



**China Social Security Forum**  
*(Beijing, Saturday, 23 September 2006)*

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Salutations,

Ladies and gentlemen,

I shall be saying nothing even remotely controversial in highlighting as the backdrop to this forum the truly remarkable economic growth of China in recent years. The ILO's Regional Office has just published a new survey "Labour and Social Trends in Asia and the Pacific 2006", which focuses at the outset on the strong economic and productivity growth of Asia as a whole over the last decade. But the

survey points out that “... the two main engines behind the rise of Asia are China and India. They have emerged as global economic powerhouses, shifting the growth pole from the West to the East”.

In this context, it is timely to take stock and consider the role of social security and social protection in present-day China. Looking towards China itself, we can expect to learn a good deal from a system of pension and other benefits, whose basic aim of course is to promote social peace and harmony through social protection of its workers, and which has grown up in the context of a society which greatly prizes respect for and care of its senior citizens. More than that, however, and looking outwards to the international perspective, the sheer size of China’s population and workforce means that the progress which is made here in the coming years towards the objective of full social security coverage will go quite a long way towards fulfilment of the corresponding objective at the global level. As a fundamental component of the ILO’s decent work agenda, this is of vital importance to us.

Many of the topical questions for social security schemes in China reflect similar concerns elsewhere in the world, but with, of course, very much a Chinese flavour – and an eye to the massive challenge of meeting the social needs of over 700 million workers. One issue of concern in most countries is that of ageing populations, reflecting, amongst other trends, rapidly increasing longevity. What impact is this having on, firstly, the age at which workers tend to retire? What does it mean as regards their needs for pensions, and the length of time for which pensions are paid? What questions, moreover, do we need to ask in relation to the provision of health services under social security? – and that opens another strand of discussion on the agenda for the forum. A further issue of increasing and topical concern, with links to social security, is the incidence in China of HIV/AIDS. Here, again, is a topic where the ILO, through our programme to combat HIV/AIDS in the workplace, has a special contribution to offer. On the other hand, virtually every aspect of China's enterprise system, and the role of the workforce, is unique to China, and that characteristic is certainly

reflected in the solutions that have been sought to the many topical issues in social protection.

One distinctive feature of China's approach is a decentralizing trend. Within a framework set at the national level, the provincial administrations have sought wherever possible solutions which are in harmony with "local" needs – even if the word "local" embraces millions of workers. Decentralization has its advantages – in terms, for example, of the responsiveness of schemes and their administration – but also some potential pitfalls. One such instance is the "portability" of benefit rights when individuals move, as will be increasingly likely, as the trend for migration of workers from rural to urban areas gathers pace. The scope for, say, agricultural work – the need for farmers in the traditional manner – will surely reduce in the future, and it seems important to recognize that the new ways in which individuals go about finding work are starting to blur what was once a much sharper division between "urban" and "rural". I note that the programme for the forum includes a paper on this important topic.

And here is a second distinctive feature of China's approach in striving to develop schemes that provide more equally, and therefore, again, promote greater social harmony, as between rural and urban workers. Again, we can embrace very positively the initiative to find solutions which meet the needs of the people where they are living, yet still express caution as to the possible difficulties of implementation for the benefit of a workforce which is becoming ever more mobile.

The questions themselves have major impacts on the costs of social security provision, the questions of affordability and sustainability, which are already issues of some concern in China, and on the matter of whether and how we need to consider new investment channels for the large funds being built up by the social security institutions. In turn, this leads us close to the heart of the national economy.

All in all, it is clear that the subject of this forum is a very large one indeed. We must address questions which are of fundamental

importance not only to the development of the social, labour market and enterprise infrastructure of the country, but in a very real way to its national economy. Not only are the questions important in real and human terms, but the research needed to resolve them promises to be of considerable interest intellectually. I look forward to a programme of discussions which promises to be not only relevant and forward looking, but wide ranging and lively to the highest degree. I wish you full success in your deliberations.