



## **COMPONENT 1**

# Employment and social security issues under the background of population movement

**Jin Weigang**

Chinese Academy of Labour and Social Security

December 2018

## TABLE OF CONTENTS

<b>I. Employment and Social Security Status and Issues under the Background of Population Movement in China.....</b>	<b>4</b>
(I) Overall Situation, Characteristics and Trend of Population Movement in China .	4
1. Overall situation of population movement .....	4
2. Characteristics of migrant workers .....	4
3. Employment of migrant workers.....	5
4. Trend .....	5
(II) Social Security Policies of Population Movement and Effects Achieved.....	7
1. Old-age insurance-related policies .....	7
2. Medical insurance-related policies .....	10
3. Unemployment insurance-related policies .....	11
4. Achievements .....	12
(III) Employment and Social Security Barriers and Issues against the Smooth Movement of Population.....	13
1. Employment .....	13
2. Social security .....	15
<b>II. Current Employment and Social Security Issues under the Background of Population Movement in the EU and Its Member Countries.....</b>	<b>16</b>
(I) Current Status and Trend of Population movement in the EU and Its Member Countries .....	16
1. Current status of floating employment in the EU countries.....	16
2. Employment trend of floating workers in EU countries .....	18
3. Influence of floating workers in EU countries on soc. and eco. development .....	18
(II) Institutional Arrangements in Employment and Social Security Fields to Promote Smooth Population movement in the EU and Its Member Countries and Relevant Conditions .....	19
1. Employment .....	19
2. Social security .....	21
(III) Challenges against Employed Policies and Social Security Management Systems Caused by Population movement.....	26
(IV) Major Practice & Experience improving Employment and Social Security Policies and Adaptation to and Promotion of Smooth Population movement .....	28
1. Adopting effective integration policy management and coordination mechanism.	28
2. Convenience and operability .....	28
3. Provision of human and financial cooperation and support for the guarantee of migrants' rights.....	29
4. Direction of effort.....	31

<b>III. Countermeasure Suggestions for Improvement of Employment and Social Security Policies and Promotion of Smooth Population movement by Reference to the EU's Experience .....</b>	<b>31</b>
(I) Improving the Macro Policy System in Favor of Floating Population Employment .....	31
1. Improving financial policy .....	31
2. Gradually removing institutional barriers against population movement through implementation of the migration policy of moderate control .....	32
3. Speeding up the reform of the rural property right system .....	32
4. Improving the floating population decision-making management service mechanism .....	32
(II) Improving the Floating Population Employment Policy .....	33
1. Advancing the equal access to public employment services and the equality in rights and obligations for permanent resident population in the principles of fairness and justice .....	33
2. Improving the migrant workers' rights and interests guarantee mechanism .....	33
3. Strengthening the skill training of migrant workers .....	34
4. Realizing the overall planning of urban and rural employments and the integrated development of urban and rural labor markets over time ultimately .....	34
5. Paying key attention to the new generation of migrant workers .....	34
(III) Improving the Social Security Policy of Floating Population .....	34
1. Further specifying and improving relevant policies .....	34
2. Strengthening overall planning, coordination and policy integration .....	35
3. Further improving the management of social security service for floating population .....	36
4. Further strengthening the construction of the national social security information system .....	36
5. Further improving external support conditions adapted to social insurance transfer and continuation .....	36

## **I. Employment and Social Security Status and Issues under the Background of Population Movement in China**

Along with the acceleration of industrialization and urbanization in China, it has gradually become a normal state that human resources move across the country and surplus rural labor forces get employed in urban areas. It leads to a great number of trans-regional (province, municipality or county) floating employees who not only move between urban and rural areas and across regions and also go through an identity shift (from farmer to citizen) and a change between employment and unemployment. As a result, a vast floating population is formed. In specific, migrant workers involved in floating employment between urban and rural areas and across regions take up the largest share, followed by urban employees involved in trans-regional floating employment. Besides, retirees residing in another place are also an important population moving across regions in recent years.

### **(I) Overall Situation, Characteristics and Trend of Population Movement in China**

#### **1. Overall situation of population movement**

Taking a decisive position in the modernization course of China, migrant workers have been the main body of Chinese industrial workers, with great contributions to social and economic development. Both the Party and the government attach great importance to work about migrant workers as they have developed and achieved remarkable effect in a string of supportive policy measures about migrant workers' transitional employment, mass entrepreneurship, skill training and social security.

According to the *Monitoring Survey Report on Migrant Workers in 2017* of the National Bureau of Statistics (NBS), the number of migrant workers amounted to 286.52 million in 2017. The movement of migrant workers has the following features: first, rural workers employed outside their hometowns took up 60% and those employed in their hometowns 40%. Second, nearly 50% of migrant workers resided in urban areas, 10% in countryside outside their hometowns and 40% in countryside in their hometowns. Third, 40% of migrant workers got employed in native townships, 33% outside native townships and within native provinces and 27% outside native provinces. Fourth, the year saw a net inflow of migrant workers in eastern regions, a net outflow in central and western regions and a balance in northeastern regions. In terms of the source of migrant workers, eastern regions took up 36% of total migrant workers, the largest proportion, central regions 33%, western regions 27% and northeastern regions 3%. In terms of the destination of migrant workers, eastern regions took up 56%, central regions 21%, western regions 20% and northeastern regions 3%. 83% of migrant workers in eastern regions moved within native provinces, 10 percentage points higher than the average level; the percentage was 39% for central regions, 34 percentage points lower than the average level, and 49% for western regions, 24 percentage points lower than the average level.

#### **2. Characteristics of migrant workers**

First, migrant workers as a whole receive poor education, with nearly 73% finishing junior high

school or below, 17% finishing senior high school and 10% finishing junior college or above. Second, less than 1/3 of migrant workers receive skill training. In specific, 31% of them have received non-agricultural skill training and 10% agricultural skill training. Third, the majority of migrant workers are males and married. Males take up 66% and females 34%; those unmarried take up 20% and those married 78%.

Compared to native rural workers, rural workers employed outside their hometowns as a whole have the following characteristics. First, they are young. Their average age is 34.3 years old, and 72% of them are 40 years old or below, 19% are 41-50 years old and 9% above 50 years old; second, their educational degree is relatively high; third, females and those married take up relatively small shares. Females take up 31% and those married 65%.

Native rural workers have the following characteristics on the whole. First, they are relatively older. Their average age is 44.8 years old, and 34% of them are 40 years old or younger, 34% are 41-50 years old and 33% above 50 years old. Second, their educational degree is low. Third, females and those married take up relatively big shares. Females take up 37% and those married take up 90%.

### **3. Employment of migrant workers**

First, more than half the migrant workers are engaged in the secondary industry, of which 30% are engaged in manufacture and 19% in construction. 48% of the migrant workers work on the tertiary industry, of which 12% are engaged in wholesale and retail trades, 7% in transport, storage and post, 6% in hotels and catering services and 11% in resident service, repair service and other service.

Second, migrant workers have a low income. Their average monthly income is 3,485 RMB, and the average monthly income of rural workers employed outside their hometowns is 20% higher than that of those employed within their hometowns. The average monthly income of migrant workers is 3,677 RMB in eastern regions, 3,331 RMB in central regions, 3,350 RMB in western regions and 3,254 RMB in northeastern regions.

Third, migrant workers' rights and interests are poorly guaranteed. Migrant workers with more than 8 daily work hours take up 64% and those with more than 44 weekly work hours take up 78%. Migrant workers who sign a labor contract with employers take up 35%. In 2016, the number of migrant workers with arrears of wage amounted to 2.369 million, per capita arrears of wage amounted to 11,433 RMB, and total arrears of wage amounted to 27.09 billion RMB.

### **4. Trend**

#### **(1) Migrant worker population keeps increasing, but at a smaller speed**

China's migrant worker population has kept growing since 2008. In specific, 2010-2013 saw the fastest growth, and the growth rate has fallen between 1% and 2% since 2014. In 2017, migrant worker population increased by 300,000 in eastern regions, 1,710,000 in central regions, 2,510,000 in western regions and 290,000 in northeastern regions. The growth was apparently faster in western regions than in other regions, and the growth of western regions took up 52.2% of total migrant worker population increase.

Great growth in population mobility won't be seen any more because macroeconomic growth decline slows down urbanization, capital and technology will replace labor step by step and urban areas are not prepared to take in migrant workers.

There are still new rural labors joining in the migrant force every year. It's predicted that migrant worker population will keep growing at a small speed in a relatively long time, with a yearly increase of 4 million people or so. The increase will be largely sourced from central and western regions.

## **(2) Average moving distance of migrant workers is declining**

The share of rural workers employed within their hometowns increases slowly, and the share of those employed outside their hometowns who move within native provinces is also rising gradually. Since 2008, the share of local rural workers has increased by one percentage point every two years, from 37% to 40%. Though their proportion is on a decline, outgoing migrant workers remain the majority. Since 2014, the share of migrant workers who move within native provinces has been increasing year on year, newly-increased outgoing migrant workers mainly move within native provinces, and newly increased outgoing migrant workers who move within native provinces take up 96.4% of newly-increased outgoing migrant workers.

The decline in the average moving distance of migrant workers can be surveyed in two aspects. First, rural worker population in central and western regions grows rapidly. In 2017, rural worker population was 330,000 in eastern regions, 1,660,000 in central regions, 2,700,000 in western regions and 100,000 in northeastern regions. Second, the share of migrant workers above 50 years old keeps increasing. From 2013 to 2017, the share of migrant workers below 30 years old declined by 5.6 percentage points, the share of those above 50 years old increased by 6.1 percentage points and the share of those between 30 and 50 years old dropped by 0.5 percentage point.

Central and western investment environment improves over time. Sectors and real economy shift to small and medium-sized cities and small towns and industry shifts to central and western regions, which attract more migrant workers to return to rural areas and start up businesses. In future, counties and big towns in central and western regions may see rapid growth of population.

## **(3) Educational degree of migrant workers improves slowly**

A major manifestation is the slow increase in the share of migrant workers who finish senior high school and above. From 2009 to 2017, the share of migrant workers who finish senior high school or above increased from 23.5% to 27.4%, with a growth of 3.9 percentage points; and the share of those who finish junior high school declined from 64.8% to 58.6%, with a decrease of 6.2 percentage points. The educational degree of migrant workers is remarkably lower than that of urban workers.

It's worth noting that the share of migrant workers who receive training is declining. In 2009, 51.1% of rural workers employed outside their hometowns didn't receive any skill training in any form, and the percentage was 64.5% in 2017.

## **(4) The share of migrant workers engaged in the tertiary industry keeps increasing**

From 2008 to 2017, the share of migrant workers engaged in manufacture declined by 7.3 percentage points, from 37.2% to 29.9%; the share of those engaged in construction increased from 13.8% in 2008 to 22.3% in 2014 and then, declined to 18.9% in 2017; the share of those engaged in manufacture and construction increased from 51% in 2008 to 54.1% in 2012 and then, dropped to 49.9% in 2017; and the share of those engaged in the tertiary industry increased from 42.9% in 2014 to 50.1% in 2017, with an increase of 7.2 percentage points. In 2017, the share of migrant workers engaged in wholesale and retail trades remained the same with the previous year; the share of those engaged in transport, storage and post, hotels and catering service, resident service, repair service and other service increased by 0.2, 0.3 and 0.2 percentage point respectively compared to the previous year; besides, the share of migrant workers engaged in finance, education, culture, sports and entertainment was low, but with a year-on-year increase. In future, service will provide the largest space taking in floating population.

#### **(5) The average monthly income of migrant workers maintains steady growth**

Migrant workers' average monthly income has kept increasing since 2009, and double-digit growth was witnessed in 2010-2013. The growth rate of the average monthly income of migrant workers declined from 21.2% in 2012 to 6.4% in 2017, basically consistent with the macroeconomic growth trend.

### **(II) Social Security Policies of Population Movement and Effects Achieved**

Since the mid-1980s, China has gradually established the urban social insurance system covering the old-age insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance for urban employees, and the basic medical insurance system for urban and rural residents and the basic old-age insurance system for urban and rural residents. Along with the establishment and improvement of these systems, the State has issued measures for the transfer and continuation of old-age insurance and medical insurance relations, the policy of off-sit medical treatment service of insured and other policy measures.

#### **1. Old-age insurance-related policies**

Thanks to the relations transfer and continuation measures for the basic old-age insurance system that covers all crowds, floating population can link up their basic old-age insurance relations within or between systems.

##### **(1) Issuing measures for the trans-regional transfer and continuation of old-age insurance relations for enterprise employees**

To practically guarantee the legitimate rights and interests of the people covered by the basic old-age insurance for urban enterprise employees and promote the rational allocation and orderly flow of human resources, the State issued in December, 2009 the *Interim Measures for the Transfer and Continuation of the Basic Pension Insurance Relations of Urban Enterprise Employees* (GBF [2009] No. 66), clarifying the policy for the transfer and continuation of basic old-age insurance relations for trans-provincial employment. If an insured person gets employed in another province, the social insurance agency at the place where he participates in insurance shall issue a contribution voucher, and his basic pension insurance relations shall be

transferred to the new place, so shall the fund. The insured person's contribution time in different places shall be consolidated.

According to the interim measures, in the event of trans-provincial flow of an insured person, the transfer and continuation of his basic old-age insurance relations shall be handled according to the following provisions: 1) if the insured person participates in the old-age insurance scheme at his registered permanent residence, the social security agency there shall handle the transfer and continuation formalities in time for him; 2) if the insured person participates in the old-age insurance scheme in a place other than the registered permanent residence, the social insurance agency of the place where he participates in the old-age insurance scheme shall handle the transfer and continuation formalities in time for him. If the insured person is a man 50 years old or older or a woman 40 years old or older, his/ her basic old-age insurance relations shall be retained in the original place where he/ she participates in the old-age insurance scheme, and a temporary basic old-age insurance contribution account should be established in the new place for recording his/ her and his/ her employer's contribution. Where the insured person gets employed again in another province or meets the benefit withdrawal conditions of the new place, all contribution information of the temporary basic old-age insurance contribution account shall be transferred to original place or the benefit withdrawal place. 3) If the insured person is transferred under the approval of Party committee organization department or human resources and social security administration department above the county level, establishes labor relations with the transfer-in unit and pays basic old-age insurance premium, the basic old-age insurance relations transfer and continuation formalities shall be handled in time at the transfer-in place without said age restriction.

In the transfer of basic old-age insurance relations for trans-provincial employment of an insured person, transferred funds include: 1) deposit of individual account, including cumulative principal and interest of individual contribution before January 1, 1998 and entire deposit in individual account after the date; 2) pooling fund (unit's contribution), including 12% of actual yearly contribution wage of all years after January 1, 1998, and it should be calculated according to the number of actual contribution months if contribution time is less than 1 year.

Along with the promulgation of this policy, trans-provincial transfer and continuation of basic old-age insurance relations entered into normal development and operated steadily on the whole. Nevertheless, implementation of the policy also encountered some new things and new problems, bringing difficulties to the old-age insurance relations transfer and continuation of some insured persons. In 2016, to work better on the old-age insurance relations transfer and continuation of urban enterprise employees and improve the measures for old-age insurance relations transfer and continuation, the Ministry of Human Resources and Social Security (MOHRSS) issued the *Notice of the Ministry of Human Resources and Social Security on Several Issues concerning the Transfer and Continuation of the Basic Pension Insurance of Urban Employees (RSBG [2016] No. 5)*, clarifying and stipulating issues about the deemed contribution time calculation place, management of temporary basic old-age insurance contribution account, transfer of one-off contribution of old-age insurance and handling of repeated withdrawal of basic pension.

According to the statistics of MOHRSS, 2 million person-times of trans-provincial transfer and



continuation of the old-age insurance for urban employees was handled, involving a transferred fund of 48.88 billion RMB, in 2016. Since the issue of the transfer measures, 9.683 million person-times of transfer and continuation was handled, involving a transferred fund of 185.38 billion RMB.

## **(2) Issuing measures for the transfer and continuation of basic old-age insurance relations between urban and rural areas**

Along with the all-round implementation of urban and rural old-age insurance schemes, the coverage keeps growing; moreover, floating employment of urban and rural labor forces speeds up, so the integration of urban and rural old-age insurance schemes becomes an urgent problem. In 2014, MOHRSS issued the *Interim Measures for the Integration of Urban and Rural Pension Insurance Systems (RSBF [2014] NO. 17)*, with stipulations on the transfer of relations and the integration of benefits between the basic old-age insurance system for enterprise employees and the basic old-age insurance system for urban and rural residents. According to it, a person covered by the old-age insurance for urban employees and the old-age insurance for urban and rural residents may apply for transferring from the old-age insurance for urban and rural residents to and enjoying the benefit of the old-age insurance for urban employees if he reaches the mandatory retirement age of and pays for 15 or more years the premium (including the prolonged contribution time of 15 years) of the old-age insurance for urban employees; if the urban employees' old-age insurance contribution time is less than 15 years, he may apply for transferring from the old-age insurance for urban employees to the old-age insurance for urban and rural residents, and will enjoy the benefit in accordance with the measures of the old-age insurance for urban and rural residents when he meets relevant conditions.

When an insured person transfers from the old-age insurance for urban and rural residents to the old-age insurance for urban employees or transfers from the old-age insurance for urban employees or transfers to the old-age insurance for urban and rural residents, deposits of his individual accounts will be transferred entirely and calculated accumulatively.

According to MOHRSS Social Security Capacity Building Center's statistics, people transferred to the old-age insurance for urban employees were more than those transferred to the old-age insurance for urban and rural residents.

## **(3) Issuing measures for the transfer and continuation of the old-age insurance relations and occupational annuity for state organs and public institutions**

To uniformly regulate the procedures of the transfer and continuation of the basic old-age insurance relations and occupational annuity for the staff of state organs and public institutions and ensure the smooth transfer and continuation of the basic old-age insurance relations and occupational annuity of the insured in floating employment, MOHRSS and the Ministry of Finance (MOF) jointly issued in 2017 the *Notice on Several Issues concerning the Transfer and Continuation of the Basic Pension Insurance Relations and Occupational Annuity for State Organs and Public Institutions (RSBG [2017] No. 1)*, with stipulations on the transfer and continuation of the basic old-age insurance relations among state organs and public institutions and between state organs and public institutions and enterprises and also the transfer and continuation between occupational annuity and enterprise annuity.

## **2. Medical insurance-related policies**

### **(1) Issuing measures for the transfer and continuation of medical insurance relations for floating employees**

In April, 2009, the State Council presented explicit requirements for the transfer and continuation of medical insurance relations in the *Opinions on Deepening the Reform of the Medical and Health Care System*. To cope with the problem of the transfer and continuation of medical insurance relations incurred by population movement, three ministries including MOHSSS jointly released in December, 2009 the *Notice on Issuing the Interim Measures for the Transfer and Continuation of Basic Medical Security Relationships of Migrant Employees (RSBF [2009] No. 191)*, with specific provisions on the measures for the transfer and continuation of medical insurance relations. According to these measures, first, medical insurance relations can be transferred among the basic medical insurance for urban enterprise employees, the basic medical insurance for urban residents and the new-type rural cooperative medical insurance, but a person cannot be covered by said medical insurance systems synchronously or enjoy benefits repeatedly. Second, individual account transfer is allowed. Third, local governments shouldn't set insurance participation barriers on the excuse of residence and etc. A person's urban employing unit should apply for employees' medical insurance at the employment place if he gets employed by the unit and has stable labor relations with it. Other floating employees may choose to participate in the new-type rural cooperative medical insurance scheme at the registered resident place or the urban medical insurance scheme at the employment place. Fourth, contribution vouchers are regulated. To ensure the smooth and simple information about transfer and continuation, MOHSSS will join hands with the Ministry of Health (MOH) to design uniform vouchers for the participation in the urban medical insurance for urban enterprise employees or the new-type rural cooperative medical insurance, and an insured person's ID card number will be his only identification code. When the insured person transfers his medical insurance relations, he should present his ID card number to the social security agency and then, his insurance information will be updated in time.

To improve the policy for the participation in and the transfer and continuation of the basic medical insurance for farmers registered as urban residents, MOHSSS, National Development and Reform Commission (NDRC), MOF and National Health and Family Planning Commission (NHFPC) jointly released in 2015 the *Measures for Effectively Carrying out the Work on the Participation of Farmers Registered as Urban Residents in the Basic Medical Insurance and the Transfer and Continuation of Their Medical Insurance (RSBF [2015] No. 80)*, stressing to incorporate farmers registered as urban residents into the urban basic medical insurance system, transfer their rural basic medical insurance into urban basic medical insurance and ensure the continuous enjoyment of the basic medical insurance benefit. The contribution time of employees' medical insurance of a floating employee should be recognized in all places, and his contribution time of employees' medical insurance premium in the transfer-out place should be included accumulatively in his contribution time of employees' medical insurance premium in the transfer-in place.

### **(2) Enabling direct settlement of off-sit medical treatment service of insured**

The Chinese government has energetically promoted the settlement of medical expenses incurred by the insured away from home. It refers to the reimbursement and settlement of medical expenses incurred by an insured person outside the corresponding insurance pooling region. At present, The direct settlement of medical expenses incurred by the insured away from home has covered the insured of all basic medical insurance systems including medical insurance for employees, medical insurance for urban residents, medical insurance for urban and rural residents and the new-type rural cooperative medical insurance. The people to whom the service is applicable include: retirees who reside in another place, people who reside in another place for a long time, people who work in another place for a long time and people who transfer clinic service to another place. An insured person can directly settle trans-provincial medical expenses as long as he meets the conditions of accessing medical service in a place other than the resident region and has the will of direct settlement. He should take with him the social security card because it is the only voucher for identity recognition and direct settlement. Relevant agency should provide the service of direct settlement in the principle of “catalogue of the medical service receiving place, benefit of the insurance participation place and management of the medical service receiving place”.

Relevant policies: in 2009, MOHSSS and MOF jointly released the *Opinions on the Basic Medical Insurance Settlement of Medical Expenses Incurred by the Insured away from Home* (RSBF [2009] No. 190), stressing to make it convenient for the settlement of medical expenses of the insured seeking medical service away from home through improving management mode and handling procedures and strengthening regional cooperation. Some local governments carried out the pilot program in this aspect. In 2014, MOHSSS, MOF and NHFPC jointly released the *Guiding Opinions on Further Improving Basic Medical Insurance Settlement of Medical Expenses Incurred by the Insured away from Home*, proposing to regulate and establish provincial-level platforms for the settlement of medical expenses incurred by the insured away from home. In specific, direct settlement of medical expenses within municipal-level pooling regions was basically realized and provincial-level settlement platforms were regulated and established in 2014; direct settlement of hospitalization expenses within provinces was basically realized, and state-level settlement platforms were established in 2015; in 2016, direct settlement of hospitalization expenses for retirees residing in another province was realized in all aspects.

On December 15, 2016, the national settlement system for medical expenses incurred by the insured away from home was put into pilot running. As of the end of 2017, the system had covered all the 400 pooling regions of 31 provinces and Xinjiang Production and Construction Corps, and 8,499 designated medical institutions for trans-regional medical service.

### **3. Unemployment insurance-related policies**

China hasn't issued a specialized policy for the transfer and continuation of unemployment insurance relations. Even so, relevant operating principles and requirements have been set forth in some laws and regulations.

According to the *Regulations on Unemployment Insurance* promulgated in 1999, where an unemployed person moves across pooling regions because an urban enterprise or public institution transfers as a whole across pooling regions, his unemployment insurance relations

should move with him. The *Measures for Application for and Payment of Unemployment Insurance Money (Order No. 8 of the Ministry of Labor & Social Security)* released in 2000 further clarifies the specific policy for the transfer of unemployment insurance relations: in the event of the transfer of the unemployment insurance relations of unemployed persons across provinces, autonomous regions or municipalities directly under the Central Government, unemployment insurance funds should be transferred along with it. The unemployment insurance funds to be transferred include unemployment insurance benefit, medical aid and vocational training and occupation introduction allowance. In the event of the transfer across pooling regions within a province, handling of unemployment insurance funds should be regulated by the labor security administration department at provincial level.

According to the *Social Insurance Law* promulgated in 2010, where an employee gets employed across pooling regions, his unemployment insurance relations should transfer with him, and the contribution time should be added up.

All provinces work in accordance with the spirit of said national policies. Several provinces, such as Zhejiang, have issued the interim measures for the transfer and continuation of unemployment insurance policies.

#### **4. Achievements**

**Firstly, floating population's social security benefits are guaranteed thanks to the successively issued policies.** The Chinese government attaches great importance to the social insurance benefits of floating population, and has successively issued a variety of policies for it. It has developed and implemented the measures for the trans-provincial transfer and continuation of the basic old-age insurance relations for urban enterprise employees, the interim measures for the integration of urban and rural old-age insurance systems and the measures for the transfer and continuation of the basic old-age insurance relations and occupational annuity for state organs and public institutions, enabling the transfer and continuation of basic old-age insurance relations in the same system but in different pooling regions and also the transfer and continuation of the basic old-age insurance relations between systems. As a result, the basic old-age insurance benefits accumulated by the insured are guaranteed, the status that "your old-age insurance will continue wherever you are employed" is basically realized, and floating population's old-age insurance benefits are safeguarded effectively. The Chinese government has developed the interim measures for the transfer and continuation of basic medical insurance relations, which safeguards migrant workers' entitlement to medical service through enabling the trans-system and trans-regional transfer and continuation of the basic medical security relations of migrant workers and other floating employees. It has also established in time the handling procedures for basic old-age insurance, medical insurance and unemployment insurance and thereby, regulated the transfer and continuation procedures of local governments and made it more convenient for the insured. The provision of the direct settlement service for accessing medical service in a place other than the resident region enables the reimbursement of medical expenses incurred by floating population.

**Secondly, to promote liquidity and enhance the fairness and mutuality of the system.** Floating population can choose social security systems, with equal rights and duties, according to the employment status. The social security transfer and continuation policy has been adapted

to the need of mobility, promoted the rational allocation and orderly flow of human resources, assured the trans-regional flow of the insured and the smooth transfer and continuation of their social insurance relations in urban employment, removed their worries and thereby, pushed ahead China's urbanization from the perspective of social policy. In the meantime, a floating employee's social insurance benefits at the original place may be transferred with him or protected no matter he gets employed in a new place or returns to the countryside. The steady institutional expectation protects floating employees' social insurance benefits well and strengthens institutional fairness. For floating employees, the policy that the enterprise employees' pension insurance system transfers not only individual account fund (including revenue) but also a part (12%) of the pooling fund and continuously calculates contribution also embodies institutional fairness and mutual aid. The principle of "catalogue of the medical service enjoyment place, benefit of the insurance participation place and management of the medical service enjoyment place" for the settlement of medical expenses incurred by the insured away from home removes the differences in reimbursement caused by different catalogues in provinces and also assures a basic balance in the treatment of the insured in the same pooling region and thereby, regulates medical service behaviors better and controls irrational growth of medical expenses.

**Thirdly, to promote the expansion of social insurance coverage; the rate of participation of migrant population increases year by year.** The issue of old-age insurance and medical insurance transfer and continuation policies enables the effective transfer and continuation of relations, strengthens the confidence of the insured about the social insurance system, improves the enthusiasm of floating employees, especially migrant workers, about participating in social insurance, expands the coverage, and increases the insurance participation rate. Since 2009, the insured floating population has witnessed a year-on-year growth. In particular, the number of migrant workers covered by the basic old-age insurance was 26.47 million in 2009, medical insurance 43.35 million and unemployment insurance 16.43 million, and the numbers increased to 62.02 million, 62.25 million and 48.97 million in 2017.

### **(III) Employment and Social Security Barriers and Issues against the Smooth Movement of Population**

#### **1. Employment**

A shift from orderly flow to free flow was seen in the floating employment of migrant workers in China, and migrant workers have full freedom in floating employment. At present, a major barrier and problem affecting the smooth floating employment of migrant workers is that migrant workers cannot get equal access to citizen treatment, which means their civic rights are not sufficiently guaranteed in essence.

The *Constitution of the People's Republic of China* stipulates citizens have the right and obligation of labor, laborers have the right to rest, and a citizen is entitled to material assistance from the country and the society if he is old or sick or loses the capacity of work. But it doesn't contain any provision on citizens' right to move.

In accordance with the *Household Registration Law of the People's Republic of China (Draft*

*Proposal*), the permit system for residence at the move-in place should be implemented for residents who move out of their permanent residence. Permission conditions for residence at the move-in place refer to fixed residence and steady source of income. Governments of cities with districts or at a higher level should approve and issue the residence permit for residents. It is the valid certificate for residents to legally dwell in the resident place and enjoy its social benefits and other legitimate rights and interests.

Local governments have great differences in the progress in implementing the residence permit system because the *Constitution* doesn't contain any provision on citizens' right to move and the *Household Registration Law (Draft Proposal)* doesn't stipulate uniformly the benefits, treatment and legitimate rights and interests of citizens who have the residence permit, especially because of great local differences in development level and financial resources and because that no uniform institutional arrangement is made with regard to the funds needed for the entitlement of citizens who have the residence permit to equal benefits and treatment.

At present, barriers and problems against the smooth movement of population include:

First, the policy of population reduction in megacities and megalopolises. Migrant workers prefer to settle in big and medium-sized cities. However, along with the decline of population carrying capacity, the appreciation of land resources and the strategic deployment of transformation and upgrading, megacities and megalopolises move out low-end industries on the one hand and reduce low-end population on the other hand, which affects the steady employment of migrant workers in big and medium-sized cities.

Second, the failure in accessing basic public service as same as registered population. On the one hand, the settlement of migrant workers in cities is still faced with various limiting conditions; on the other hand, there is still a big gap in the basic public service between the residence permit holders and the registered population. Migrant workers who live in cities are entitled to basic public service in a small scope, which affects their inclusion into cities and steady employment. Improving income and solving housing and medical service problems are their major appeals.

Third, insufficient guarantee of employment rights and interests. In many places, unemployment registration of transferred agricultural population isn't performed, and there is no policy of equal entitlement to public employment and assistance such as vocational guidance, introduction, training and skill identification. Migrant workers' labor security rights and interests are still impaired occasionally. 2016 saw the investigation and handling of 323,000 illegal cases, with 27.83 billion RMB of wage and other benefits recovered for 2.901 million migrant workers; arbitration agencies nationwide accepted a total of 341,000 labor dispute cases involving 485,000 migrant workers.

Fourth, mismatch between migrant workers' quality and city demand. Structural change is seen in the employment demand of urban enterprises, with a relatively rapid growth in the skill-oriented labor demand. In addition to supplementing a few technical posts, enterprises in such industries as traditional manufacture recruit a small number of employees; and enterprises in emerging industries or going through transformation and upgrading demand more skilled talents. Migrant workers have a low skill training rate with the prominent problem of skill level,

which affects their high-quality employment and income improvement to some extent.

Fifth, the impact of the rural land reform. At present, China is actively promoting the registration of rural collective asset from household to household and the joint stock partnership reform, establishing a sound rural property transfer market system, attempting to form the mechanism of rural households' voluntary compensated withdrawal from the "ownership, contracting right and management right", and supporting and guiding farmers registered as urban residents to transfer said rights and interests in a voluntary and compensated way, but restricted strictly within collective economic organizations at the present stage. Because difference between urban and rural household registration isn't big and land contracting right and rural land have great potential of appreciation, most migrant workers are unwilling to transfer from rural to urban household registration.

Sixth, the impeded continuous transfer of surplus rural labor. As economic development enters a new normal state, construction, manufacture and other industries with overcapacity stay in a continuous downturn, and enterprises start to have a smaller demand for new employees; after a rapid growth before years, migrant workers' wage has been at a high level, so their wage increase tends to slow down; transferrable rural labor force will meet a turning point, and un-transferred labor force are mostly old or have poor educational background, for whom transfer is difficult.

## **2. Social security**

### **(1) Service management is inefficient in some places, and some transfer and continuation formalities are difficult**

The key of a good social policy lies in implementation. Since the implementation of the social insurance transfer and continuation policy, most problems have been witnessed in the details of handling. For instance, because of the difference in local social insurance policies, the communication, negotiation and exchange between the transfer-in place and the transfer-out place seems very important in the process of transfer and continuation. However, no trans-regional or inter-departmental communication coordination mechanism is established, trans-provincial social insurance agencies are poorly coordinated. With business connections performed mainly over the telephone or by letter, social insurance agencies cannot have daily business contact in time, effectively and efficiently, due to which some transfer and continuation formalities proceed slowly. Fund transfer also differs greatly between places. In some places, the mechanism of one fund for multiple people is adopted; in other places, the mechanism of multiple funds for one people is adopted. As a result, the social insurance agency of the transfer-in place cannot confirm whether or not an insured person's fund has been transferred to the account after receiving the transfer and continuation information sheet from the original insurance participation place.

### **(2) Poor information technology development impacts the efficiency of transfer and continuation**

The State has built the data exchange networking platform, which has covered social security agencies of quite a few provinces, municipalities and counties. However, because of poor hardware support and non-standard information uploading formats of those places, their

electronic data and information transmission is always unsmooth, due to which the use of the platform is inefficient and paper data exchange remains a major way of trans-provincial transfer and continuation. Meanwhile, nationwide real-time sharing of dynamic data isn't realized. In some urban basic-level communities and rural areas, network connectivity hasn't been realized, information management approaches are backward and operation is nonstandard; some places even still resort to manual operation. All these have impacted the efficiency of transfer and continuation.

### **(3) The transfer and continuation of basic medical insurance remains impeded**

The core crux in the transfer and continuation of medical insurance relations lies in the mutual recognition of contribution time between pooling regions, and a deeper problem is the differentiation of local medical treatment levels. In China, an insured person can enjoy free medical insurance treatment after retirement if his contribution time (usually 25 years for men and 20 years for women, slightly different between places) of the medical insurance for employees reaches the given level. Therefore, employees' medical insurance accumulates long-term benefit during the working period. If an insured employee moves across pooling regions, he needs to transfer and continue the accumulated long-term benefit so as to ensure post-retirement entitlement to medical benefit. Though national policy sets forth the mutual recognition of contribution time, detailed rules are absent, due to which mutual recognition of contribution time is difficult in actual operation. If the long-term benefit cannot be transferred and continued smoothly, it will infringe on the rational rights and interests of the insured, the insured, especially floating population, will be less enthusiastic about joining the insurance scheme.

## **II. Current Employment and Social Security Issues under the Background of Population Movement in the EU and Its Member Countries**

### **(I) Current Status and Trend of Population movement in the EU and Its Member Countries**

#### **1. Current status of floating employment in the EU countries**

##### **(1) Overall situation of workers movement**

The number of EU countries has increased to 28 (hereinafter referred to as EU-28), including the earliest 15 member countries, 10 members countries (Cyprus, Hungary, Czech, Estonia, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia) which joined the EU in 2004, and 3 member countries (Romania, Bulgaria and Iceland) that joined the EU successively later.

According to rough statistics, there were approximately 11.80 million floating persons in EU-28 in 2016. Among all the foreign nationals in EU countries, the share of third-country nationals is slightly higher than that of the floating workers of EU-28. At EU-28 level, input countries mainly include the U.K., Germany, Spain, Italy, France and Belgium. In specific, floating population of Germany and the U.K. takes up about 50%. Output population mainly includes Romanians, Polishes, Italians and Portuguese, making up half the EU's floating population.

According to the *2018 Annual Report on intra-EU Labour Mobility*, labor flow is divided into three types: the first is long-term labor flow, namely working or looking for a job for at least



one year in another country. Most EU countries are obliged to register floating population who live there for more than three months as short-term floating people in domestic databases. However, EU-LFS only records the floating people who reside there for more than one year. The second is trans-border floating population, namely those who move across borders frequently as they live in a country but are employed or self-employed in another country. The third is dispatched workers, namely those who are employed in a member country and are dispatched by the same employer to work for a given period of time in another country. Dispatched self-employed persons may also be included. According to statistics, 2.30 million pieces of Portable Document A1 were issued to dispatched workers or employees moving between more than two countries in 2016; in specific, 1.60 million pieces of the document were issued to those dispatched to one country.

**Table Overview of Different Types of EU's Floating Persons Based on Different Statistical Calibers**

Type	Persons
(1) Long-term floating persons at labor age (20-64 years old) in EU-28	11.80 million
As % of EU's labor-age population	3.9%
(2) Floating persons at labor age in EU-28 (according to EU-LFS)	11.00 million
As % of EU's labor population	4%
(3) Cross-border floating workers (20-64 years old)	1.40 million
As % of EU's employees	0.6%
(4) Dispatched workers (inc. employed and self-employed)	2.30 million
(5) Annual backflow persons (20-64 years old) (2015)	614,453

Seen from gender, floating males and floating females take up 50% either. In newly-increased member countries, floating males make up the majority. As for Italy and Greece, females take up the majority. In 2008-2012, a considerable decline was seen in the share of floating males. Floating workers of EU-13 gather in primary occupations, and professionals are insufficient.

## **(2) Employment of floating workers in EU countries**

2016 saw an important increase in active floating workers in EU-28 of Germany, the U.K., France, Hungary, Cyprus, Czech, Denmark, Estonia and Slovenia.

The employment rate of EU-28 floating workers increases further while the unemployment rate declines, almost the same with citizens' employment. Floating female workers are apparently less active than males, who register a higher employment rate, and the unemployment rate is slightly higher for floating female workers. It indicates floating female workers have the employment opportunity at labor force market almost as same as that of males.

Seasonal workers also take an increasingly important position in EU's employment-based migrants. According to estimates, more than 100,000 non-EU seasonal workers come to work in the EU every year (including illegal migrants).

## **2. Employment trend of floating workers in EU countries**

Since the 1980s, the EU and the Eurozone have had a low labor mobility rate. While the EU's expansion in 2004 and 2007 improves mobility, a mass of migrants move from new member countries to Western European countries.

Since 2008, the crisis in the Eurozone has led to a sharp rise of the unemployment rate there, enlarged the unemployment polarization in Eurozone countries and increased apparently the migrant flow within the Eurozone. The seriously affected countries shifted from net inflow to net outflow. On the one hand, population that flowed in when the economy was prosperous returned to homeland; on the other hand, citizen outflows of these countries also increased. Inflows increased in countries which most withstood the crisis. Since 2008, Germany has become the primary destination of floating employment of citizens from Southern European countries (Spain, Portugal, Greece and Italy). More than half the migrants increased in 2008-2013 came from EU countries in Eastern Europe.

Compared to 2015, 2016 saw a rise in the number of floating workers in EU-28, at a rate as same as previous years. At present, EU countries' urgent occupation demand covers a large scope and involves many industries, especially technical industries. Many member countries have such a demand, and the influence is expected to continue to grow in years, so the EU needs to attract more high-tech migrants to cope with the increasingly fierce international competition. Meanwhile, it's more and more difficult to employ seasonal labor forces within the EU, and seasonal workers will take a more and more important position in the EU's employment-based migration.

## **3. Influence of floating workers in EU countries on social and economic development**

### **(1) Positive influence**

Employment-based migrants play an important role in the EU's labor force. In the long term, employment-based migration helps to promote economic development and solve current and future challenges concerning population structure.

On labor markets of developed countries, the arrival of unskilled workers satisfies the demand for unskilled workers, with small influence on the equilibrium wage and employment rate of local workers. Migrants have insignificant or even slight positive influence on the public finance of host countries.

During the time of crisis, labor mobility at a larger scale reduces resource mismatch and improves the EU's factor distribution through sending workers to more productive jobs and thereby, improves the efficiency of single market operation, and is helpful for improving the growth prospect of the EU as a whole. That labor forces move from regions with a weak demand and a high unemployment rate to regions with a great demand and a large number of employment opportunities reduces the demand for lowering actual wage in regions with economic downturn, and helps to contain the aggravation of unemployment.

## **(2) Negative influence**

The large-scale demission of the most qualified workers in a country may lead to the loss of human capital and thereby, reduce potential growth, gross economic productivity and impose slight influence on the productivity of enterprises in the country.

The large-scale outflow of workers from a country in crisis may reduce the number of taxpayers and thereby, national debt is harder to pay. Labor mobility's influence on finance is limited because the public finance won't be affected greatly unless the net outflow is huge and it's not very likely to see a large-scale outflow at present.

A channel of labor flow within the EU is dispatching a European company's workers to posts in another EU country. It may damage to a limited degree the host country's stability. According to the worker dispatching degree released in 1996, the EU has strengthened member countries' power of inspection and restricted misuse of labor dispatching recently.

## **(II) Institutional Arrangements in Employment and Social Security Fields to Promote Smooth Population movement in the EU and Its Member Countries and Relevant Conditions**

The EU is committed to building a flexible entry system through adopting a string of interrelated measures, responding every EU country to make employment-based migration one of its priorities and thereby, letting employment-based migrants make the best of their skills.

### **1. Employment**

#### **(1) The principle of free movement**

The free movement of workers is a fundamental principle enshrined in Article 45 of the *Treaty on the Functioning of the European Union* and developed by EU secondary legislation and the case law of the Court of Justice. In 1993, the *Maastricht Treaty* stipulated that citizens and their family members of all EU countries have the right to move and reside freely in the EU in principle.

The EU's citizens are entitled to look for a job in another EU country; to work there without the work permit; to live there for the reason of work; to stay there even the employment ends; and to enjoy treatment equal to citizens there with regard to employment, working conditions and all other social and tax preferences. In accordance with the *Mutual Recognition of Professional Qualifications Regulation*, some occupations can also obtain foreign recognition of professional qualifications. Pursuant to the *Coordination of Social Security Systems Regulation*, EU citizens can also transfer some types of health and social insurance to the countries where they are employed.

## **(2) The principle of equal treatment**

Relevant legislations include: *Directive on Measures Facilitating the Exercise of Rights Conferred on Workers in the Context of Freedom of Movement for Workers*; *Directive on the Right of EU Citizens and Their Family Members to Move and Reside Freely within the Territory of the Member States*; *The Rights of Free Movement and Residence within the EU*.

When working in another EU country, EU citizens and their families have the right to be treated as the country's citizens. But their rights and interests in the country may be different from those in their home country.

When looking for a job in another EU country, EU citizens have the right to get assistance from the country's public employment service as same as its citizens.

As EU citizens, laborers must be treated in a way as same as the host country's citizens, including wage and other employment and work conditions; health and safety during work; acquisition of training and enrollment in vocational schools and retraining centers of laborers and their children; access to housing, including social housing or convenient acquisition of family housing ownership; the right to join the Trade Union and the right to vote and be elected its administration or management post; social and tax benefits; demission, resumption after demission and re-employment.

As EU citizens, laborers are entitled to the welfare as same as the host country's laborers upon the day when they work in another EU country (employed or self-employed). It may also include benefits indirectly related to employment, such as low train ticket price, supplementary old-age pension, educational grant, or provision of unemployment compensation to children when they are looking for the first job. They may also have the qualifications to acquire non-financial welfare, such as the right of interpretation in proceedings. They will also have the right to the welfare of residing in the host country for laborers and their families.

As EU citizens, the laborers who reside in a third country other than home country or the country where they work will have the right to reside in the third country, and access the corresponding basic residence welfare. They have the right to still reside there if they are unemployed.

## **(3) The principle of benefit accumulation**

The EU is striving to ensure the portability of social rights, the mutual recognition of professional qualifications and the employment service cooperation between countries. A major achievement is the regulation on the coordination of primary welfare (health care, pension,

employment) of social security systems in 2004, thanks to which national systems don't deprive floating workers of the benefits accumulated through a national system. When the laborers of a member country work in another member country, they are entitled to all social security benefits as same as the country's laborers, and their employment insurance and pension accumulated in a member country can be accumulated and owned continuously in another member country; cumulative calculation is based on the beneficiary's all employment time (in whichever member country), and any member country where the beneficiary stays should pay to him welfare according to law.

## **2. Social security**

### **(1) Major legal frameworks**

Since 1958, the EU has amended and implemented a series of laws and regulations to solve the social security problem for trans-national floating population, including the early *Treaty of the European Community*, the targeted *Regulation on the Application of Social Security Schemes to Employed Persons, to Self-Employed Persons and to Members of Their Families Moving within the Community* (No. 1408/71 of 1971) and the *Regulation on Procedures for the Implementation of Reg. 1408/71* (No. 574/72 of 1972)<sup>1</sup>, the *Directive on Safeguarding Supplementary Pension Rights of Employed and Self-employed Persons Moving within the European Community* (No. 98/49 of 1998), the *Reg. 859/2003 of the European Community* and the *Explanation of Directive 109/2003* released in 2003, *Reg. 883/2004 of the European Community* released in 2004 and the *Regulation on Procedures for the Implementation of Reg. 883/2004* (No. 987/2009). They can be called jointly as "EU social security coordination plans". These plans are applicable to 28 EU countries, Iceland, Liechtenstein, Norway and Switzerland.

"EU social security coordination plans" play an important role in coordinating social security schemes between EU countries. In specific, Reg. 1408/71 and 574/72 are the most fundamental and most important documents that contain detailed provisions on the implementation policies and operating procedures for the social security problems of cross-border workers and their families, for the purpose of coordinating the transfer and continuation of social security between member countries and assuring the accumulation of social security benefits of people moving from a country to another country. These regulations will be amended and improved at regular intervals once another member country appears or a member country changes its social security policy.

- According to relevant provisions of the *Treaty of the European Community*, the EU Council should adopt necessary social security measures to guarantee the free movement of the laborers, with the aim to protect the social security rights and interests of the moving laborers and their families. These measures include: ① enabling the accumulation of social security contribution time under the legal frameworks of multiple countries; ② providing social security to people who reside within the territory of member countries.

- Reg. 1408/71 is applicable to disease and maternity welfare, disability allowance, work-related injury and occupational disease allowance, pension insurance benefit, allowance for the

---

<sup>1</sup> Reg. 1408/71 of 1971 and Implementation Reg. 574/72 of 1972 have been substituted by Reg. 883/2004 and Implementation Reg. 987/2009 recently.

survivors, death benefit, unemployment benefit and family allowance, which covers most content of social security except social assistance and medical assistance. The core content includes: ① connecting social security schemes within the frameworks of free movement for laborers in member countries, and ensuring these laborers and their families can be treated equally within the EU even under the institutional systems of different countries; ② establishing an interconnected insurance participation time accumulation system so that laborers with floating employment can have accumulative social security participation time; ③ providing each type of floating laborers with targeted social security, wherever these laborers reside within the EU; ④ enabling that laborers can apply for allowed social welfare in the place where they stay once they get employed and settle there; ⑤ being obliged to provide social security to qualified floating laborers; ⑥ a member country has the right to decide independently whether or not to allow emigrants' access to non-contributory social security; ⑦ another country's employment or residence time should be equivalent to the home country's employment or residence time so as to ensure non-contributory social security can be enjoyed by laborers who just immigrate from another country; ⑧ a floating laborer can be covered by the social security system of only one member country in principle, with the aim to avoid repetitive coverage by social security systems of two countries.

- The issue of *Reg. 859/2003* and the *Explanation of Directive 109/2003* in 2003 extends the provisions of the *Reg. 1408/71 of the European Community* to laborers who work in other countries within the economic zones of the EU, and provides them with welfare and treatment as same as EU's laborers. The *Explanation of Directive 109/2003* provides laborers from other countries who live in the EU for more than 5 years with the employment, education and social security rights as same as EU people.

- *Reg. 883/2004 of the European Community* (amended by *Reg. 988/2009/EC*) substitutes *Reg. 1408/71* and *Reg. 987/2009* substitutes *Reg. 574/72*, applicable to laborers and their family members moving within the territory of the European Community. As for other countries, *Reg. 1408/71/EEC* remains applicable until the new legislation is approved. In the new regulation, basic principles remain unchanged, including the principle of only one applicable law, the principle of equal treatment, the principle of insurance participation time integration and the principle of receiving benefits in foreign countries. On this basis, a new principle, good management, is added.

In addition to "EU social security coordination plans", social security coordination is also witnessed in bilateral agreements signed between countries. Such agreements mainly contain non-discriminatory social security treatment of floating persons from both sides, and detailed rules on the transfer of social security benefits with the aim to assure the accumulation and payment of social security benefits. Besides, EU's case law also plays an important role in the management of floating employees and their families. EU's case law refers to taking the judgment of small events as the legal basis for cases of the same kind.

In accordance with the *Treaty on European Union*, the Law of the European Union is not only directly applicable to all member countries, but also superior to their laws. In case of any conflict between EU social security regulations and the laws of member countries, the former should precede. If two EU countries sign a bilateral agreement, compliance to the "EU

social security transfer coordination plans” should be the precondition.

## **(2) Fundamental principles**

The establishment of “EU social security coordination plans” isn’t really intended to substitute each member country’s social security plan; instead, it aims only to set common regulations and principles by which member countries must abide, and the most important point is to avoid omitted or repeated coverage, if possible.

**First, the principle of only one country.** It means a floating citizen of EU can be covered by the social security plan of only one member country in any period of time. Only one member country’s social insurance legislation is applicable, even if the citizen is employed in 4 or 5 member countries in the period of time. The citizen should be covered by the social insurance of the resident country if part of his job (employed or self-employed) is performed in the resident country. The citizen should be covered by the social insurance of the resident country of the employer or the country with which the commercial activities are registered if one of his working countries is his resident country. The citizen should be covered by the social insurance of the country where he performs most operating activities if the citizen is self-employed. The citizen should be covered by the social insurance of the country where he is employed if he is employed in a country and self-employed in another country. The citizen can also be covered by the social insurance of two countries at the same time under extreme conditions, but he needs to contact social insurance agencies of both countries.

**The principle of social security coverage at the working place is also included.** It means the EU’s floating citizens should join the social security plan of the country where they work. That is to say, if a person stops working in a member country and then, starts occupational activities in another member country, the new member country’s legislation will be applicable, no matter whether or not he resides in the new member country. The person will be bound by the social insurance law of the working place even if he resides, as a frontier worker, in the old member country.

Labor dispatch is a temporary exception. Said principles won’t be affected if an employer of a country sends temporarily a worker to work for less than 24 months in another country, instead of substituting any worker whose dispatch period ends (to avoid employer’s misuse of labor dispatch).

**Second, the principle of equal treatment.** It is also known as the “non-discrimination principle” that embodies the relation of equality between foreign residents and domestic residents. According to the EU’s regulations, the social insurance agency of a member country should endow a European citizen with rights and obligations as same as its citizens as long as he joins its social security plan. The principle also applies to the payment of some non-cash benefits, such as internal medicine, dental, medical and hospitalization benefits of medical insurance and direct payment of compensation for said expenses.

While enjoying “national treatment” in other countries, the EU’s citizens must perform the corresponding social security obligations, especially paying all social security taxes/ fees on schedule, which certainly include other obligations as stated in laws of member countries.

**Third, the principle of the accumulation and integration of contribution years.** It means a person's social insurance contribution (or deemed contribution) recording will be collected by the country where he joins social insurance. The recording includes all of his insurance participation records under the legal systems of EU countries. An example is the old-age insurance. Every country where a person was covered by the old-age insurance will pay relevant benefits in proportion, which is determined according to the collected recording, and finally add up the old-age pension benefits, namely the "piecewise calculation" of benefit.

The EU believes said regulations ensure all people who work in multiple countries won't be at a disadvantage. No contribution is impaired, requested rights are protected, and every country's payment corresponds to the insurance participation period the insured finish.

**Fourth, the principle of receiving benefit at abroad.** It is also known as "benefit output", which means a person who is qualified to get cash benefit in a country can also receive the corresponding benefit in another country in which he resides.

## **(2) Applicable objects and schemes**

**Applicable objects.** EU stipulates 6 categories of people who are covered by EU's trans-national social security coordination, including employed and self-employed persons, civil servants, students, pensioners (including those who retired before their country joined the EU), families (of whichever nationality) of said persons and relevant third-country persons covered by the social security scheme of a member country.

**Applicable schemes.** EU's social security coordination basically covers all social security schemes, including both contributory security and non-contributory security and both all basic insurance schemes and special social insurance schemes.

According to Reg. 1408/71:

- Article 1 of Chapter 4 This regulation shall apply to all legislation concerning the following branches of social security: (A) sickness and maternity benefits; (B) invalidity benefits, including those intended for the maintenance or improvement of earning capacity; (C) old-age benefits; (D) survivors' benefits; (E) benefits in respect of accidents at work and occupational diseases; (F) death grants; (G) unemployment benefits; (H) family benefits.
- Article 2 This regulation shall apply to all general and special social security schemes, whether contributory or non-contributory, and to schemes concerning the liability of an employer or shipowner in respect of the benefits referred to said benefits.
- Article 2a This Chapter shall apply to special non-contributory cash benefits which are provided under legislation which, because of its personal scope, objectives and/ or conditions for entitlement has characteristics both of the social security legislation referred to in paragraph 1 and of social assistance.

According to Reg. 883/2004, early retirement benefits are included.



### **(3) Main coordinating bodies**

**Administrative Commission on Social Security for Migrant Workers (ACSSMW).** To promote the coordinated development of social insurance systems of member countries, implement relevant social insurance coordination policies and safeguard the social insurance benefits of freely moving workers, the European Community founds the ACSSMW subordinate to the European Commission, which is responsible for coordinating problems in implementation of relevant laws and regulations of the EU. Composition, operating mode and main tasks of ACSSMW are set forth in Chapters 80 and 81 of Reg. 1408/71. According to it, ACSSMW shall be made up of a government representative from every member country and a representative of the European Commission, and be responsible for managing and explaining the regulation, promoting member countries' cooperation and information exchange with regard to social security, making decisions about the transfer of involved funds between member countries and putting forward opinions and suggestions for the improvement of the regulation.

**Social Security Advisory Committee.** On the basis of ACSSMW, the EU also founds the Social Security Advisory Committee. It is composed of two representatives from the government, trade union and employers' organization respectively of each country, responsible for taking actions as requested by the European Commission and ACSSMW or independently. It is tasked to survey general problems or difficulties in the implementation of Reg. 1408/71, put forward recommendations for its improvement and examine ACSSMW's handling of some problems.

**Social insurance agencies of member countries.** Reg. 1408/71 and Reg. 574/72 contain detailed provisions on major responsible agencies of member countries. Under regular conditions, however, many businesses of the agencies as stated thereof are completed by relevant institutions. In fact, the European Commission suggests citizens consult relevant institutions of these responsible agencies if possible, mainly because they are more professional in trans-national social security affairs and can satisfy citizens' demand more easily. Annex 1 of Reg. 574/72 lists official management organizations of member countries, Annex 2 lists their service agencies and Annex 4 lists specific institutions. Addresses and contact information of relevant institutions can be found in the form through which citizens cope with social security transfer issues.

In addition, the EU has established since 2000 the Mutual Information System on Social Protection, for the purpose of providing social security information publicly to the member countries.

### **(4) Forms and procedures**

For cross-border employment, citizens of EU countries should resort to a standard set of technological means—Eforms. Eforms include all information about social welfare of the person who decides to apply and needed to prove his right and thereby, assure the rapid and efficient information exchange between relevant cross-border social insurance agencies. Therefore, a citizen should require the social insurance agency to provide corresponding forms

before leaving his country. After arriving in another country, the citizen should present these forms to the institution of his resident place so that his application will be handled without delay. E200 series are most important for pension and E100 series for medical insurance (including sickness and maternity). Though in 25 languages, Eforms are in the same format and have the same content. These forms are not only indispensable for the cooperation between institutions, but also carry some very useful information on their back, including the name, address and etc. of another country's institution.

Since June 1, 2004, the EU has issued to its citizens the European Health Insurance Card (EHIC) in succession. Though EHIC doesn't record patients' archival information, those who take it have the right to enjoy non-local medical service. When seeking medical service in another place, patients should present EHIC to the designated hospital, and the hospital will verify it in real time through network transmission.

To make it convenient for the applicants to submit the application, EU social security law sets forth the principle of proximity, also known as the "first inquiry accountability" principle. An applicant may submit the application to the social insurance agency of his resident country, even if he's never covered by the country's insurance. Then, the social insurance agency of the resident country should deliver the application to relevant service institution, and the date when the application submits the first application will be regarded as the date when he submits the application to the right service institution. Or, the applicant may submit the application to relevant institution of the country where he joins insurance at last.

Said forms and procedures aim to accelerate the cross-border handling between social insurance agencies of different countries. They can help the applicants to get benefits in an acceptable period of time and to conform to the deadline for the submission of the application.

### **(III) Challenges against Employed Policies and Social Security Management Systems Caused by Population movement**

On the whole, the EU has realized the free movement and equal treatment of laborers from the institutional perspective, but population movement is still faced with some practical problems. It is affirmed also in EU's official documents that "employee mobility is also faced with many restrictions. In addition to the uncertainty of movement, individuals are also faced with many obstacles, including legal and administrative problems, residence cost and possibility, gender difference, pension portability, language barrier and recognition of professional qualifications".

First, female migrant workers usually receive better education than male migrant workers, but also have a more serious problem in excessive competence. That is to say, capabilities of floating female laborers are not utilized fully.

Second, both male and female migrant workers are faced with language barriers when looking for a job, and it is a problem more serious than the absence of the recognition of qualifications or religious/ social background. Cross-border mobility is more active in countries with the same or similar languages than those with different languages.

Third, important obstacles exist in legislation and administration. For instance, there are difficulties in the transfer of occupational and supplementary pension benefits. In a word, more

efforts should be made to coordinate and make more efficient European standards.

Fourth, there are more and more non-EU seasonal workers in the EU, especially in such industries as agriculture, horticulture and tourism. Some non-EU seasonal workers are faced with irrational exploitation and nonstandard working conditions, which may threaten their health and safety.

Fifth, at the present stage with a low population growth rate and population aging in the U.K., immigrants from the EU play an important role taking a large number of jobs which British citizens are unwilling or unable to do. After Brexit, the British government hopes it can choose immigrants and only receive skilled workers. In fact, however, no one can fundamentally control the human movement activity that features the randomness of human behavior; limiting immigration policy will cut down the movement of skilled workers, and uncertainties in the relation with the EU will also affect skilled workers from other EU countries and lead to a labor shortage in some industries, especially those very dependent on foreign labor force, such as manufacture, food and beverage processing, cleaning and health.

Sixth, migration challenges the nature of civic rights. Civic rights are based on the universal value and superior to cultural difference on the one hand and on the other hand, are formed under the background of a specific country, and reflect the country's history and specific national identification mode. Democracy of a multi-cultural society is intended to ensure the social and cultural rights of all people, instead of members of specific groups. Long-term imbalance is seen in the legal rights and interests of third-country immigrants, as third-country citizens of the EU, because of social prejudice or discrimination.

Seventh, non-contributory pension and supplementary insurance benefits. An objective of EU social insurance law is to ensure the social security level of floating employees is not lower than that of non-floating employees in the country where they stay. In fact, however, it's impossible to do it absolutely. Member countries differ greatly from one another in economic development, and some benefits are non-transferrable. An example is non-contributory pension. These schemes follow the principle of resident place, and are usually borne by government and provided only to eligible native residents. If a person moves from country A to country B, he will no longer get the benefits from country A. It makes residents of countries with a high welfare level less enthusiastic about residing and working in countries with a low welfare level, and aggravates the risk of one-direction flow of labor force and population. It is also true in supplementary insurance benefit.

Eighth, employment and residence modes are complicated. The emergence of new movement modes brings many problems, such as the shorter movement period, change of movement status and mobility diversity, to the implementation of these legislation, and also incurs problems to the application for social insurance. In particular, a condition may appear that new changes emerge while the old social insurance relations are not transferred successfully.

Ninth, specific problems, such as the difference in mandatory age for retirement between member countries, will lead to a problem that a person who has received a pension in a country cannot get another pension until he reaches the pension age of another country. Problems also include exchange rate fluctuation, postage incurred by trans-national payment of pension and

relevant service fees.

#### **(IV) Major Practice and Experience in Improvement of Employment and Social Security Policies and Adaptation to and Promotion of Smooth Population movement**

On the whole, the EU's experience includes not only the basic concepts of equality, fairness and promoting the free movement of labor force and also some institutional design and policy measures at operating and technical levels. It's worth noting that some principles and practice of the EU don't necessarily apply to China because of the great differences in history, culture, tradition and economic development level between China and Europe and the differences in decision-making mechanisms between the EU and China. Nevertheless, some practice and experience are worth taking as reference.

##### **1. Adopting an effective integration policy management and coordination mechanism**

EU countries differ from one another in economic structure and labor productivity, and have imbalanced economic and social development and great gaps in employment opportunity and living standard. Against such a complicated, arduous and contradictory background, the EU solves effectively a variety of problems in the social inclusion of migrants, promotes the free movement and economic development of EU persons and accelerates the European integration process through the open method of coordination (OMC) and progressive strategies in accordance with the anti-discrimination principle. As an important weapon in policy coordination and implementation of the EU, in addition to the European Commission, the EU Council, the European Parliament and the European Court of Justice, OMC includes: first, develop common goals to push ahead the social inclusion of migrants; second, develop a set of common measurement indicators to monitor the work of member countries. The EU proposed in 2004 European citizenship qualification and inclusion index for monitoring the social inclusion of floating population, which was modified into migrant integration index in 2007. Member countries must submit to the EU their respective national action strategic report at regular intervals, and the EU releases every year the joint report on policy implementation of member countries, and provides excellent practice. Third, found the special work coordination commission at EU's level. In October, 2004, the EU founded EU external boundary coordination management agency, responsible for management of population movement and migration in the EU. Fourth, continuously improve the system. The EU's social insurance coordination policy doesn't necessarily request solving all problems at one go; instead, it has improved through several modifications from rough to fine and from abstract to concrete, and is developing continuously. Regulations stipulate many parts, demonstrating openness. That EU's social insurance coordination policy can maintain a uniform development direction in modification and improvement for 40 plus years cannot do without the adherence to the basic principles, including the principle of fairness, the principle of equality, the anti-discrimination principle and the principle of free movement. They are fully embodied in every modification.

##### **2. Convenience and operability**

Convenient policy design can cut down operating cost significantly and determine the vitality of a system.

**First, providing more convenient social insurance integration service to migrants.** The EU's design of the segmented calculation and payment of pension insurance not only defines every country's duty, but also simplifies greatly the procedures of the transfer and continuation of social security accounts for laborers and makes it practical. Operating cost is reduced significantly and employees' rights and interests are safeguarded effectively as countries' income and expenses are balanced through the establishment of uniform settlement centers in these countries and the problem of scattered working periods of laborers is removed through final take-over. Operability directly determines whether or not a system can be implemented smoothly. Institutional operability is demonstrated in many aspects. For instance, the application of the national treatment principle to the non-cash welfare payment of medical security removes the problem that medical staff of countries can hardly know all countries' medical welfare regulations. When an insured person resides permanently in another country after retirement, he will enjoy the medical insurance benefit of the resident place according to EU regulations, and needed expense will be negotiated between the medical insurance agency of the insurance participation place and the medical insurance agency of the resident place, paid by the insurance participation place according to a given standard to the resident place and directly managed by the medical insurance agency of the resident place. To reduce the management cost and improve work efficiency, service agencies of some regions settle medical expenses incurred by the insured away from home country in a way as simple as possible through signing an agreement with service agencies of other countries.

**Second, providing convenient and fast migration information.** In November, 2011, the EU's migration website was put into operation formally, providing information to foreigners who are interested in migrating to the EU. The website also covers EU citizens or migrants who intend to move to another country. It provides all information about specific migration procedures for all kinds of migrants in the 28 member countries. In 2016, the European Commission started the testing of adaptation for legal migrants, and the migration inclinations and routes they provide in the testing will be helpful for the European Commission to regulate migrants better.

### **3. Provision of human and financial cooperation and support for the guarantee of migrants' rights**

**First, adopting more comprehensive international cooperation for the guarantee of migrants' rights.** To attract more highly skilled migrants to its labor market, the EU needs to have effective international cooperation with the countries of origin. In 2011, the EU pushed out the new "Global Approach to Migration and Mobility", which aims mainly to develop the cooperation in migration affairs between the EU and other non-EU countries. In specific, it puts the protection of migrants' rights in an important position, proposes to call upon member countries to be focused on migrants' rights so that migrants will be better adapted to post-migration life and employment, and takes migrants' education and training as an important part of assuring migrants' inclusion into society and employment market.

**Second, providing more effective fund support for the guarantee of migrants' rights.** In 2007, the EU Council decided to establish the "European Fund for the Integration of Third-Country Nationals" that would provide a budget of 825 million EUR in support of the integration of migrants in 2007-2013. It aims mainly to support the development of EU

countries' and civil society's capacity to promote new migrants, and establish and implement monitoring and assessment systems. In addition, the Asylum, Migration and Integration Fund founded in April, 2014 will promote the efficient management of migrants, and step up the development of common migration policy and asylum application policy. Fund support lays an effective economic foundation for the actions of guaranteeing migrants' rights.

**Third, absorbing more participants for the guarantee of migrants' rights.** In addition to the provision that EU agencies must protect migrants' rights, the *Stockholm Plan* develops a string of measures about the guarantee of migrants' rights for member countries, with the aim to help them to realize the effective guarantee of migrants' rights. It also encourages migrants' to take an active part in actions to protect their rights, and enhances through media and network the popularization of the awareness of the protection of migrants' rights and the implementation of specific actions, including appeals against unfair treatment. Besides, it also calls upon civil society organizations and non-governmental organizations to attach importance to migrants' rights and thereby, improves the significance of migrants' rights in the whole society.

**Fourth, employment-based migration policy.** In 2009, the EU started to implement a plan targeted at non-EU highly skilled migrants—Blue Card Scheme, which endows Blue Card holders with social and economic rights, enriches the modes of family reunion migration and promotes labor movement within the EU. It mainly covers rapid and simple migration process and ordinary admission criteria: a person who has a legal job and has resided for a period of time (1-4 years) in EU countries can apply for the Blue Card; in the following 18 months, he can reside and work in the member country that has conferred him the Blue Card; a person who applies for the Blue Card for the first time must have at least one advanced educational degree and 5-year professional work experience, and a valid work contract for 1 or more years; should perform effective work for at least 1 year in the member country where he submits the application; should have a wage at least 1.5 times the average wage of the member country that confers him the Blue Card; the member country may present a stricter standard and a higher wage according to its conditions. In June, 2016, the EU Council presented the proposal of the new Blue Card Scheme, with the intension to introduce more inclusive and more flexible entry conditions and faster and more flexible procedures, improve migrants' rights and step up their mobility in European countries.

**Fifth, seasonal workers protection policy.** The European Commission and the European Parliament released in February, 2014 the seasonal workers directive stipulating conditions for third-country nationals to enter and reside as seasonal workers in the EU. When the directive is incorporated in laws of member countries, it will provide more explicit and more uniform rules to reduce seasonal workers from illegal channels and attract more seasonal workers to enter in the EU through legitimate application; new stipulated working conditions will help to prevent exploitation and protect the health and safety of these seasonal workers; seasonal workers will also enjoy appropriate accommodation arrangement during their stay, and can file a complaint to the EU Council or a third-party agency through the established appropriate complaint mechanism.

**Sixth, language competence improvement measure.** Erasmus Mundus program, DaVinci apprenticeship program and other arrangements are made to make young people more capable

of mastering foreign languages and more open about movement in the Europe, but the effect won't be demonstrated until in a long time.

#### **4. Direction of effort**

EU countries may extend the unemployment benefit period for the people who are looking for a job in another labor market from three months to six months; increase funds for the European students exchange schemes so that it will be more likely that citizens who participate in such schemes may work at abroad sometime during their worklife; and establish a financial transfer mechanism in the Eurozone so as to mitigate possible damage to labor movement.

In the implementation of the Blue Card Scheme in following years, the EU should provide more career choices, balance the Blue Card Scheme indexes between member countries, simplify the application procedures, and provide Blue Card holders with appropriate rational wage and other guarantee systems. In addition, it should also combine the Blue Card Scheme and the family reunion migration policy so as to increase the share of legal migrants in the EU.

To cope with challenges against the civic rights of nationals, the EU should give consideration to the employment, educational, welfare and health guarantee rights of third-country nationals, and safeguard these migrants' rights practically. Meanwhile, it should guarantee the rights of native residents, distribute social resources rationally and fairly, and reach a consensus in member countries.

### **III. Countermeasure Suggestions for Improvement of Employment and Social Security Policies and Promotion of Smooth Population movement by Reference to the EU's Experience**

Under the new conditions, the key of improving China's employment and social security policies for floating population lies in promoting migrant workers' equal entitlement to urban basic public service over time, eliminate discriminatory treatment against floating population step by step, and realizing equal treatment of floating population and native population. Following policy suggestions for improving China's employment and social security policies for floating population are presented according to China's national conditions and by reference to the EU's experience.

#### **(I) Improving the Macro Policy System in Favor of Floating Population Employment**

##### **1. Improving financial policy**

We should motivate local governments fundamentally to absorb population by virtue of fiscal policy. First, we should accelerate the improvement of the current transfer payment system, and reform the current financial and taxation system. With population movement direction being the important basis for determination of fiscal transfer payment direction and taxation, we should enhance inflow places' capacity to gather and absorb population through ensuring they obtain enough financial and tax funds and improving local infrastructure and public service. Second, we should reform the resource price formation system, build up the environmental compensation mechanism and thereby, ensure outflow places can get compensation through

financial, price and employment opportunity methods, and form the internal impetus for population movement.

## **2. Gradually removing institutional barriers against population movement through implementation of the migration policy of moderate control**

We should practice the residence permit system actively. First, we should preferentially assure the “basic education” and the livelihood demands for one or some “basic medical services” for floating population, with the aim to ensure the stability and improvement of future human capital stock and increment in China. Second, we should remove barriers against population movement over time through incorporating floating population in the coverage of public employment service, providing them with accurate and reliable labor market information, preferentially building sound work-related injury insurance, basic medical insurance and old-age insurance systems for migrant workers, and improving the social insurance relations transfer and continuation system of China. At last, as for the migrant workers who have investment or a stable job and income, have bought a house (or stable renting), have a spouse and children working and being schooled and live more than a given period of time (e.g. 5 years) in an inflow place and won’t leave the inflow place actually, the local government of the inflow place should provide them with citizenship treatment in a conditioned manner and step by step, such as subsistence allowance, assistance, governmental security housing and household registration, to improve their living conditions and accelerate their inclusion in the society.

## **3. Speeding up the reform of the rural property right system**

We should vigorously push ahead the confirmation, registration and issue of certificates on the rural property rights, establish a sound property circulation market, improve the powers and functions of property rights, promote the implementation of the entry into market of collective commercial construction land, the compensated exit of house sites and other reform measures, cope with the land contract right, right to the use of curtilage and collective revenue distribution right of moved rural population, solidify rural rights and interests, transform farmers’ contracted land, forest land, rural housing and other resources into leasable, collateral and realizable capital and make them a source of funds through which farmers can live and buy housing in cities, and let farmers taking rights and interests with them to cities and can stay and live in cities. We should clarify as early as possible the policy that land contracting management relations should stay stable and unchanged permanently and the third-round land contracting period. It is helpful for preventing new problems and contradictions arising after the end of the second-round land contracting period on the one hand and on the other hand, makes for the government, collective and farmers to make a choice as early as possible.

## **4. Improving the floating population decision-making management service mechanism**

We should effectively push ahead the social inclusion of floating population in all places through the open coordination scheme and the progressive strategy by reference to the EU’s experience. We should ensure common goals will be obtained through stepping up country-level coordination management. We should develop methods to monitor and evaluate the citizenship development of migrant workers in all places to monitor the social inclusion status of floating population, and release every year a joint report on policy implementation and



relatively excellent practice of all places to promote the citizenship development of migrant workers.

## **(II) Improving the Floating Population Employment Policy**

### **1. Advancing the equal access to public employment services and the equality in rights and obligations for permanent resident population in the principles of fairness and justice**

Public finance and public service systems should be based on permanent resident population. The Central Government should take the economically active permanent resident population corresponding to city planning goals as the basis for employment allowance and provincial-level and municipal-level supporting fund, and also for public employment service capacity building. We should use all employment policies and employment allowances for permanent resident population of migrant workers in an equal way. We should improve specific measures and procedures for permanent resident migrant worker population's entitlement to inclusive employment policy and all-round public employment service. We should also speed up the information technology-based development of employment service so as to make it convenient for basic-level employment service platforms to provide convenient, efficient and precision service to migrant workers and also for migrant workers to receive efficient, convenient and targeted service.

We should improve the information collection and sharing of migrant workers, establish a public employment service comprehensive information network with "community-based centralized acquisition, digital uniform management, and authority category-based inquiry", and connect all municipalities (counties), districts, sub-districts (towns) and communities (villages) vertically. We should incorporate floating population management into local employment management and service.

### **2. Improving the migrant workers' rights and interests guarantee mechanism**

We should accelerate local legal construction so as to improve the legal mechanism for the protection of migrant workers' rights and interests. We should urge employers to implement the *Labor Law*, *Labor Contract Law*, *Law on the Promotion of Employment*, *Social Insurance Law*, *Trade Union Law* and other laws and regulations in force for the time being, and accelerate the development of local law, regulation and policy systems applicable to all labor groups in the principles of equality, justice and sharing. We should intensify labor security supervision and law enforcement, strictly crack down on illegal behaviors with infringement on migrant workers' rights and interests, firmly prevent employers from using child laborers illegally, delaying or deducting wage viciously, commanding production against regulation and blindly and escaping social duties. We should enhance the supervision of the use of migrant workers in micro, small and medium-sized enterprises, provide migrant workers with labor protection, social insurance and corresponding welfare and treatment, implement labor time, labor remuneration and other labor standards strictly, and reduce wage arrears of migrant workers continuously, with the aim to improve employment quality of migrant workers. We should establish a long-term mechanism for safeguarding legal rights of migrant workers, unblock their appeal channels, provide more legal assistance to them, and give full play to the important function of governments at all levels and social organizations in this respect.

### **3. Strengthening the skill training of migrant workers**

We should assist employment and entrepreneurship of migrant workers through increasing government financial investment on the education and training of migrant workers, carrying out precision training based on industry, work type and group and exerting efforts to cultivate professional skills. With regard to the skill training of migrant workers, we should intensify trainings of industrial associations and enterprises, give full play to enterprises, establish sound modern apprenticeships, promote training through production and green hands through old hands, realize employment upon graduation, and avoid separation of study from practice and secondary training. We should intensify the entrepreneurship training of migrant workers, and help them to realize employment and entrepreneurship and to return home to start a business.

### **4. Realizing the overall planning of urban and rural employments and the integrated development of urban and rural labor markets over time ultimately**

We should give play to the guidance of government performance assessment with the focus on employment policy. Governments of inflow places should increase indicators for assessment of employment quality of migrant workers, with the emphasis on the social duties, except for economic growth, of government departments; governments of outflow places should stress government departments' obligation on the professional skill training of floating population, and increase assessment indicators encouraging population output.

### **5. Paying key attention to the new generation of migrant workers**

The great majority of the new generation of migrant workers are determined not to return to the countryside upon the day when they step out of the countryside. If they cannot be included in cities or take an ideal position in cities for a long time, they will have the risk of being marginalized by the society and will impose serious influence on social stability. In addition to being concerned about migrant workers' economic benefit, we should care for their spiritual and cultural needs, social status equality and democratic and political power from the perspective of social fairness and justice, and enable them to have the right to vote and the right to be voted and to be elected people's representatives and enter management of government organs and communicates in cities where they live; we should also improve the corresponding people's group systems so that they can finally be really included in urban society and realize the goal of being new urbanites through joining trade union and other organizations and taking an active part in democratic management.

## **(III) Improving the Social Security Policy of Floating Population**

### **1. Further specifying and improving relevant policies**

The EU rationally continues the pension, medical, unemployment and other social security relations of most floating persons and their families through "aggregate calculation", "separate payment", "ultimate take-over" and other approaches, and "continuity" is realized really through the simple method. At present, China has further detailed the policy for the transfer and continuation of old-age insurance, but regulations on the urban employees' medical insurance system are to be improved further. The continuous contribution time (suspension cannot exceed 3 months) of medical insurance upon retirement of employees is 25 years for

male employees and 20 years for female employees. In practice, however, it's usually requested the continuous payment period be realized in one region, which is to the disadvantage of floating population. Therefore, we may also accumulatively calculate the contribution time in different pooling regions by reference to this method, according to which a person can enjoy the medical insurance benefit for retirees at the last place where he joins the medical insurance as long as his contribution time in different regions accumulatively reaches the statutory time for enjoying medical insurance benefit no matter how long he pays the medical insurance premium at the last place. But a problem is the ethical risk of retirement at richer places, which means employees may choose to work in developed regions years before retirement, then developed regions must bear the medical insurance fund payment pressure. We can set a "transfer-in threshold" of about 10 years before retirement by reference to the promulgated policy for the transfer and continuation of old-age insurance relations.

## **2. Strengthening overall planning, coordination and policy integration**

The key of solving the social security continuation problem in China is taking into account the benefits of laborers, enterprises and pooling regions. The EU develops social security coordination plans at a higher level and establishes the ACSSMW, which is more helpful for the overall planning, coordination and management of policies. It is worth referring to.

On the one hand, with regard to medical insurance, similar with the EU, we have established the platform for settlement of medical expenses incurred by the insured away from home at state level, which plays a positive role in coordinating and promoting the management service for access to medical service in a place other than the resident place and achieves good effect. The transfer and continuation of medical insurance relations remains impeded, with barriers in the recognition of contribution time. It's advisable that we should enable the smooth nationwide transfer of the insurance benefits accumulated by the insured, establish national medical insurance benefit transfer center and adjustment fund system, allow the trans-regional transfer of accumulated insurance benefits in case of the trans-regional movement of the insured, and use the national adjustment fund to balance the risk incurred by the transfer of the benefits of the insured among different regions, with the aim to remove the worry that some places restrict the continuation of medical insurance relations of inflow persons in view of their pressure of paying medical benefits and thereby, to balance regional benefits. In relation to equal access to medical service, we should increase government subsidy standard steadily and also individual funding level, exert great efforts to implement the two-way referral system and graded diagnosis and treatment system, and enable urban and rural residents' equal access to medical facilities and equipment and incorporate all of them into the uniform health and disease control system.

On the other hand, we should coordinate the relations between the old-age insurance, medical insurance and unemployment insurance. We should develop uniform policies in harmony with old-age insurance relations transfer so as to ensure the transfer of other insurances along with the old-age insurance transfer. For a person who resides in another place after retirement, his pension should be still paid by the place where he retired, and the approach to access medical service in a place other than the resident place can be applied to the access to medical service of the retirees who reside in another place.

Third, we should incorporate all eligible migrant workers in cities into the old-age insurance, unemployment insurance, occupational injury insurance and maternity insurance systems for enterprise employees.

### **3. Further improving the management of social security service for floating population**

First, it's advisable that the service procedures be optimized further. We should simplify the transfer procedures as much as possible, shorten the handling period, reach the convenient, fast and effective standard, and continuously improve the service level. We should improve service quality and efficiency through strengthening the training of service staff and having them being familiar with service knowledge and procedures for old-age insurance transfer and continuation. Second, we should coordinate service contact and information exchange between provinces through establishing a national social insurance relations transfer coordination agency. Third, we should step up the assessment and supervision of local governments in the implementation of transfer and continuation policies.

### **4. Further strengthening the construction of the national social security information system**

First, we should place emphasis on the complete, accurate and normative construction of basic data and information and the improvement of the transfer and continuation platform. We should assure the integrity, accuracy and uniformity of information by regulating social insurance benefit recording. Second, we should improve the information network system so as to improve the transfer efficiency. Emphasis should be placed on the construction of basic-level (sub-district, village) networks, and realize real-time networking and interconnectivity at state, provincial, municipal, county and township (sub-district) levels. We should make it more convenient for the insured through establishing the basic standard of "electronic social security" service and improving the registration system for universal participation in social insurance and the national system for online inquiry of personal benefit records of social insurance.

### **5. Further improving external support conditions adapted to social insurance transfer and continuation**

First, accelerating the improvement of social insurance pooling is the fundamental approach to trans-regional movement. It's advisable that nationwide planning of basic pension be accelerated on the basis of the smooth operation of the adjustment fund system. We should probe into promoting the provincial-level planning of basic medical insurance. Second, we should step up information sharing between departments, such as the exchange and sharing of old-age insurance information, employment information and income distribution information. Third, we should strengthen the construction of the credit system for the whole society so as to prevent ethical risks in the transfer and continuation of social insurance relations. Fourth, we should make efforts in social assistance. In the event that migrant workers encounter living and other difficulties in cities, we should provide social assistance, subsistence allowance for urban residents, temporary assistance and urban medical assistance in accordance with regulations.