- To set up flexible and simple litigation procedure, shorten the time to be spent on litigation and simplify the procedure. Minor labour disputes settlement system should be established to promote prompt and cost-saving settlement.

- To establish and perfect trade union-based legal aid system, in order to provide public assistance to employee, which may in disadvantaged position in disputing with enterprises or their counsels.

VI. Conclusions

Entering the new millennium, human beings are confronted with both opportunities and challenges. China' accession into WTO and application of internationally accepted trade rules have made it necessary to adjust other rules. Against this background, integration of China' legal system with international conventions is an urgent task.

In 1980s, despite China was at the climax of conducting economic reform, its social-economic life was still dominated by planned economy. Accordingly, the labour dispute settlement system, restored then, shows traits of planned economy. This can be seen from the name of *Provisional Regulations on Labour Dispute Settlement in State-run Enterprises*, which was issued by the State Council to match *Provisional Regulations on Labour Contract System in State-run Enterprises*, and other administrative regulations. Against this background, the labour dispute settlement system was oriented toward revitalisation of state-run enterprise and shows obvious transitional characteristics.

Historical background determines a system. In line with the above-mentioned setting, labour dispute settlement system, both mediation and arbitration, had narrow coverage of state-run enterprises since its restoration. The special features of labour relations in state-run enterprises have limited the universality of the system. Consequently, a vacuum was left in handling labour disputes in non-state enterprises until August 1993. However, the settlement procedures, designed in accordance with labour relations in state-run enterprises, may not always be suitable to other enterprises.

Regulations on Settlement of Labour Disputes in Enterprises, issued in July 1993, widened the coverage of the system from state-run enterprises to enterprises of all forms of ownership. It was a great step forward. In the following year, promulgation of *Labour Law* legally confirmed the system.

Looking back at the system over the ten years from 1993 to 2003, obvious shortcomings in the system can be observed. Most of them has been analysed in this article. The shortcomings can be summed up as follows:

- The labour dispute settlement system, restored under planned economy, can not keep abreast of the market-oriented reforms. Such system has restricted the adjustment of labour relations. For example, as *Regulations on Settlement of Labour Disputes in Enterprises* are aimed at enterprises, what should apply to other organisations remains up in the air.

- The labour dispute settlement procedure can not meet the requirements of regulating labour relations in market economy. For instance, the current arbitration and litigation procedure lag far behind the demands of life.

- Rigid labour dispute mediation and arbitration procedures, emulating litigation procedure, have prevented the system from effective functioning.

- Legislation lags behind. Since the enactment of Labour Law in 1994, there has been a slow progress in labour dispute settlement legislation. In recent years, a number of interpretations on labour dispute litigation procedure have been issued under the weight of calls for China's judicial system reform. On the contrary, legislation of mediation and arbitration remains the same as 10 years ago, in spite of the drastic changes in economy and other legal system. It is urgent to modify the current laws and regulations in the field of labour dispute settlement.

In view of the situation, the labour dispute settlement system reform should involve:

- Reforming the labour dispute mediation organisations in line with the demands of market economy. With reference to the reform of People's Conciliation System, it is necessary to make timely amendments to the labour dispute mediation system, and grant mediation results conditional legal binding force to prevent mediation from a nominal and void procedure. It is also of importance to strengthen the flexibility of mediation procedure and prevent it from turning into arbitration and litigation.

- Building labour dispute arbitration system in accordance with the demands market economy, involving tripartism principle, free choice of arbitration or litigation. Reforming arbitration organisations and strengthening arbitrator accreditation system.

- Simplifying litigation procedure in accordance with substantive legal relation, establishing minor labour dispute litigation procedure, as well as legal aid system, with reference of experience in developed countries.