agreement with all employment conditions recorded in a special booklet called "*Carteira de Trabalho e Assistência Social*" – CTPS. This worker is entitled to all rights and obligations established by law. One can name this labor relationship as the formal employment agreement. Any change or modification in the employment relationship conditions requires the employee's express consent in writing, and shall not cause any loss (financial or otherwise) to the employee, otherwise the change is null and void (Article 468 of the CLT).

4.1.2. Interns

Interns are students duly registered on a public or private educational institution. They have the right to take a part-time job related to the course that they are enrolled. Interns may work up to six hours a day. Interns do not work under the protection of CLT, except regarding paid vacations and transportation benefits. Interns do not have the right to receive a mandatory minimum wage but most employers pay a "scholarship intern" (*Bolsa estágio*) that may be even higher than the national minimum wage. Employers do not have to comply with social security system obligations regarding interns employment contracts (Law n. 11,788, of September 25 2008). The final cost of hiring interns for companies is lower than the costs associated to hiring a CLT employee.

4.1.3. Trainees

Trainees are recently graduated students that are no longer enrolled in any educational institution. Trainees work under the CLT regime and they have rights and obligations established by law. As they are trained for the position that they will probably take in the future, their wage is cheaper than a more experienced worker. However, even if the wage paid to trainees is lower than a more experienced worker, it has to be higher than the official federal minimum wage and the company has to comply with social security system obligations regarding trainee's employment relationship.

4.1.4. Cooperative worker

An individual that joins as an associated worker of a legal entity called cooperative ("*coooperativa*") is not considered as a CLT Worker. Cooperatives are legal entities that have their own statutes. Cooperative workers do

obey rules and regulations expressed on their statutes. A cooperative worker is not considered as being part of an employment relationship as they are perceived by law as more like partners than employees.

4.1.5. Self-employed

A self-employed individual is a worker that performs his/her tasks without an employment relationship. A self-employed person provides services to one or more legal entities without fulfilling the legal conditions of an employment relationship, such as hierarchical subordination, permanent work and monthly salary. Self-employed individuals work through their own legal entity that renders services to other legal entities.

4.1.6. Domestic employee

Domestic employees are those workers providing domestic services to an individual (Law n. 11.324, of 2006) and have all the same rights and obligations of formal or regulated workers (or CLT workers), including the rules applied to the severance fund FGTS (*Fundo de Garantia por Tempo de Serviço* – FGTS), as per Constitutional Amendment n. 72, of 2013. Domestic employees do not provide services to legal entities or companies.

In China, there are several categories of employment agreements. The most used forms are as follows: 1) employment contract (劳动合同, *lao dong he tong*); 2) working contract (劳务合同, *lao wu he tong*); 3) hiring contract (雇用合同, *gu yong he tong*); and, 4) personnel contract (人事合同, *ren shi he tong*).

4.1.7. Employment contract (劳动合同, lao dong he tong)

Generally speaking, the employment contract is widely adopted by companies. The worker of an employment contract is regarded as formal worker and entitled to all rights and obligations provided by the Chinese Labor Act of 1995 and the Labor Contract Act of 2007. There are three kinds of employment contract: (a) non-fixed term contract; (b) fixed-term contract; and (c) seasonal or casual contract. Employment contract shall include the following contractual clauses as mandatory: name, domicile and legal representative or main person in charge of the employer; name, domicile and number of the resident ID card or other valid identity document of the worker; term of the employment contract; job description and place of work; working hours, rest and leave; labor compensation; social insurance; labor protection, working conditions and protection against occupational hazards; and other matters that may be required by local rules.

4.1.8. Working contract (劳务合同, lao wu he tong)

Retired employees that are re-employed by the former employer or by other employer are hired through a working contract (劳务合同, lao wu he tong). There is no employment contract as explained above. The working contract employees are not granted with rights and obligations established by the Labor Act of 1995 and the Labor Contract Act of 2007, neither they do have the same social security treatment of employees under an employment contract. The reason is relative simple: employees had already received social security benefits (such as pension, medical insurance etc.) under their former-employment contract.

4.1.9. Hiring contract (雇用合同, gu yong he tong)

Under a Hiring Contract, the employer is an individual rather than a legal entity. In most cases, in a hiring contract the employee provides domestic services. Employees on a hiring contract are mainly protected by the provisions of the Labor Act of 1995 rather than by the Labor Contract Act of 2007.

4.1.10. Personnel contract (人事合同, ren shi he tong)

State organs, such as the administration, or state-owned non-profit institution (*shi ye dan wei*), such as university or researching institutes are the sole authorized employers of a personnel contract. Personnel contract employees are not entitled to the same labor rights and social security treatment as working contract employees. Besides, there are some special legislations applied to personnel contract issued by the NPC, such as the Civil Servant Act of 2005, the Higher Education Act of 1998, or provisions issued by the State Council, China's central government, and its branches.

From a comparative perspective, Brazil has six categories of employement contact in opposition to four categories in China. Brazilian CLT worker category includes two Chinese categories, employement contract and working contract. However, working contract category in China has limitations and restrictions that are not all of them similar to the provisions of the Brazilian legislation. An employee that is already retired in Brazil has, in general, the same rights of a CLT Worker, the most important difference being that the employee will not receive an increase of social security benefits related to this new period of work. Interns and self-employed workers are

seldom mentioned by Chinese labor laws and do not constitute a category of an employment agreement in contrast with the Brazilian legislation. Limited rights established by the Chinese labor law regarding hiring contract used to be quite similar to those provided by the Brazilian legislation. But, Brazil amended its Constitution in the recent past and currently a domestic employee has mostly all labor rights as a CLT Worker. Public officer in Brazil is subject to specific legislation, including special social security treatment and CLT rules do not apply to this kind of agreement. One can affirm, however, that in Brazil and in China public officers have a special legal regime. In Brazil, two term periods of employment agreements are established: definite and indefinite term. Chinese labor laws are more flexible than Brazilian laws, as it contemplates three more adaptable term periods of employment agreements: non-fixed term contract, fixed-term contract, and seasonal or casual contract.

Figure 2. Comparative Analysis of Categories of Employment Agreement in Brazil and in China

4.2. Dismissal

As per Brazilian labor law, termination of an employment agreement requires employer and employee to execute a "Termination Form" describing all payments made to the employee, in the presence of a representative of the employee's union or of the representative of the Labor Ministry Department. According to China's Labor Contract Act of 2007, a labor contract may be dissolved if the employer and the employee reach an agreement upon negotiations. In Brazil, an employment agreement may be terminated without cause or based on a cause. In China employers and employees are allowed to terminate an employement relationship only in accordance with circumstances established by law – based on a cause. It does not exist termination without cause in China as it does exist in Brazil.

4.2.1. Termination by the employer

A prior dismissal notice is mandatory in Brazil and it ranges from thirty to ninety days, depending on the number of years of the employment agreement. During the dismissal notice, workers have the right to two hours off per day in order to allow them to find another job position. Before the change of the legislation in 2009 that has extended the prior dismissal notice to up to ninety days, it was a general practice for companies to pay an indemnification fine – that used to be equivalent of thirty days work – and in this case the dismissal would take place immediately upon notice. Since then, however, as the fine should go up to ninety days work, the dismissal cost is much higher and companies may face difficulties to pay the indemnification fine, in particular for long term employment relationship. Termination of the employement contract by employer without cause implies costs that are quite high, for instance: prior notice of unjustified dismissal payment; salary until the date of termination; not used earned paid vacations plus an additional equivalent to one-third of payment; pro-rated paid vacation plus an additional equivalent to one-third payment; 13th salary – pro-rated 13th salary, depending on the date termination; deposit of the severance fund –FGTS – of the month of the termination; an FGTS fine equivalent of fifty-percent of the total amount deposited in the employee's banking account at *Caixa Econômica Federal*, a Government financial institution – an amount of 8% of the worker's monthly wages is retained monthly and receives interest rates and monetary indexation –; labor rights established by collective bargaining agreement, and any other compensation or benefit contractually agreed with the employee. The Brazilian CLT set forth several grounds for termination of an employment agreement by the employer (Article 482 of the CLT). Despite that, in practice, it is quite difficult for employers to proof one of the termination causes set forth by law before a labor court in Brazil. When an agreement is terminated by the employer based on justified causes, the employee has the right to receive the salary due until the date of the termination; not used earned paid vacations plus an additional equivalent to one-third of payment. However, most of the employment agreements in Brazil are terminated by the employer without cause and employer incurs in high costs of dismissal, as mentioned above.

Chinese labor law establishes grounds for termination by the employer, without notice and neither severance payment due to employee. An employee shall receive a thirty days prior notice and severance amount only in three cases: (a) when the employee has fallen ill or sustained a non-industrial injury and, at the end of the medical treatment period, can neither engage in the original work nor in other work arranged by the company; (b) when the employee is incompetent and remains incompetent after training or assignment to another post; or (c) when the performance of the employment contract becomes impossible due to a major change in the circumstances upon which the employment contract was based, and consultations between the parties fail to reach an agreement. The 30-day advance written notice may be replaced by an additional payment equivalent to one-month salary. The severance amount varies as follows: one-month salary per year, if the employement relationship last more than a year; one-month salary, if the employement relationship last more than six months but less than a year; and half a month salary, if the employement relationship last six months. The monthly salary is equivalent to the average wage received by the employee during twelve months previous to the termination of the employement relationship. However, the maximum compensation amount shall not exceed three times of the local average

monthly salary standard of the previous year, as per data provided by the provincial government of the company's location.

Chinese employers are not permited to unilaterally terminate an employement relationship, unless in accordance with circumstances established by law. Termination of an employement agreement by an employer without a cause is allowed in Brazil, at will of the employer and it is a very common in practice, as it is quite complicated to enforce at the labor courts grounds for termination based on a cause.

Figure 3. Comparative Analysis of Grounds of Termination in Brazil and in China

4.2.2. Termination by the employee

Termination by the employee in Brazil occurs by resignation or by breach of the agreement by the employer. In case of resignation, the employee is entitled to the amount mention above for cases of termination by employer based on a justified cause. In case of indirect termination of the employment agreement based on a fundamental breach by the employer, the employee shall seek an order from the labor court recognizing the indirect termination of the agreement and ordering the payment of all sums due in case of termination of the employment agreement by employer without cause, including any outstanding payments.

In China, the employee may terminate an employment relationship only if the employer violates the Labor Contract Act of 2007. In case of violation by employer, the employee has to send a written notification to the employer within thirty days in advance or three days in advance – if the employee is during a probation period. In case of termination, the employee is entitled to the same severance amount mention above for the cases of termination by employer based on a thirty days prior notice.

Brazil and China establish on their respective labor laws grounds for employer dismissal. Grounds for termination' list is more detailled in Brazil than in China. Nevertheless, in Brazil is quite difficult to enforce a dismissal based on the grounds provided by law before Brazilian labor courts. In most cases, termination of the employment agreement by employer occurs without cause or not mentioning the termination grounds established by law. Termination of an employment agreement in China must be based on grounds of termination established by law. Contrary to Brazil, Chinese courts do enforce the grounds of termination established by law. Termination of the employement relationship by employer at will does not exist in Chinese law as it does in Brazil. Costs of termination of an employment agreement in Brazil are much higher than in China. Differentely from Brazil where an employee can resign an employement contract, an employee in China may only terminate an employment agreement based on grounds established by law.

4.3. Child Labor: Brazilian and Chinese Perspective

Brazil and China regulate child labor in a very similar way with minor differences. As per Brazilian Law, minors under the age of eighteen years old are not allowed to work at night or in dangerous or unhealthy work environment. Also, all kinds of work are forbidden for minors under the age of sixteen years old. The exception to this rule is for minors above fourteen years old but only to work as an apprentice (Brazilian labor law – more specifically article 7, XXXIII of the Brazilian Constitution – and the Statute of the Child and Adolescent – *Estatudo da Criança e do Adolescente* – ECA, Law n. 8.069 of July 13th 1990). Besides that, Brazil ratified ILO 182 Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor and ILO 138 Convention concerning the Minimum Age for Admission to Employment.

In China, at the age of 18 years old, the individual is considered as an adult and has the right and duty to work. Minors at the age of 16 years old that have concluded the nine-year compulsory education are allowed to work. Minors under the age of 16 are allowed to work for institutions engaged in literature and art performance, athletic associations, and special manufacturing associations. Minors in general are forbidden to work at night or in dangerous or unhealthy work environments.

5. CONCLUSION

This study compares three aspects related to labor laws in Brazil and in China: employement agreements, dismissal and child labor. This paper tries to explain, through a comparative legal analysis, the differences that companies may experienced when doing business in Brazil and in China regarding three issues. This paper shows the complexity of both legal systems. The current strict set of rules and standards regarding the employement contract and dismissal in Brazil reflects a very high protection of the rights of workers. In a short term perspectice, this is a positive side for employees; nevertheless in a long term it brings out costs associated to this rigidity of the system to employers that might compromise the countries capacity to attract FDI. One can argue that the current employment and dismissal aspects in the Brazilian labor law may promote delocalization of Brazilian companies.

On the other hand, the Chinese labor system regarding employement contract and dismissal is more flexible than the Brazilian one and allows for instance employment agreement negotiations' in the event of economic changes and the possibility of seasonal or casual employement contracts. However, to guarantee further employees rights, the Chinese labor law framework needs also some improvements. Nevertheless, it is much easier to increase employees rights than to do the opposite. One can conclude that China has an advatange regarding Brazil on this matter. Child labor limitation provisions are quite similar in both countries.

A number of other issues related to labor laws in Brazil and in China have been identified from the questionnaire, such as wages, working hours, and free association and collective bargaining. These issues may be object of a further legal comparative analysis. Another issue that clearly deserve closer examination is to develop and to empirically test hypotheses relating to the likely impact, enforcement and compliance of labour laws in both countries. The results of this study encourage future research on the enforcement and compliance of labor issues in Brazil and in China.

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Figure 1. Comparative Analysis of the Brazilian and Chinese Labor Framework

Brazilian Labor Framework	Chinese Labor Framework
（1）severance-pay to the employee dismissed arbitrarily or dismissed without just cause	Article 40, Labor Contract Act 2007
（2）unemployment insurance	Chapter 5, Social Insurance Act 2005
（3）severance-pay fund	N/A★
（4）minimum monthly wage	Article 48, Labor Act 1995
（5）a salary floor in proportion to the extent and complexity of the work	N/A
（6）irreducibility of the wages	N/A
（7）guarantee of wages	N/A
（8）year-end one-salary bonus	Regulations on the Implementation of Individual Income Tax Act, issued by State Council in 2008
（9）pay rate for night-shift work higher than that for daytime work	N/A
（10）wage protection	Article 50, Labor Act 1995
（11）participation in the profits or results, independent of wages	N/A
（12）family allowance paid to each dependent of low-income workers	N/A
（13）working hours	Article 36, Labor Act 1995; Article 3, Provisions on Workers' Working Hour, by State Council, 1995
（14）workday of six hours for work carried out in continuous shifts, unless otherwise established by collective bargaining	N/A
（15）paid weekly leave	Articles 38, 51, Labor Act 1995; Opinions on several issues of Carrying out the Labor Act by Labor Ministry
（16）rate of pay for overtime work	Article 41, Labor Act 1995
（17）annual vacation with remuneration	Article 45, Labor Act 1995
（18）maternity leave	Articles 29, 62, Labor Act 1995; Article 27, Women Rights Protection Act 2005
（19）paternity leave	N/A
（20）protection labor market for women through specific incentives,	Article 13, and Chapter 7, Labor Act 1995; Article 22, Women Rights Protection Act 2005

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（21）advance notice of dismissal in proportion to the length of service	Article 26, Labor Act 1995; Article 40, Labor Contract Act
（22）reduction employment related risks by means of health, hygiene and safety rules	Article 52, Labor Act 1995
（23）additional remuneration for strenuous, unhealthy or dangerous work	N/A
（24）retirement pension	Article 70, Labor Act 1995; Chapter 2, Social Insurance Act 2010
（25）free assistance for children and dependents of up to five years of age	Measures for the Implementation of the Maternal and Infant Health Care Act, by State Council in 2001; Sets on Labor Protection of Female Worker, by State Council in 1988
（26）recognition of collective bargaining agreements and covenants	Article 8, Labor Act 1995
（27）protection on account of automation	N/A
（28）occupational accident insurance	Regulations on Employment Injury Insurance, by State Council in 2010
（29）legal action, with respect to credits arising from employment relationships, with a limitation of five years for urban and rural workers, up to the limit of two years after the end of the employment contract	Labor Disputes Mediation and Arbitration Act 2007
（30）prohibition any difference in wages, in the performance of duties and in hiring criteria by reason of sex, age, color or marital status	Article 12, Labor Act 1995; Article 22-25, 27, Women Rights Protection Act 2005
（31）prohibition any discrimination with respect to wages and hiring criteria of handicapped workers	Article 14, Labor Act 1995
（32）prohibition any distinction between manual, technical, and intellectual work or among the respective professionals	N/A
（33）prohibition night, dangerous, or unhealthy work for minors under eighteen years old and of any work for minors under sixteen years of age, except apprentice, for minors above fourteen years of age	Article 15, Labor Act 1995; Article 38, Minors Protection Act of 2006 (Article 28 in the version of 1991); Article 23, Women Rights Protection Act 2005
(34) right to strike	N/A

★ N/A: Not Applicable

Figure 2. Comparative Analysis of Categories of Employment Agreement in Brazil and in China

Categories of Employment	
Brazil	**China**
CLT Worker	Employment contract { Working contract
Interns	N/A★
Trainees	N/A
Cooperative Worker	N/A
Self-employed	N/A
Domestic employee	Hiring contract
Public officers	Personnel Contract

★ N/A: Not Applicable

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Figure 3. Comparative Analysis of Grounds of Termination in Brazil and in China

Causes of Termination	
Brazil	**China**
1. performance of dishonest act	1. employee commits serious dereliction of duty resulting in major harm to company's interests
2. lack of self-restraint and improper conduct	2. employee seriously violates company's rules or regulations
3. performance of regular business transactions, when such transactions are in competition with employer's business and are detrimental to employee's activities	3. employee has established an employment relationship with another employer which materially affects the performance of his tasks with the first employer, or he refuses to rectify the matter after the same is brought to his attention by the employer
4. criminal conviction, upon final decision	4. employee is prosecuted for criminal offense
5. sloth by employee in the performance of his/her duties	5. employee has not satisfied conditions of employment during the probation period
6. usual drunkenness or drunkenness during working hours	6. See 2 above
7. violation of the company's trade secrets	7. See 2 above
8. act of insubordination	8. See 2 above
9. abandonment of employment	9. See 2 above
10. act injurious to the honor or reputation of any person or physical violence, except in case of legitimate defense	10. See 2 above
11. act injurious to the honor or reputation of employer or employee's superiors	11. See 2 above
12. constant gambling	12. See 2 above
13. acts against national security evidenced by administrative investigation	13. N/A⋆
14. N/A⋆	14. employee uses means as deception or coercion, takes advantage of the employer's difficulties, to cause the employer to conclude an employment contract, or to make an amendment thereto, that is contrary to the employer's true intent

⋆ N/A: Not Applicable

Figure 4. Grounds for Termination of the Employment Agreement by the Employee

1) employer fails to provide labor protection or working conditions as stipulated in the employment contract	2) employer fails to pay on due date the full amount of remunerations
3) employer fails to pay social security premiums for the employee	4) employer promulgates internal rules contrary to any law or regulation in force and that impair the rights and interests of employees

Figure 4. Termination of Employement Agreements in Brazil and in China

	Brazil	**China**
Termination by employer	- Based on grounds established by law. - At will of the employer (without a cause).	- Based on grounds established by law, only. - N/A⋆
Termination by employee	- By resignation - By breach of the employment agreement by the employer.	- N/A⋆ - By breach of the employment agreement by the employer as per speficic grounds established by law.
Termination by both parties	- Similar to the employers' at will termination (without a cause).	- Mutual agreed negotiation by both parties.

⋆ N/A: Not Applicable