



Extension of social insurance coverage informal economy and migrant workers in China

By Liu Yanbin



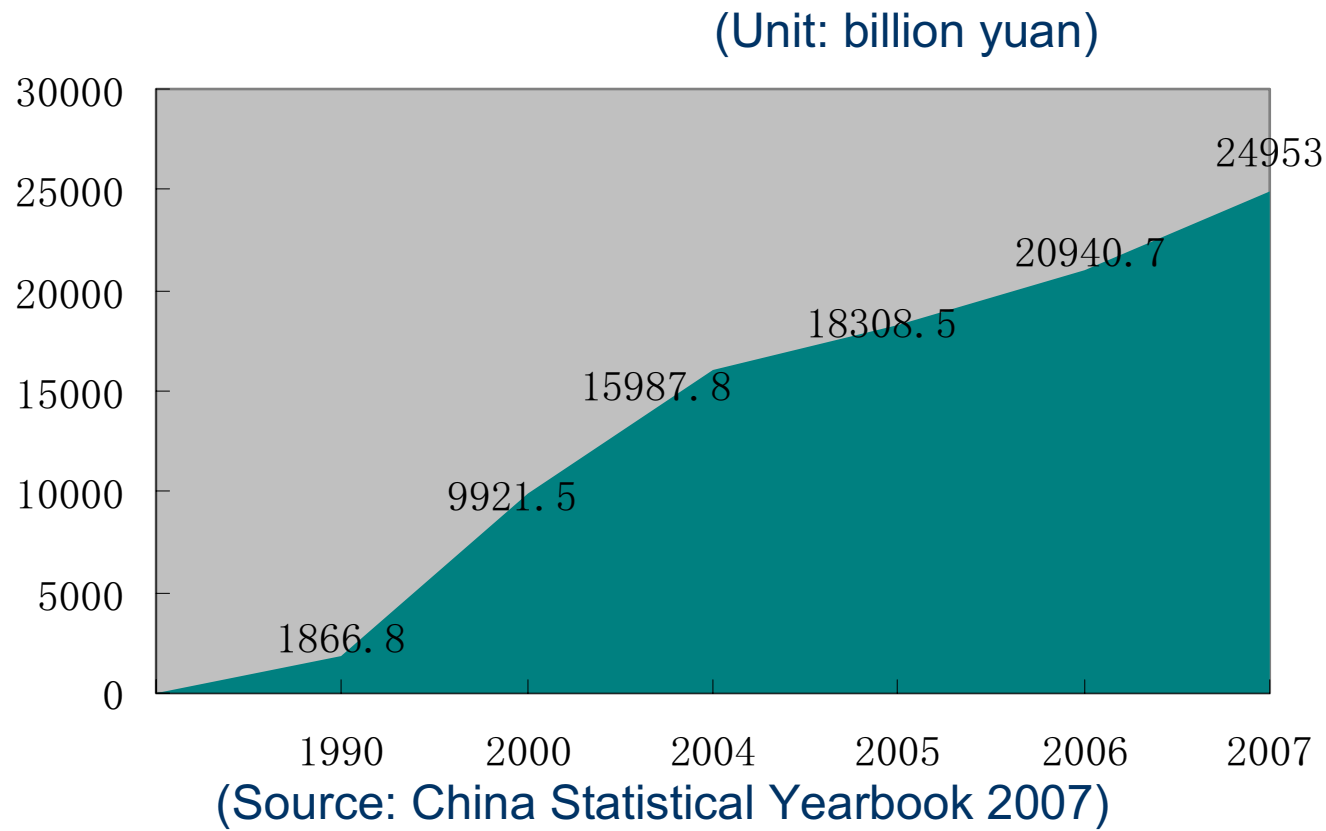
Extension of social insurance coverage informal economy and migrant workers in China

- **Increasingly extended social insurance coverage and improved benefits level in China**
- **Main measures and practice in China**

Increasingly extended social insurance coverage and improved benefits level in China

- **1. Social security coverage is obviously enlarged.**
- **2. The benefits level is continuously increased.**
- **3. Sustainability of social security fund is gradually promoted.**

Chart 1: Historic Figures of GDP in China

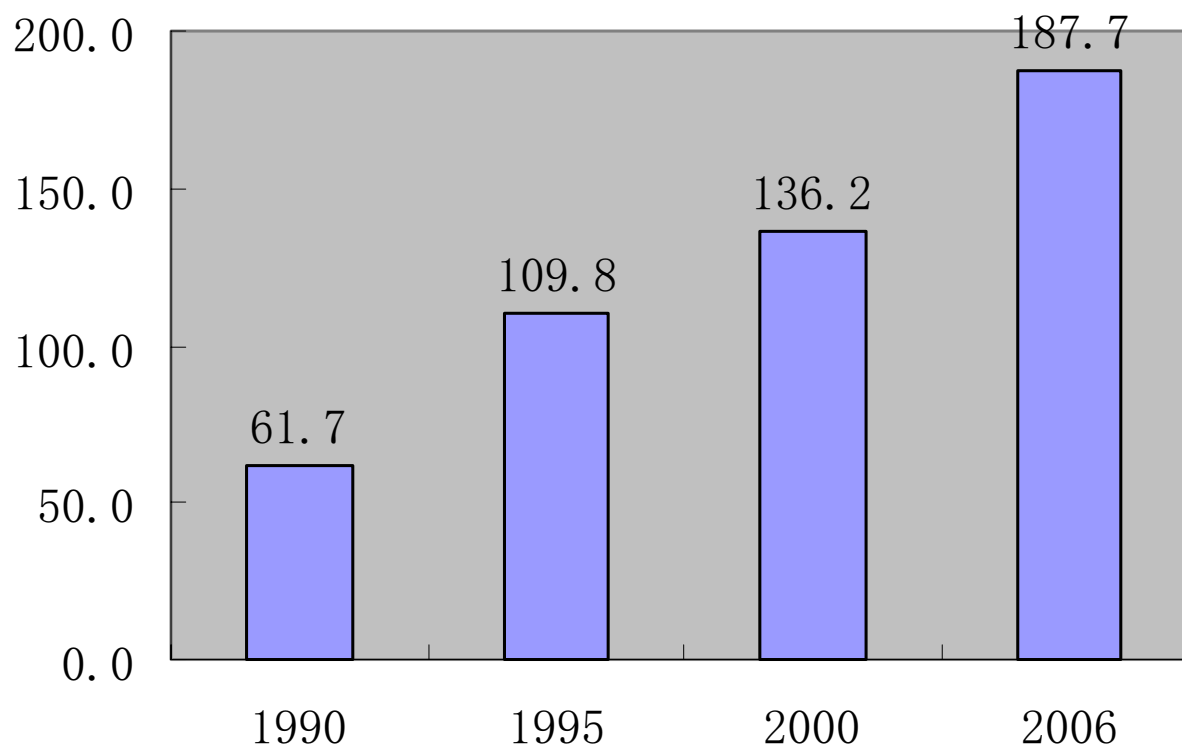


1. Social security coverage is obviously enlarged.

- By the end of 2006, the number of participants in basic old-age insurance and basic medical insurance is 187,660,000 and 157,310,000 respectively, increased by 32.3 percent and 115 percent compared with that of 2001, participating rate is 66.2 percent and 55.5 percent of urban employees (See chart 2 and Chart3).

Chart2: Historic Figures of Contributors and Pensioners of Basic old-age Insurance in China

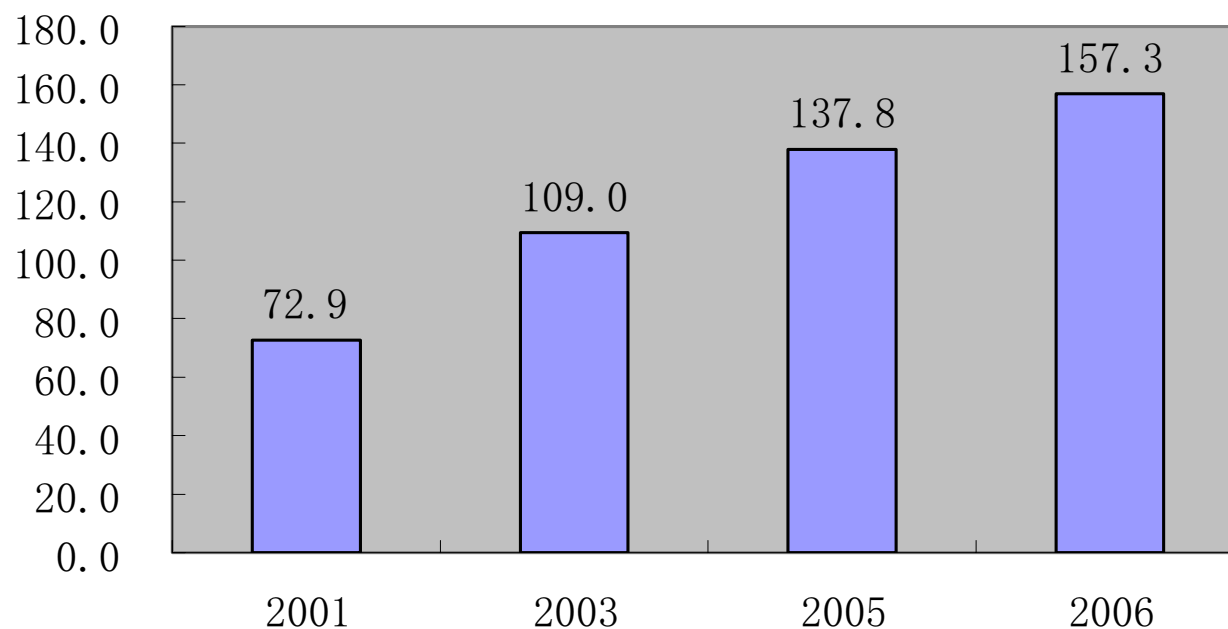
unit: million person



(source: China Labour and Social Security Yearbook 2007)

Chart3: Historic Figures of Contributors of Basic Medical Insurance in China

unit: million person



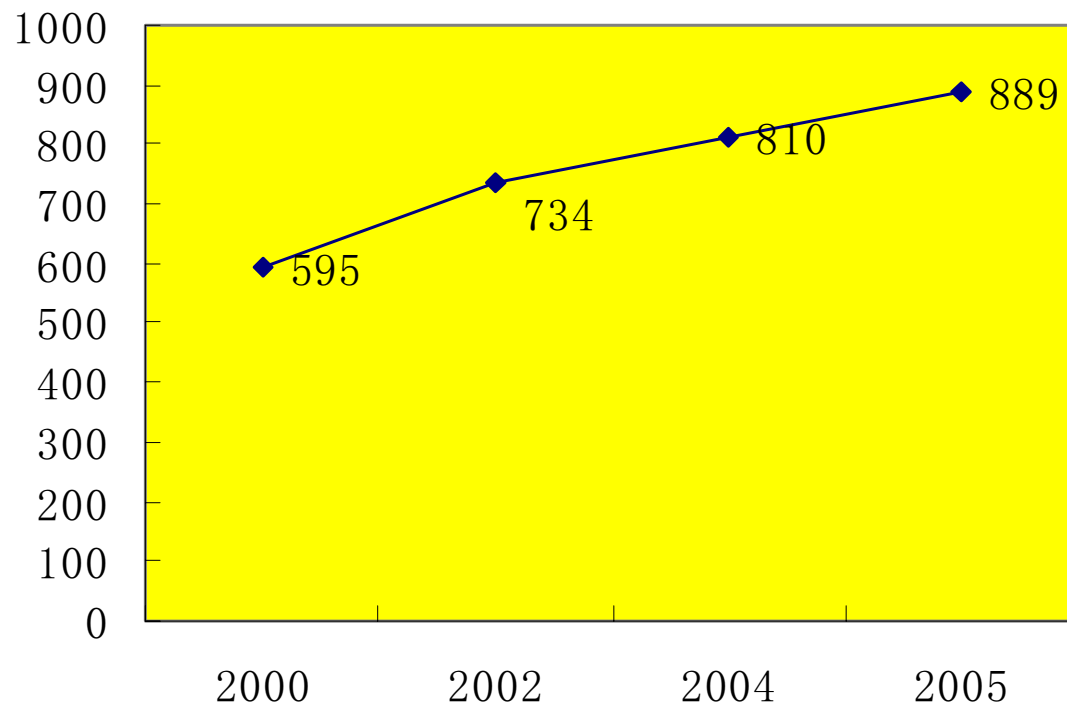
(source: China Labour and Social Security Yearbook 2007)

2.The benefits level is continuously increased

- In 2005, the national average old-age insurance benefit is 889 yuan per month; it has increased by 49.4 percent compared with that of 2000 (See chart 4, Yearbook p585).

Chart4: Historic Figures of Average Pension in China

(unit: yuan per month)

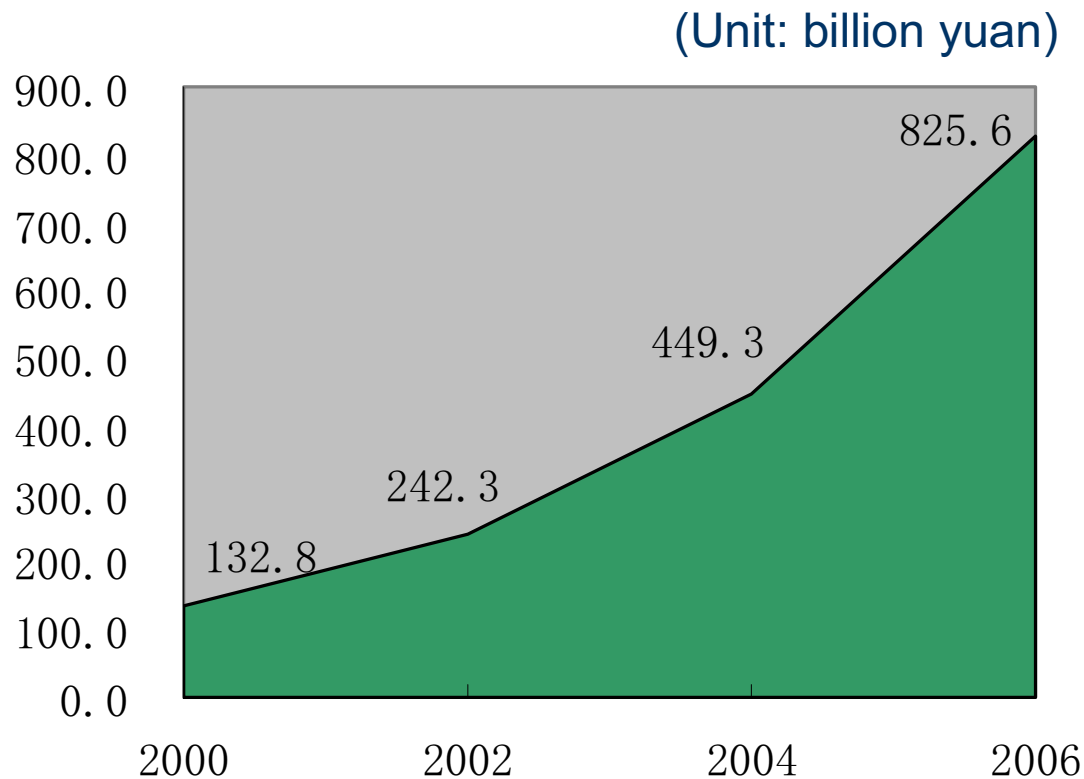


(source: China Labour and Social Security Yearbook 2006)

3. Sustainability of social security fund is gradually promoted.

- In 2006, overall revenue of five schemes is 864.3 billion yuan, expenditure is 647.7 billion yuan, which is increased by 2.26 times and 1.71 times respectively than that of 2000. In 2006, the surplus of social insurance funds is 825.5 billion yuan, which is increased by 5.22 times than that of 2000. The revenue of social security fund is increased by 20 percent annually. (See chart 5).

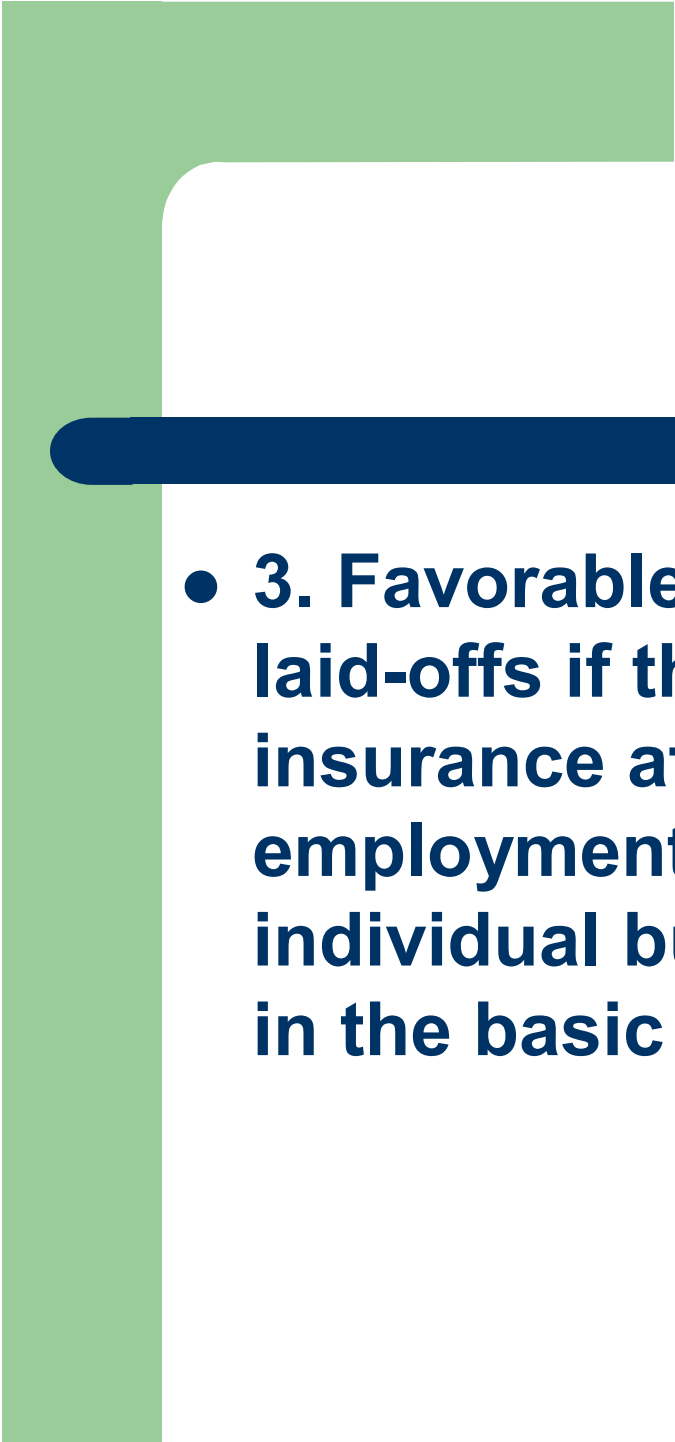

Chart5: Historic Figures of the Surplus of Social Insurance Funds



(source: China Labour and Social Security Yearbook 2007)

II. Main measures and practice in China

- **1. Dealing appropriately with social security issues during the mechanism transference.**
- **2. Persons in the form of flexible employment are included in the basic old-age insurance, extending social insurance coverage.**

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- **3. Favorable policies are provided to the laid-offs if they participate in the social insurance after entering to the flexible employment and to the disabled individual businessmen if they participate in the basic old-age insurance.**

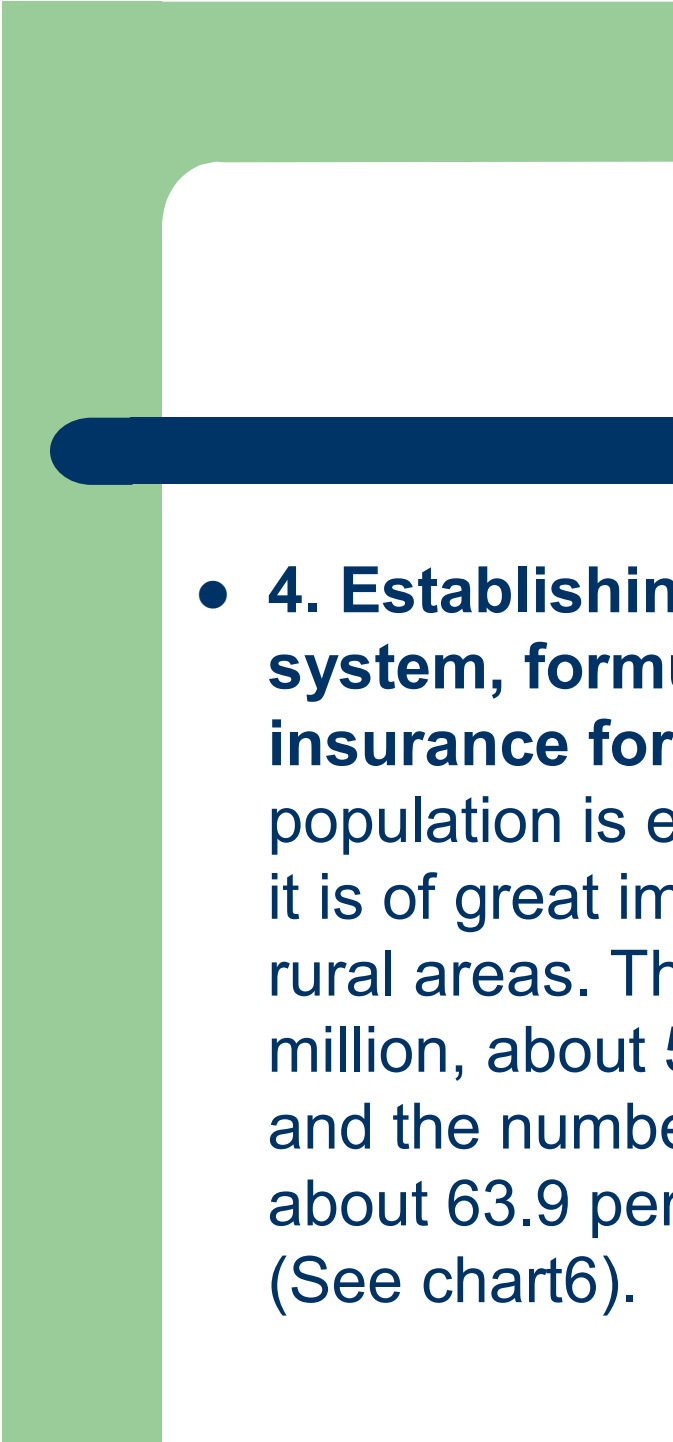

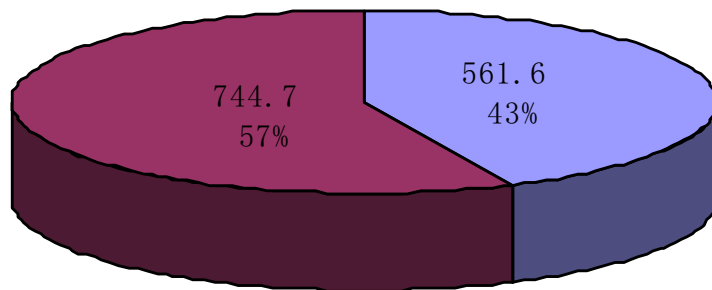
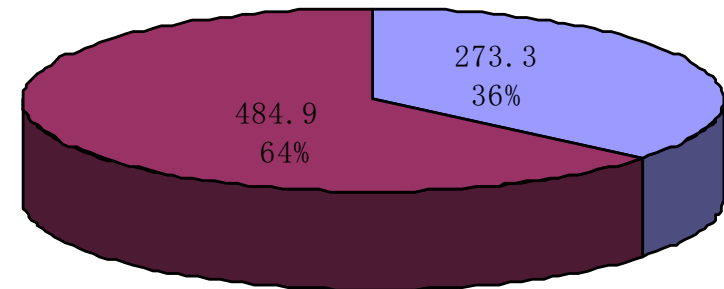
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- **4. Establishing new rural cooperative medical system, formulating policies relevant to medical insurance for urban residents.** In China, most of the population is employed and located in rural areas, so it is of great importance to extend social coverage to rural areas. The population in rural China is 744.7 million, about 57 percent of the overall population; and the number of the rural employed is 484.9 million, about 63.9 percent of the overall employed population (See chart6).

Chart 6: Population and Employment in Urban and Rural areas in China

- (unit: million person)



■ Urban Population ■ Rural Population



■ Urban Employment ■ Rural Employment

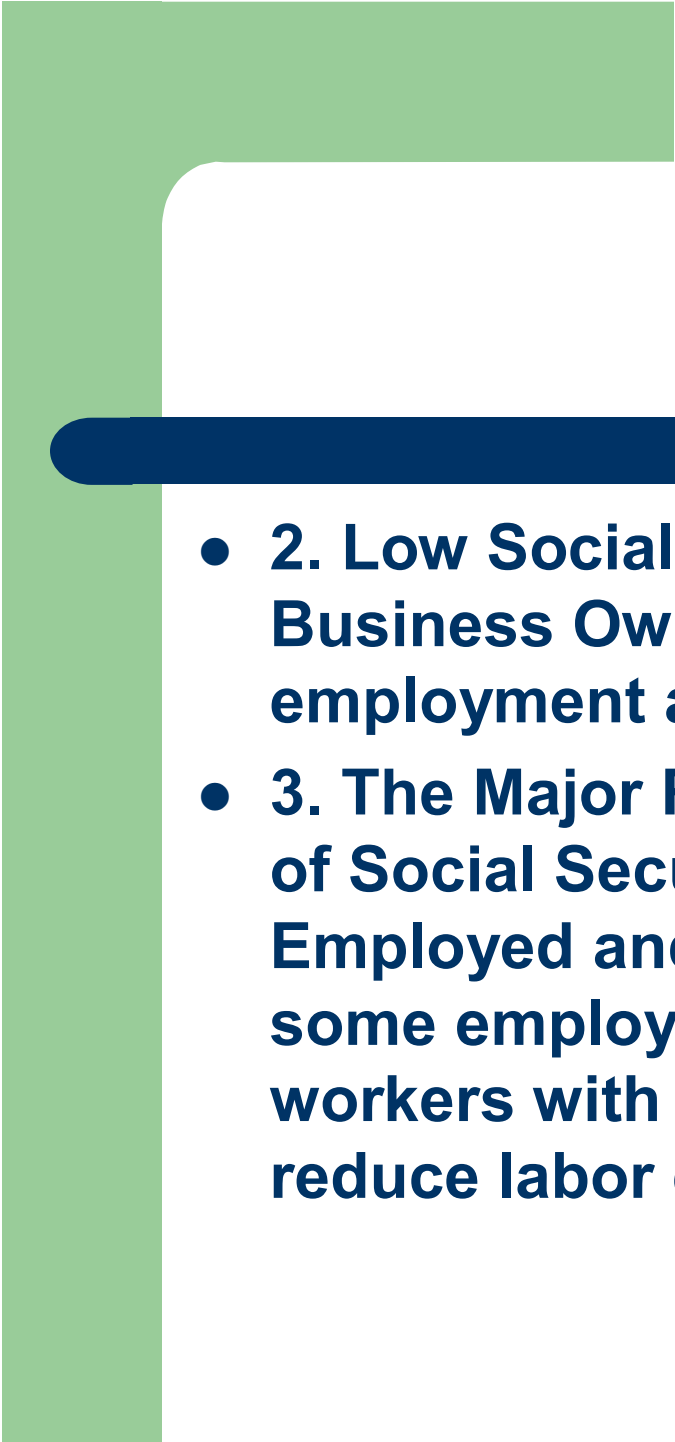

III. Major Problems and Reasons of the Present and the Future

- **1. The Current Situation of Working Conditions of the Non-standard Workers and Rural Migrant Workers.**

The ratios of the employed workers who signed labor contracts in China's cities, %

	Five cities	Shanghai	Wuhan	Shenyang	Fuzhou	Xi'an
Migrant workers	26.28	40.08	21.52	19.13	19.24	29.25
Local urban workers	68.08	81.35	59.08	63.51	64.98	67.46
Total	56.34	70.20	50.08	51.74	50.22	56.19

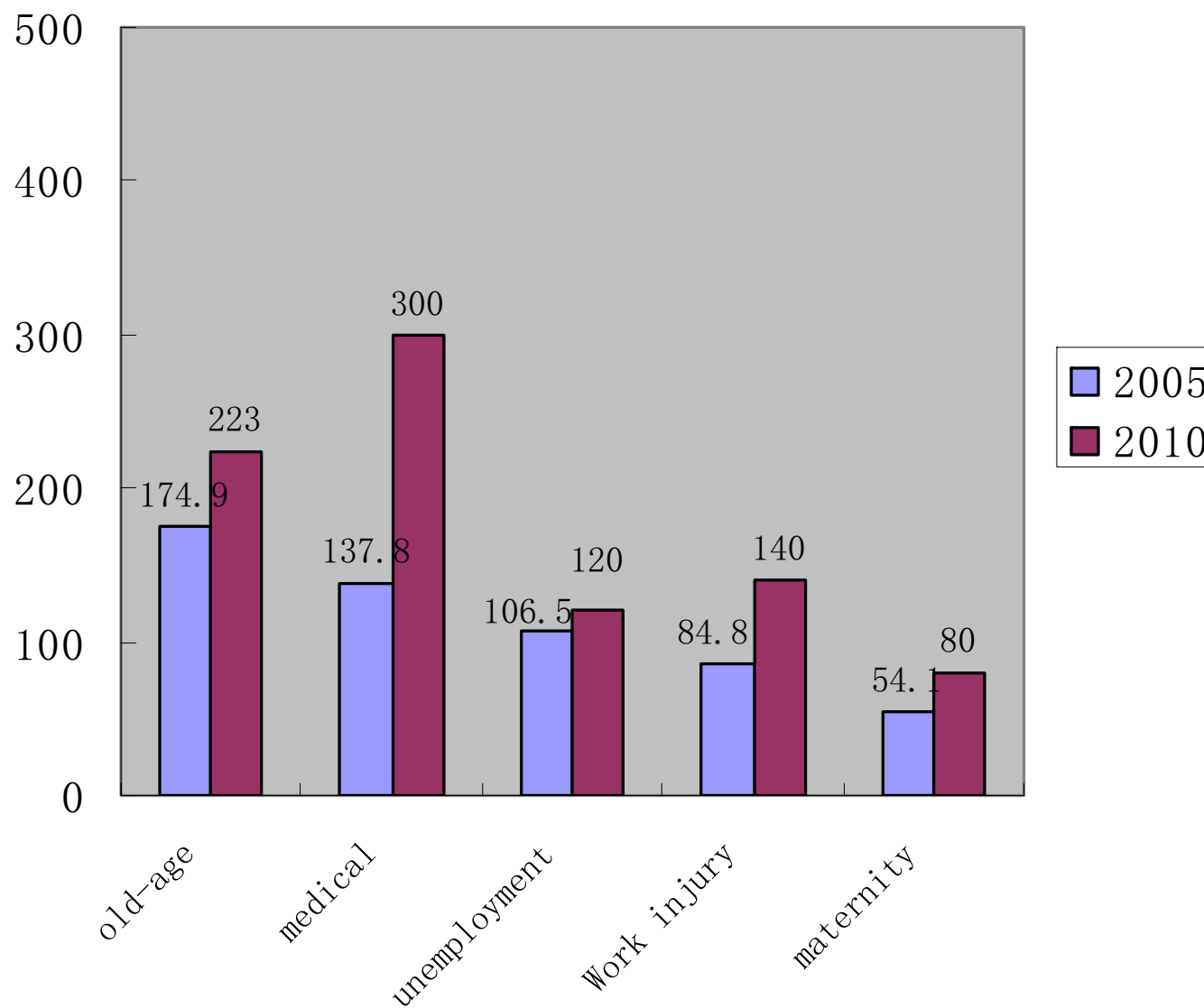
Data source: the *Survey on Employment and Social Security in China's Cities (SESSCC)*, IPLE (CASS), May 2005.

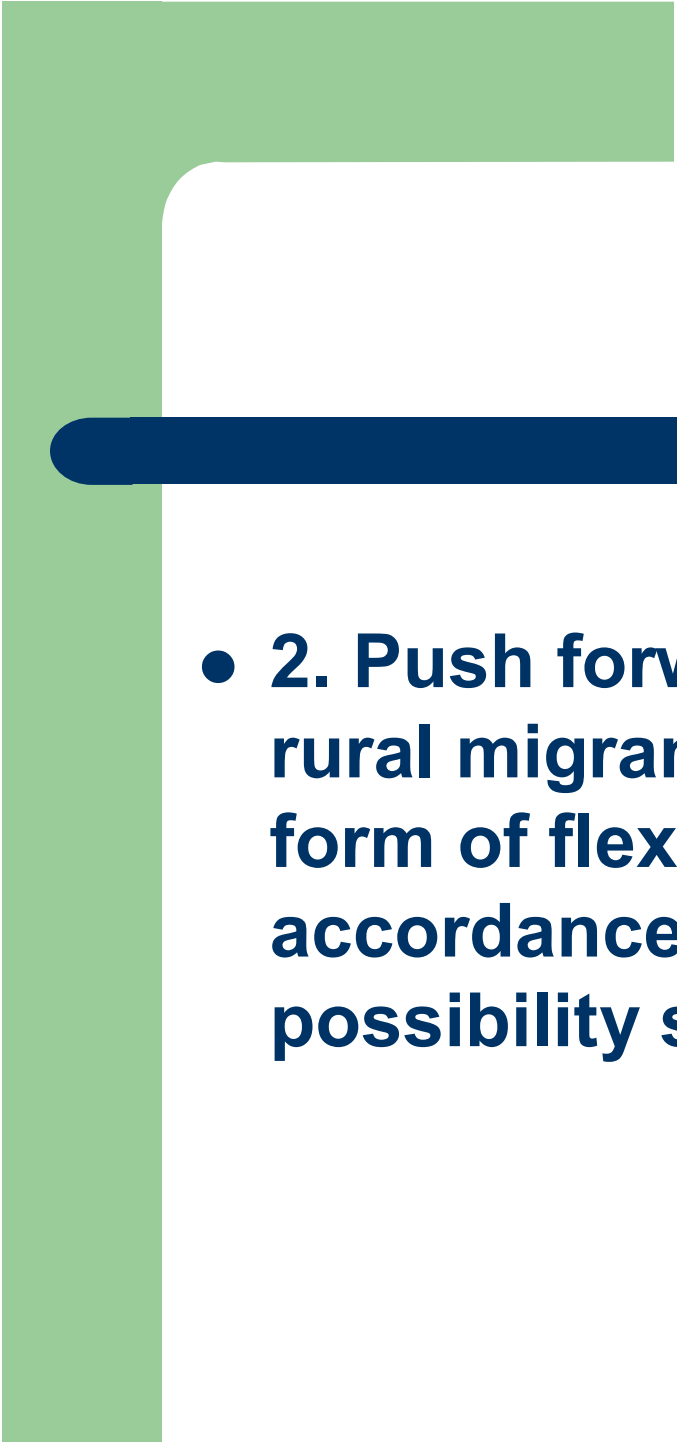

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- **2. Low Social Security Coverage of the Individual Business Owners, Persons in the form of flexible employment and Rural Migrant Workers.**
 - **3. The Major Reasons behind the Low Coverage of Social Security for the Non-standard Employed and the Rural Migrant Workers. First, some employers are not willing to cover the workers with social security since they want to reduce labor cost.**



IV Thought and Countermeasures



- **1. The Goal of Coverage of Various Social Insurances in Urban Areas.**

Coverage of urban social insurances and increase rate in 2010 (Unit: million person)



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- **2. Push forward the social security of the rural migrant workers and persons in the form of flexible employment in accordance with practical needs and real possibility step by step.**

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- **3. The major factors that should be considered during the enlargement of social insurance coverage of the non-standard employed persons and the rural migrant workers.**

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- **4. Effectively multiply the choices of social insurance systems for the non-standard employed persons and rural migrant workers.**

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- **5. The Government should Increase the Budget for the Social Insurance of the Non-standard Employed Persons and the Rural Migrant Workers.**

Thank you