



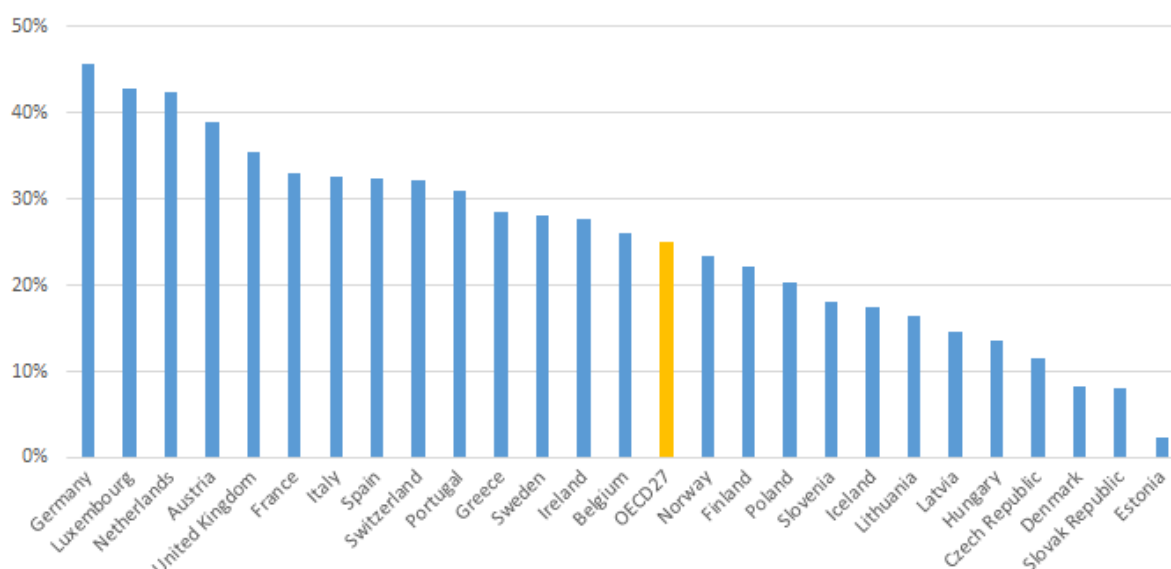
# Social Security Policy Monitor China

June – August 2020, Issue 3

## Social Security Barometer – International data

The long-term implications of the pandemic and recession are not yet fully understood. Retirement and invalidity benefits are likely to be affected by interrupted contributing careers and reduced working capacity for chronically affected by COVID 19. It is likely that the existing financial vulnerabilities<sup>1</sup> among women workers will be exacerbated:<sup>2</sup>

### Gender pension gap, OECD



Source: [OECD, 2020](#)

The gender pension gap shows the percentage by which women’s average pension income is higher or lower compared with men. <sup>3</sup> In OECD countries, pension payments to women aged 65

<sup>1</sup> <https://www.sdgfund.org/gender-dimensions-pension-systems-policies-and-constraints-protection-older-women/>;

<sup>2</sup> <https://www.forbes.com/sites/carmenniethammer/2020/07/11/coronavirus-likely-to-widen-gender-gap-in-retirement/#7fe5576d6abe>

<sup>3</sup> <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20200207-1>

and over were 25% lower, on average, than for men.<sup>4</sup> Part of this gap is due to differences in working patterns. Countries with inadequate invalidity benefit provisions, in particular for workers in non-standard forms of employment, will provide fewer benefits for women<sup>5</sup>.

## Policy – China

### **Improve the universal medical insurance system featuring mutual assistance and shared responsibility**

On 26 August 2020, the National Healthcare Security Administration (NHSA) circulated the draft "Guiding opinions on establishing and improving outpatient mutual assistance and security mechanism for the employee basic medical insurance" for solicitation of public opinions. The guiding opinions aim to improve the universal medical insurance system based on mutual assistance and shared responsibility, reform the personal accounts of the employee basic medical insurance, and improve outpatient security of basic medical insurance for employees.

### **China issues directive on improving social assistance system**

On 25 August 2020, the State Council released a directive on reforming and improving the country's social assistance system (Full information in Chinese). The document aims to build a tiered and classified social assistance system with Chinese characteristics for both urban and rural areas in about two years. It stresses promoting basic living assistance, calling for improving the subsistence allowances system as well as the mechanisms for adjusting basic living assistance standards. It also highlights the need for the improvement of social assistance in emergencies and disasters, including relief work for members of disadvantaged groups amid public emergencies like major epidemics.

### **The principle of actuarial balance established in the revised "Regulations on the Implementation of the Budget Law"**

On 3 August 2020, the State Council revised the "Regulations on the Implementation of the Budget Law", which will be implemented from 1 October 2020. Article 3 of the revised regulations establishes that the social insurance fund budget should be operated sustainably on the basis of actuarial balance. The general public budget can appropriately allocate funds to supplement the social insurance fund budget according to needs and financial resources.

### **Social security contribution reduction/waiver saves huge costs for enterprises**

On 21 July 2020, the Ministry of Human Resources and Social Security held a press conference for the second quarter of 2020, announcing that since implementation of periodic reduction, exemption and postponement of enterprises' contribution to pension, unemployment and employment injury insurances in February 2020, the three insurances have reduced and exempted corporate payment of 576.9 billion yuan and deferred payment of 43.1 billion yuan

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<sup>4</sup> Data for East Asia (including China) are available from WB 2017. The "Gender Pension Gap" in the Aging Societies of East Asia". For China, see also Rui Zhao & Yaohui Zhao 2018 The Gender Pension Gap in China, *Feminist Economics*, 24:2, 218-239 <https://www.tandfonline.com/doi/full/10.1080/13545701.2017.1411601>

<sup>55</sup> OECD and ILO 2020 Ensuring better social protection for self-employed workers Paper prepared for the 2nd Meeting of the G20 Employment Working Group under Saudi Arabia's presidency 8 April 2020 International Labour

by the end of June 2020. The policy measure has played a very positive role in alleviating the difficulties of enterprises and helping them resume work and production. It is expected that the policy will reduce the costs of enterprises by 1.6 trillion yuan by the end of 2020.

### **China to further support growth of new business models and explore social security policies adapted to flexible employment**

On 15 July 2020, 13 departments including the National Development and Reform Commission jointly issued the "Opinions on supporting the healthy development of new business models, activating the consumer market and encouraging employment expansion" (Fagai Gaoji [2020] No. 1157), emphasizing the exploration of rights protection and social security policies that adapt to flexible employment across platforms and multi employers. The Opinions request for improved policies regarding rights protection, insurance premium payments, and remuneration of the flexibly employed, and clarified corresponding responsibilities of platform companies. Online application of unemployment insurance benefits will be further facilitated.

On 31 July 2020, the State Council issued the "Opinions on supporting multi-channel flexible employment" (Guobanfa [2020] No. 27), which further required increasing support to flexible employment. It is required to promote the participation of migrant workers in work injury insurance in the construction sector based on construction projects. For those flexibly employed, who have difficulties in paying basic pension premium, they can voluntarily suspend their payments in 2020 according to relevant regulations.

### **The draft Social Assistance Law included in the legislative work plan for 2020**

On 8 July 2020, the State Council released its legislative work plan for 2020. The draft Social Assistance Law is planned to be submitted to the Standing Committee of the National People's Congress for deliberation this year.

### **Private platforms sponsor supplementary medical insurance**

On 12 July 2020, the China Foundation for Poverty Alleviation (CFPA) informed that a public insurance program designed to promote poverty alleviation benefited 9.54 million people living below the poverty line since its launch in July 2017. The program, launched jointly by the CFPA and private platforms including the Alibaba Foundation, provides supplementary medical insurance to people aged between 18 and 60 from poor households across the country. By the end of June 2020, the program had covered 80 counties in 12 provincial-level regions, settling a total of 94,833 insurance claims, with compensations reaching 153.86 million yuan (about \$22 million).

### **China made steady progress on healthcare security in 2019 and further healthcare reforms in 2020**

More than 95 percent of Chinese were covered by the country's national basic health insurance programs in 2019, according to statistics released by the NHSA on 24 June 2020. In 2019, 329 million Chinese were covered by the national basic health insurance program for urban employees (an increase of 3.9% over the previous year) and another 1.02 billion by the scheme

for urban and rural residents (a decrease of 0.3% over the previous year<sup>6</sup>). Urban and rural residents could have over 60 percent of their hospitalization expenses reimbursed in 2019.

The statistics also show that in 2019

- 214.17 million people participated in maternity insurance, an increase of 4.8% over the previous year.
- Over 99.9% of the poor population with registered files in rural areas were covered by medical insurance; the comprehensive poverty alleviation measures of medical insurance benefited nearly 200 million people in poverty, and helped 4.18 million people who were impoverished due to illness to get out of poverty.
- The number of people who enjoyed the convenience of direct settlement for medical costs across provinces increased.

On 23 July 2020, the State Council issued a circular laying out key tasks for reform of medical and health system in the second half of 2020. The tasks include: increasing government subsidies for basic medical insurance for urban and rural residents by 30 yuan per person; piloting direct settlement of outpatient expenses across provinces; reforming medical insurance payment methods; promoting "Internet + healthcare security"; accelerating the development of private health insurances; and actively introducing social forces to healthcare security services, etc.

### **China to include COVID-19 testing in medical insurance**

China will include nucleic acid testing and antibody testing for COVID-19 and related consumables in provincial medical insurance catalogues, according to a circular issued by the NHSA on 16 June 2020.

### **The Basic Healthcare and Health Promotion Law came into effect on 1 June 2020**

The law clarifies that the country shall establish a basic medical and health system, and protect and realize citizens' right to basic medical and health services. It aims to establish a multi-level health security system with basic medical insurance as the backbone, supplemented by commercial health insurance, medical assistance, mutual medical assistance for employees, and medical charity services.

### **China waives insurance security fund contributions for insurers in Hubei**

On 11 June 2020, the China Banking and Insurance Regulatory Commission has decided to waive contributions to the insurance security fund for insurers operating in Central China's Hubei province this year. A total of 80 Hubei branches of insurance firms and four insurers registered in the province will benefit from the policy, saving them more than 700 million yuan (about \$99 million) in total. The policy will help insurance companies in the province reduce costs and allow them to provide better risk protection and financial support for Hubei's economic and social development.

### **Local policies**

- **Hubei:** project-based participation in work injury insurance for migrant workers in the

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<sup>6</sup> The latter included participants in the new rural cooperative medical insurance.

construction sector

- **Anhui:** Direct refunding of unemployment insurance premiums without application
- **Guangxi:** paperless social security administration fully implemented

## Policy – European Union

### Roadmap for the creation of a European Child Guarantee

On 19 August 2020, the European Commission launched a public consultation on this long standing initiative. It expects to present a concrete proposal in 2021. The aim is to implement principle 11 of the European pillar of social rights on childcare and child support.

### Coronavirus: European Commission calls for action in protecting seasonal workers

On 16 July 2020, the European Commission presented guidelines to ensure the protection of seasonal workers in the EU in the context of the coronavirus pandemic. They provide guidance to national authorities, labour inspectorates, and social partners to guarantee the rights, health and safety of seasonal workers, and to ensure that seasonal workers are aware of their rights.

### European Commission launches Youth Employment Support: a bridge to jobs

On 1 July 2020, the proposal for a Council Recommendation on a Bridge to Jobs reinforces the Youth Guarantee and steps up the outreach to vulnerable young people across the EU, now covering people aged 15-29. In this framework, the Commission will launch a study on young people's access to social protection. The exercise will chart the qualifying conditions of various benefits across different forms of employment. The Commission also reminds that it is examining the challenges related specifically to platform work and will propose in 2021 measures to improve working conditions of people working through digital platforms.

### EU Fair Work Competition

As part of the first European campaign for declared work, the European Platform tackling undeclared work and the European Labour Authority (ELA) have launched a #EU4FairWork social media competition, calling on workers and employers from across the EU to share their personal stories about working declared. The campaign slogan '*Earn. Declare. Benefit*' and the hashtag #EU4FairWork should be included in creative proposals.

## Social Security - International

### Partial unemployment schemes: Adapting measures in an uncertain context

Partial unemployment schemes, sometimes called short-term work schemes, are one of the key mechanisms to reduce both the degree of sudden economic downturns and their labour market and social impacts according to International Social Security Association. Partial unemployment schemes have been one of the most effective intervention mechanisms to maintain employment and the productive capacity of the economy, protect income levels and

support companies during the coronavirus crisis. Far-reaching and generous schemes were put in place in many countries soon after the onset of the crisis in March and April, and aimed in particular at absorbing the economic shock caused by lockdown restrictions.

### **Domestic workers hardest hit by unemployment in South Asia and Pacific region**

On 16 June 2020, at the occasion of the International Domestic Workers' Day, ILO organized a global webinar to take stock of the situation. According to ILO, the pandemic has had a particularly dire impact on domestic workers around the world. The livelihoods of more than 55 million domestic workers were at risk due to COVID-19, of which 37 million are women. It is estimated that globally only 10 per cent of domestic workers enjoy labour protections equal to those enjoyed by other workers.

### **Experience of National Pension Service of Korea (NPS) with COVID 19 contingency planning**

On 16 June 2020, National Pension Service of Korea (NPS) documented the set of measures to overcome the COVID-19 pandemic via preemptive crisis management system and inter-organizational cooperation.

## **Statistics**

27 July 2020, latest update of the MISSOC information on national social protection systems is now available. Updated information (as of January 2020) on social protection systems in all EU Member States, Iceland, Liechtenstein, Norway and Switzerland – including brief descriptions of their organisation and information on the social protection of the self-employed.

20 July 2020, New data available from OECD to benchmark and monitor income inequality and poverty across countries. The OECD relies on a dedicated statistical database: the OECD Income Distribution Database which offers data on levels and trends in Gini coefficients before and after taxes and transfers, average and median household disposable incomes, relative poverty rates and poverty gaps, etc.

February 2020, Eurobarometer survey. Undeclared work in the European Union

## **Publications**

OECD. 2020. Paid sick leave to protect income, health and jobs through the COVID-19 crisis

OECD. 2020. Is childcare affordable?

OECD. 2020. "Better data and policies to fight homelessness in the OECD", Policy Brief on Affordable Housing, OECD, Paris

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ILO & ISSA. 2020. Social protection for migrant workers: A necessary response to the Covid-19 crisis (23 June 2020)

UN WOMEN. 2016. The Gender dimensions of pension systems: policies and constraints for the protection of older women

European Social Policy Network. 2020. COVID-19: Socio-economic consequences and policy responses in 16 European countries

European Labour Authority. 2020. An overview of the various approaches and their results to tackle undeclared work in Member States across the EU.

European Labour Authority. 2020. Tackling undeclared work – success stories from various sectors

## World Press Review

On 29 May 2020, Japan's parliament approved a social security reform package to curb rising pension expenditures and prevent a future labor shortage due to population aging. The main provisions of the new reform package will increase the maximum age for deferring pension benefits, increase the value of the combined work-pensions earnings test above which pensions are reduced, and expand pension coverage to more part-time employees.

On 2 July 2020, Germany's parliament approved a law that will introduce an income-tested basic pension (Grundrente) on 1 January 2021 to supplement the country's social insurance old-age pension. This new program is intended to reduce the risk of old-age poverty among individuals who had below-average earnings in their working lives or spent considerable time outside the labor force. The government will finance the total cost of the basic pension by increasing its subsidy to the social insurance program.

France will consider proposals to protect gig workers after pandemic lockdowns pushed the status of people who rely on tech platforms for their income to the forefront. A group of nine experts appointed by Government should recommend increased protection for platform workers, such as Uber Technologies Inc. and Deliveroo drivers by October 2020.

During months of July and August 2020, Chile discussed the implementation of early withdrawals on individual accounts to face urgent needs arising from the pandemic. Unlike other countries where some levels of withdrawals are allowed to meet some conditions of hardship, this is not possible in Chile. However, the authors in this article, warn against the consequences for future levels of pensions, indicating that according to ILO minimum levels of pension benefits need to be guaranteed.

On 3 July 2020, in an article in Bangkok Post on ILO and UNICEF representatives take stock of the progress of Thailand in extending coverage to elderly with the 2009 universal old age pension. They present the universalization of the Child Support Grant to all children under six years as part of a key strategy to protect children and families in the face of any future economic crises, reduce the risk of families in need being left without financial support during the aftermath of COVID-19.

## Sources

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