



Social Protection Reform Project
中国-欧盟社会保障改革项目

C1 Newsletter

Summer 2017



FROM THE
RESIDENT EXPERT, COMPONENT 1

Following upon the Component One 2017 workplan of activities adopted by the EU-China Social Protection Reform Project Advisory committee meeting, the second quarter of the year was mainly devoted to consolidating recently concluded interventions, and preparing for operations scheduled to take place during the second half of the year.

This edition of our Component Newsletter is of course reflecting the situation. Details will therefore be provided on the consultation meeting held between the Component One team and two of its Chinese authors involved in the review of possible public pensions parametric reforms in China, with European specialists also providing support through the analysis of their own related national experiences.

On 8 June, a briefing session on the SPRP project and its components was held at the EU Delegation in Beijing for representatives of interested member states, NGOs and Beijing-based international organizations. The meeting, while providing a wide range of information on the scope of the project, past achievements, and future activities, was a very successful and promising opening for future cooperation, presenting an opportunity to exchange information among the participants on ongoing activities in the field of social protection and propose areas of interest for collaboration.

Jean-Victor Gruat
June, 2017

IN THE MAINSTREAM OF THE REFORM

On 17 June 2017, the Chinese Social Security Association organised a very important seminar on Basic pension Insurance personal accounts – which findings were submitted to the State Council as a significant contribution into the reform process. It is of great significance and pride to the Component project team that all three of the main speakers at this seminar – and several more from the audience – are active experts for the C1 activities, thus testifying to the presence of our works in the mainstream of the Chinese pension reform process.



Song Xiaowu and Zheng Gongcheng at the 19 June Pension seminar. Third SPRP C1 expert main speaker at this seminar is prof. Zhou Hong (source: China economy net, www.ce.cn)

NEW AND FORTHCOMING PUBLICATIONS

The three-volume report on Component one 2016 High Level Event on Employment Promotion and Social security reform is soon to be available in Chinese. English and Chinese versions can be downloaded from project website, while hard copies can be made available on request. Ms Li Lingxi, project assistant for Component One, was in charge of editing the Chinese version of the HLE report.

Available Notes:

TOPICS	NOTES
PENSION REFORM	0 – Selected Pension reforms in Europe
MANAGEMENT REFORM	111-Fraud
PENSION SCHEME EVALUATION	122-General principles for pension reform
	122-Social security performance indicators
	122-Evaluation of Social security
AFFORDABILITY OF PENSION SCHEMES	123-State budget financing
GENDER	124-Gender considerations
REFORM FOR PUBLIC SECTORS	131-Reform of public pension schemes
MULTITIER PENSION SYSTEMS	134-Multitier pension systems
PARAMETRIC REFORM	0 – Selected Pension reforms in Europe
	136-Extending working life
	136-Parametric-Minimum standards
	136-Indexation
DEMOGRAPHIC AGEING	137-Demography and social security
	137-Long term care insurance
	137-Retirement Age
NOTIONAL DEFINED CONTRIBUTIONS	139-NDC European Best Practices
	139-NDC self-financing
INDIVIDUAL ACCOUNTS	141-Adjusting for Longevity
	141-Adjusting individual records
	141-Regulations for Funded schemes
VESTING AND PORTABILITY	143-Principles of Coordination (migrant workers)
	143-Social insurance for mobile workers in Europe

TECHNICAL NOTES

Over project life, a number of technical research, exchanges and dialogues have been conducted, addressing a great variety of technical topics, and reporting the wealth of European experience in the various aspects of social protection reform to the Chinese reality and prospects. While these activities have been duly documented and enshrined in a very rich and detailed series of publications and reports available notably from the project website in English and in Chinese languages, it was felt useful to supplement this scientific documentation with a set of short notes, presenting in a concise yet accessible manner the fundamentals of European experience in main pension reform topics, as those might be relevant for the Chinese – and indeed other countries' endeavors to improve upon their respective existing systems. 22 such Notes, covering 12 technical topics, have already been drafted, and are in the process of being translated into Chinese. Their contents is derived from project works, be it works under the current project or under its predecessor, the EU-China Social security reform project (2006-2010).



European Experience and Best Practices
in Pension Reform

SELECTED TECHNICAL NOTES



GET IN TOUCH

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PARAMETRIC REFORM AND REDISTRIBUTION: MEETING WITH CHINESE EXPERTS

The meeting was first intended at having the two authors in charge of related reports linked with social insurance reform - namely prof. Li Shi for Redistribution aspects and prof. Zhou Hong for Parametric reform - meet and exchange views on the hypothesis they envisage at this stage - since obviously considered parametric reform may have an effect on redistribution through social security, especially when those effects are cumulative, while some parametric reforms may run counter otherwise promoted objectives of redistribution through social security. In this regard, those present had a substantive exchange of views based on prof. Zhou Hong's preliminary findings.

On the occasion of the meeting participants also had an opportunity to discuss working arrangements, deadlines and timing for forthcoming events. In particular, it was agreed that prof. Zhou Hong would provide an early release of her first draft report for the briefing of NDRC delegation to visit Spain, Italy and the European Union in July 2017, while prof. Li Shi would base its preliminary simulations concerning possible redistribution through pension schemes on hypothesis concerning parametric reform to be submitted for testing by prof. Zhou Hong's team. Peer review associating several European experts providing analysis of their own national parametric reforms is scheduled for late August 2017 in Beijing.

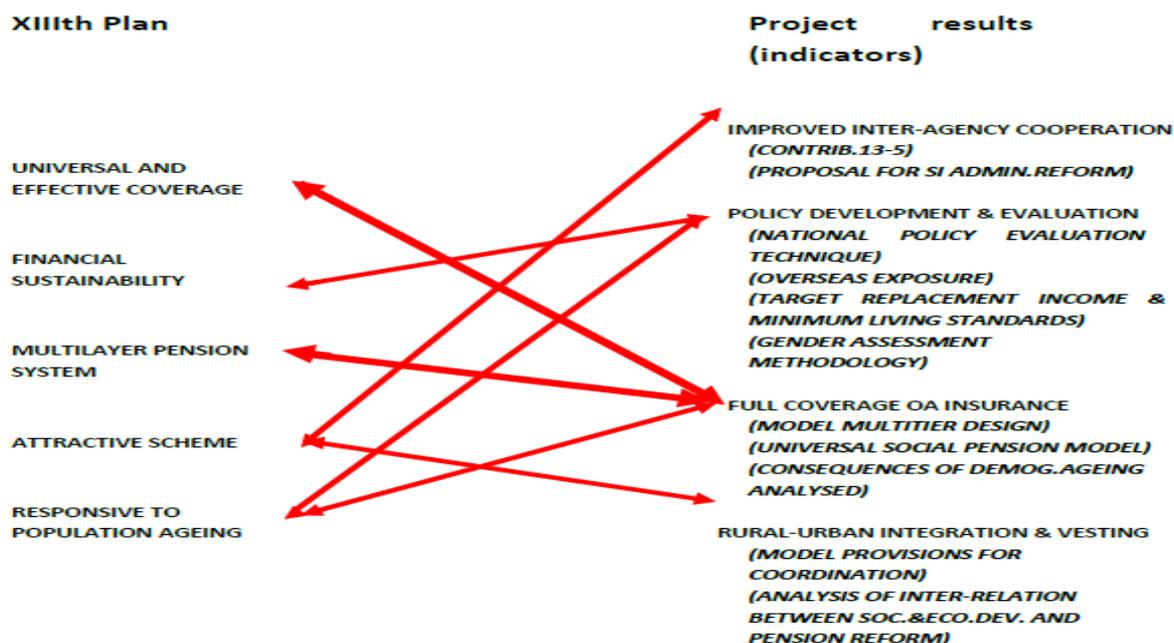
Parametric reforms of pension schemes are those reforms affecting, notably but not exclusively, the following parameters: Benefit formula; Credit periods; Basis for contributions; Minimum pensions; Retirement age; Conditions for early retirement; Accumulation of pension and earnings from continued activity; Bonuses for deferred retirement; Fringe benefits (such as extended health care for pensioners, taxation, pension supplements, access to social services); Other qualifying conditions; Indexation of past earnings; Indexation of benefits in course of payment; Periodicity in payment of benefits; New financial resources alternative to contributions.



FROM LEFT, CLOCKWISE : JV GRUAT, EU RESIDENT EXPERT C1, PROF. LI SHI, PROF. ZHOU HONG, MS ZHANG JUN (CASS), MR FANG LIANQUAN AND MR ZHANG GUOQING (C1)

COMPONENT ONE RELEVANCE FOR THE XIIIITH FIVE-YEAR PLAN

(Diagram submitted during the EUD briefing for Member States on 8 June 2017)



SOME DATA ABOUT SOCIAL INSURANCE PENSION SCHEMES IN CHINA (2015)

Income:

- Minimum wage monthly Shanghai 2300 RMB (twice Anhui, 1150)
- Average monthly salary Beijing 9000 (2014: 6700) RMB, Anhui 4500
- Average monthly pension (project calculation) National 2350, Beijing 3400, Anhui 2045
- Average replacement rate 44 % (declining trend)
- GDP 68.550 trill. RMB (~ 69*10¹²)
- Social ins. income all branches 4.600 trillion RMB (6.7% of GDP)
- Soc. insurance expenditure 4 trillion
- Accumulated surplus 3 trillion RMB.

Coverage:

- Employed urban 404 million, empl. rural 370 million persons
- Old age all schemes 858 million persons including: urban workers active contributors 262, urban workers retired 91, rural-urban residents 357, rural-urban beneficiaries 148.
- Migrant workers registered under OA insur. 56 million (out of 277 million migrant workers, of which 169 million interprovincial migration)
- Urban workers coverage rate estimated 2/3
- Enterprise annuity schemes: 75.000 enterprises totaling 23 million workers

