

## Chapter 4

# Access to Social Protection by Immigrants, Emigrants and Resident Nationals in China



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### 4.1 Overview of the National Social Security System and Main Migration Features in China

#### 4.1.1 Main Characteristics of China's Social Security System

Since the foundation of the People's Republic of China in 1949, its welfare system had been deeply embedded into the country's planned economy and urban-rural divide, until China's embarkation on market-oriented reforms in 1980s. Full and life-long employment, job creation and job assignment—often referred to as the “iron rice bowl”—were guaranteed (Guan 2000). Economic activities in urban areas predominantly took place around state-owned enterprises (SOEs) that still contributed close to 80% of gross industrial output and employed more than 75% of the urban workforce by 1980 (Leung 2003). Work units (*danwei*), particularly SOEs, were the cornerstones of both welfare financing and delivery, providing workers and their family members with a comprehensive social protection package (Saunders and Shang 2001). In contrast to the dominance of *danwei* in this socialist mini-welfare state, the role played by the state was limited to caring for the most vulnerable groups in the urban population, including childless frail elders, the disabled homeless, and orphans (Leung 2005). Overall, the Chinese society, especially the urban sector, constituted a “welfare society in a low-income country,” under the planned economy (Guan 2000).

The economic reform initiated in 1978 exerted a significant impact on social security. First, inefficient and overstaffed SOEs started to suffer from heavy economic losses, so that financing the mini-welfare state became a heavy burden.

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Neither the government nor the SOEs had the financial ability to continue their generous provision of welfare. Even worse, many SOEs underwent privatization and bankruptcy. Second, the iron rice bowl was blamed as a disincentive for improving productivity and was gradually dismantled. A mass layoff of workers in the 1990s dramatically changed labour relations and raised enormous demands for social protection. Third, alongside economic liberalization, private and informal sectors flourished while new professions proliferated, calling for a paradigm shift in social security. Although the economic transition was gradual and incremental, it swiftly led to the destruction of old social security institutions, especially pension, housing, education and health care (Chan et al. 2008). Only in recent years has China seen a prominent expansion of social policies, in response to rising social instability and the need for the party-state to exert political legitimacy (Ngok and Huang 2014).

Constituting the skeleton of the current urban social security system are five social insurance schemes, covering old-age pension, general medical care, maternity benefits, work injury, and unemployment, as well as a provident fund for housing finances. Well-known to most Chinese people is the term of “*wu xian yi jin*” (five insurances and one fund). Table 4.1 presents the prevalent contribution rates of all mandatory social insurance schemes, which are predominantly financed by contributions from employers and employees. Also financed by contributions from employers and employees, but without risk-pooling, is the housing provident fund, which is earmarked for enrollees’ housing purposes.

The development of China’s rural social security system is much more recent. The Rural Cooperative Medical Scheme (NCMS) is a community risk-pooling program intended to help farmers cope with catastrophic medical expenditures. Enrolment is typically on a household basis. Central and local governments provide generous premium subsidies. Now the NCMS is being integrated with the Urban Resident Basic Medical Insurance, in China’s efforts to consolidate its fragmented social health insurance system. Built on a similar model, the New Rural Basic Social Pension Scheme was introduced in recent years to provide basic financial protection for the rural elders. This voluntary scheme is jointly funded by individuals, villages, and local governments.

**Table 4.1** Prevalent contribution rates of mandatory social insurance schemes

	Employer (%)	Employee (%)
Retirement insurance (old-age pension)	20	8
Unemployment insurance	2	1
Maternity insurance	1	0
Work injury insurance	1	0
Medical insurance	6	2
Housing provident fund	5–12	5–12

Note: The merger of maternity insurance and medical insurance has been undertaken since 2017

Source: He and Wu (2017)

The Minimum Livelihood Guarantee System (MLG)<sup>1</sup> or *dibao*, is China's social safety net. Jointly financed by the central government and local governments, this means-tested non-contributory cash transfer system serves as the major instrument of poverty alleviation in the country. The MLG started as an urban scheme in 1999 and now covers every locality. Rural MGL has been introduced in many localities since 2004, albeit much less generous than the urban scheme.

The Chinese social security system bears two salient characteristics: systemic fragmentation and wide regional disparity. Some social insurance schemes are operated at county level, while others are operated at prefectural level. Social risk-pools and individual accounts co-exist in some insurance schemes. Depending on residential status (urban vs. rural *hukou*; *hukou* refers to household registration status), individuals are enrolled on different insurance schemes, which vary substantially in benefits (Wu 2013; Gao and Rickne 2014; He and Wu 2017). Equity issues also exist across localities, as fiscally-strong local governments tend to offer higher benefits (Shi 2012).

### 4.1.2 Migration History and Key Policy Developments

Migration, both internal and international, has a long history in China. Hong Liu (2005) identified three distinctive phrases of Chinese emigration to overseas. In the first phrase (1850s to 1950), millions of Chinese, predominantly laborers from South China (Guangdong and Fujian) started emigrating overseas, concentrating mainly in Southeast Asia. The second phrase (1950–1980) was much smaller in both scale and population, as the newly founded People's Republic of China adopted a highly restrictive immigration policy (Liu 2009). But the destination of emigration was much more diverse, including mainly North America, Western Europe, Japan, and Australia (Liu 2005). The third and the most recent wave (1980 to present) has been characterized by very wide range of personnel, including high-skilled professionals, students, wealthy immigrant investors, as well as low-skilled workers. China has become one of the world's leading source countries of immigration, providing about 4% of the total population of migrants (Xiang 2016). It is estimated that around 30–35 million ethnic Chinese live outside of Mainland China, Hong Kong, Taiwan, and Macau (Thunø 2001).

Historically, China has been a sending country of migrants, but this situation is gradually evolving. With increasing number of international immigrants from a variety of countries, China is becoming a destination country for transnational migrants rather than a mere source of them. Yet, the migration inflows are still significantly lower when compared to the outflows. Even including those from Hong Kong, Macau, and Taiwan, the total stock of immigrants is merely one million,

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<sup>1</sup>Translated variously as “Minimum Living Standard Assistance”, “Minimum Living Standard Guarantee”, and “Minimum Living Standard Scheme”.

accounting for 0.07% of the Chinese population (Center for China and Globalization 2018). Based on the most recent population census (2010), the top ten source countries of immigration to China are: Republic of Korea, United States, Japan, Myanmar, Vietnam, Canada, France, India, Germany and Australia. Main reasons of migration include: business (20.1%), employment (19.8%), residential settlement (18.3%), and study (19.7%) (National Bureau of Statistics 2011). Most of these legal immigrants reside in economically prosperous parts of China, such as Beijing, Shanghai, Guangdong, and Zhejiang.

In theory, China accepts asylum seekers for political reasons, as the right to seek asylum is recognized by the PRC Constitution. There is a large undocumented population of refugees and illegal workers in China, mainly from North Korea, Vietnam, and Africa; but due to the secretive nature, no official data is available. At the end of 2015, China held about 300,000 recognized refugees, with the vast majority coming from Vietnam (UNHCR 2015).

Seeking to attract foreign talents, particularly in education, technology, science, and management, the Chinese government promulgated the *Regulations for Examination and Approval of Permanent Residence of Aliens in China* in 2004. The regulation officially introduced the permanent resident permit, commonly known as China's "green cards", to three eligible categories of foreign nationals: skilled immigrants, business immigrants, and family reunion (Liu 2009). The permit serves the identity card of foreign nationals in China which also gives them access to the domestic social security system. However, the actual number of green card holders until 2016 is merely around 10,000, due to high eligibility barriers and stringent screening (Nanfang Zhoumo 2017).

The Entry and Exit Administration of the Ministry of Public Security had been the government body managing immigration-related affairs until 2018. In the effort to formulate and implement more effective immigration policies, the Chinese government upgraded it into the State Immigration Administration in April 2018.

## 4.2 Migration and Social Protection in China

The development of China's social security system accelerated during the turn of the new millennium, and incremental reforms have been undertaken since then. In the belief that a developing country is unable to afford welfare that is "too generously" provided to citizens, the Chinese government explicitly defines most social security schemes as "basic" entitlements, manifesting its modest welfare ideology (Chan et al. 2008). Major social insurance programs have achieved fairly wide, if not universal, coverage of the population, while the MLG serves as the last-resort protection for all.

Despite the rapid immigration of foreigners to China in the past two decades, their social protection had not become a major policy concern for the government until the recent years. In 2011, the Ministry of Human Resources and Social Security promulgated "The Provisional Arrangement for the Enrolment of Employed Foreign

Nationals in China's Social Insurance Programs", which remains the only central government administrative ordinance to date governing foreigners' access to the Chinese social security system.

In parallel to the immigration of foreigners to China, a growing number of Chinese citizens also emigrate abroad, predominantly for employment, business, and study purposes. Most Chinese emigrants residing in developed societies have participated in the social security system of the destination country, although they may be subject to different levels of entitlement. Because the Chinese social security system is largely employment- and *hukou*-based, most non-resident nationals are not covered in China, their home country. One notable exception is the expatriate personnel who may have their social security status (and contribution) kept by their employers in China, leaving them access to benefits in spite of their overseas residence. In the event of citizenship changes, the individual is no longer eligible to claim social security benefits, regardless of his/her prior contribution history in China. Local social security authorities may refund the balance on his/her individual account as appropriate.

#### **4.2.1 Unemployment**

Unemployment protection in China is based on mandatory unemployment insurance, jointly contributed by employers and employees. The program covers urban work units (except government organizations) and their employees, including the self-employed. Migrant workers with a rural residential status but employed in urban enterprises are required to be insured. Eligibility criteria include: (1) premium contribution of at least 12 months, (2) involuntary unemployment, (3) unemployment registration at local social security authorities, and (4) willingness to work. Risk-pooling is conducted at the prefectural level. Employer bears the responsibility of producing proof of terminated employment, which is an essential document for the individual to register unemployment status at social insurance agency. The actual set of required documents varies across localities. For example, some local authorities require bank account statement and fingerprint authentication of the unemployed applicant.

Recipients of unemployment protection are required to report their job search efforts to local social insurance agency on a monthly basis. Failing to meet the reporting requirement may lead to the loss of cash benefits for that month. Aside from the qualifying eligibility stated above, a continuing eligibility is also imposed, requiring the recipient to actively seek, capable of, and available for work. Unemployment benefits shall terminate under several conditions, such as (1) re-employment, (2) emigration, (3) becoming eligible for old-age pension, and (4) refusal to take jobs recommended by the local authorities. China's unemployment insurance system does not have a waiting period before benefits commence, and therefore, the cash allowance is provided from the date when unemployment registration is completed.

Unemployment benefits in China are not earning-related, but are provided on a flat rate set by local governments. The actual rate varies across localities, but is typically between the level of MLG allowance and the level of minimum wage. In other words, the cash benefits are supposed to support daily subsistence only. The length of benefits also varies according to the recipient's years of contribution. An individual who has contributed for less than 5 years before unemployment may receive benefits for up to 12 months, while an individual with more than 10 years' continuous contribution may receive benefits for up to 24 months. It is widely criticized that the level of unemployment benefits is too low and the income replacement rate (less than 20%) is much lower than that of other countries (Jiang et al. 2018). In order to discourage recipients' reliance on the insurance, the benefit payment is typically provided on a descending structure with elapse of time. The low level of financial protection stands in sharp contrast with the large surplus of the insurance funds, leading to doubts about the operational efficiency of the unemployment insurance scheme (Vodopivec and Tong 2008).

Given the shallow protection that it provides to Chinese citizens, the unemployment insurance is even less attractive to foreign nationals residing/working in China, although the government requires foreigners employed in China to participate in the insurance. Unemployment protection of foreigners has not yet become a major policy issue for the Chinese government, but according to the prevalent policy framework, foreigners with legal employment status are required to participate in the unemployment insurance program that gives them the same access to basic financial protection. Chinese nationals residing in other countries are not eligible for unemployment benefits in their home country.

#### **4.2.2 Health Care**

The Chinese health care system is dominated by public providers partially funded by the government, with private sector playing a supplementary role. Health insurance and private out-of-pocket payment account for the lion's share of providers' incomes. Owing to a series of misaligned incentives created in China's misguided health care reforms between 1980s and early 2000s, supplier-induced demand and the resultant vast provision of unnecessary care have been plaguing the Chinese health system for more than three decades. Health care costs escalate at rapid rate while financial accessibility remains a key barrier for many low-income people, despite the financial protection aided by China's expanding social health insurance (He and Meng 2015).

Social health insurance is the most salient characteristic of the Chinese health financing system. Three schemes co-exist. Contributed by both employers and employees on a fixed formula, the Urban Employee Basic Medical Insurance (UEBMI) covers employees of the urban formal sector. The New Cooperative Medical Scheme (NCMS) insures rural households which receive generous premium subsidies from central and local governments. Also generously subsidized by

government, the Urban Resident Basic Medical Insurance (URBMI) covers those who are not protected by either UEBMI or NCMS. The two urban schemes are operated by prefectural social security bureaus while the NCMS is managed by county-level health bureaus. The central government has been steering the integration of NCMS and URBMI since 2017, in order to reduce systemic inefficiency and inequity (He and Wu 2017).

Although NCMS and URBMI are designed as voluntary programs, their coverage is fairly wide, if not universal. Covering nearly the entire population, all three programs are mainly intended to protect enrollees against catastrophic medical expenditures. Both inpatient and outpatient care are included. Despite universal insurance coverage, the fragmentation of the social health insurance system has created various negative consequences. In particular, depending on local condition and financing capacity, benefit package varies considerably across schemes and localities, leading to systematic inequity (He and Wu 2017). Financial protection of the NCMS and URBMI remains shallow.

For Chinese nationals, those formally employed, self-employed, and farmers can join social health insurance voluntarily, albeit to different schemes. Individual accounts still exist in many local schemes, from which individuals pay their outpatient costs. Social pool benefits commence after individuals have paid deductibles. In principle, foreign nationals employed in China are required to join the UEBMI that gives them same level of financial protection as the Chinese citizens enjoy, but enforcement is not rigid in practice, as many foreigners own private health insurance policies that also give them access to health services provided by both private and public hospitals. Self-employed foreign nationals are allowed to join the URBMI on a voluntary basis, but in reality the subscription rate is rather low.<sup>2</sup> Chinese nationals residing/working abroad are typically not protected by China's social health insurance unless they have made regular contribution and receive care in China. Medical expenses incurred overseas are usually not reimbursable in the Chinese social health insurance system. In practice, any patient, regardless of nationality, can access China's hospital services on an out-of-pocket basis.

Financial protection against sickness in China is predominantly provided through social or self-purchased commercial health insurance. There had been no nationwide cash benefit program in case of sickness until 2016, when the Chinese government started to implement cash allowance schemes for the low-income disabled and those in severe disability. Administered by county and prefectural civil affairs authorities, respectively, the two schemes give eligible individuals monthly allowance on a means-tested basis. Medical proof of the level of disability is a necessary requirement. However, the payment by these two new schemes is rather low, ranging from 50 RMB to 100 RMB per month. Foreign nationals residing in China or Chinese nationals residing abroad are ineligible.

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<sup>2</sup>“How should foreign employees participate in China's social security programs?”, *People's Daily* (International Edition), May 31, 2014, retrieved from <http://www.chinanews.com/hr/2014/05-31/6233679.shtml>



### 4.2.3 Pensions

China's urban old-age pension system is built on a three-layer structure. As the first layer, the so-called basic pension plan is a mandatory social pool that gives retirees a defined-benefit financed by a pay-as-you-go system. Employers contribute 22% of employees' wages to a basic pension fund managed by prefectural social security bureaus. Employees with 15 years of contribution are eligible to receive basic pension income after retirement. In addition to the requirement of contribution history, the qualifying conditions also require that an employee must have reached the statutory retirement age of 60 for men or 55 for women. The first tier ensures a replacement rate of 35% of the city's average wage after 15 years of contribution. Payment is subject to periodical adjustment according to an index combining local average wage and price inflation.

The second layer is a defined-contribution system fully funded by individual accounts. It requires compulsory contribution (approximately 8% of wage) from employees to their individual accounts. The target replacement rate of this layer is about 24%, assuming 15 years of continuous contribution and a monthly payment formula. The third layer is voluntary pensions including annuity programs of individual firms, individual retirement plans, and other supplementary pension schemes that are beyond the scope of this chapter.

Overall, the first two layers constitute the mandatory part of China's old-age pension system. Under normal circumstance, a retiree receives two distinct pensions. The first pension comes from the social pooling account based on the accumulation of employer's contribution and benefit level depends on the average wage, the employee's salary before retirement, and history of contribution. The second pension comes from the individual account financed entirely by the individual's contribution before retirement. Retrospective lump-sum contribution payment is possible, should an individual fail to meet contribution requirement but wish to claim pension after retirement.

Not until the recent decade has China instituted old-age pension schemes for the vast rural population and the urban population that is not protected by the employees' pension programs. The Urban-Rural Resident Basic Social Pension Scheme (URRSP) covers rural residents and urban residents excluded from other pension systems. This scheme is also a combination of basic social-pooling fund and an individual account, while the former is not accumulated by employers' contribution but subsidized by central and local governments. The URRSP pays recipients in flat rate, regardless of income or contribution. However, large disparity of monetary benefits exists among localities, reflecting local socioeconomic status and generosity of government subsidies (Tao 2016; Zhu and Walker 2018). In principle, both employed and self-employed foreign nationals may voluntarily participate in the URRSP but the situation is rare, largely owing to its low level of financial protection which is hardly attractive to foreign nationals.

Foreign nationals employed in China are required to contribute to the urban employee pension scheme on the same conditions and entitlements as their Chinese



counterparts apply, but actual enforcement varies while exemptions are given to nationals of selected countries which have signed bilateral social security agreements with China. Chinese nationals residing/working abroad are normally excluded from the old-age pension system at home, with exception given to the expatriate personnel who may continue their contribution. A retiree residing abroad can still receive pension payment provide that he or she has made 15 years of contribution and remains a Chinese citizen, despite overseas residence. In collaboration with the Ministry of Foreign Affairs, the Ministry of Human Resources and Social Security has simplified the procedures for this group of Chinese retirees to claim pension overseas. An annual endorsement certifying the retired individual's foreign residence status must be issued by the Chinese embassy or consulate office.

#### **4.2.4 Family Benefits**

All employed women in China, independently of their nationality, are entitled to statutory paid maternity leave of up to 98 calendar days (14 weeks; 15 days before and 83 days after delivery). The standard qualifying period is between 12 and 24 months. The provision was extended from 90 days in 2012, in order to meet the maternity leave suggested by the International Labour Organization. Despite this centrally set maternity leave provision, there is significant local variation. Many local governments have further extended maternity leave, ranging from 128 days (such as Beijing, Shanghai, Jiangsu, Zhejiang, etc.) to 190 days (Hainan and Henan). In light of the relaxation of the One Child Policy, the Chinese government has adopted a variety of policy measures to encourage birth. For instance, female employees who have made more than one birth are entitled to an additional 15 days of leave for each additional birth. Moreover, a female employee who gives birth to her first child at age 24 or above is regarded as a case of "late childbirth", and is entitled to an additional "late maternity leave" of approximately 4–5 weeks on average (local variation exists). Women who are unemployed, self-employed, or flexibly employed are not entitled to maternity leave.

All employers in China are responsible to contribute to mandatory maternity insurance while employees are exempted from contribution. The insurance fund forms the pool from which employers pay full salary to their female employees in the name of maternity allowance. In the rare event that the female employee does not participate in the maternity insurance, the employer is responsible to pay the full cash benefit from its own welfare fund. The maternity allowance is made retrospectively. Central government ordinance stipulates that female employees shall be granted with at least one breast-feeding hour per day during the "breast-feeding period" of up to 1 year, but actual enforcement is not rigid and may vary significantly among employers.

There is no centrally stipulated paternity benefit in China. The central government has encouraged local authorities to introduce more family-friendly policies since the relaxation of the One Child Policy. Most localities offer paid paternity

leave to male employees, with the actual provision varying from 10 to 30 days. Full salary is payable from the maternity insurance fund, or by employers, depending on local policies.

Foreign employees in China are entitled to both paid maternity leave and paternity leave, but female employees are not eligible for the late maternity leave that applies to Chinese nationals only. The maternity allowance and paternity allowance apply to foreign employees who are enrolled to the maternity insurance scheme. Chinese nationals residing abroad are not entitled to any of the aforementioned benefits. China has not yet introduced parental benefits or child benefits.

#### 4.2.5 *Guaranteed Minimum Resources*

As mentioned above, China's last-resort social protection program is the Minimum Livelihood Guarantee Scheme (MLG), or *dibao*. Centrally organized by the Ministry of Civil Affairs, the actual administration of MLG is by local governments. The financing formula of this scheme combines local taxation and central fiscal subsidies. The MLG started as an urban scheme in 1999 while the rural MLG was established nationwide in 2004 and has experienced impressive development since then.

Any household whose per capita income falls below a locally determined minimum living standard is eligible to apply MLG. MLG benefits are paid in the form of cash allowance that is supposed to be sufficient to cover the costs of basic necessities. Means-test is necessary and is usually conducted in a fairly rigid manner. Applicants must meet both income and assets criteria set by local governments. Other cash benefits such as medical assistance and education allowance have been provided to MLG recipients in recent years. The generosity of MLG payment also varies considerably across localities, contingent largely on the level of socioeconomic status and fiscal capacity of local governments (Solinger and Hu 2012). Despite the rising generosity of MLG in recent years, it is widely seen that its effect in poverty reduction could have been more significant, especially in the rural areas (Li and Walker 2018; Guo et al. 2017).

The MLG scheme started with no requirement for active reemployment, but in recent years, many local governments have introduced a series of measures to solve the incentive problem, including job-search allowance. Some cities, such as Guangzhou, now require MLG recipients with working ability to participate in community service. The eligibility of MLG is strictly tied to local *hukou* that is granted to Mainland Chinese citizens only, and therefore, foreign nationals residing/working in China are not protected by this scheme. In principle, Chinese nationals living abroad are not eligible to apply MLG either, even in possession of local *hukou*, because the status of local residence is a necessary eligibility condition. In practice, either situation is extremely rare.

#### **4.2.6 *Obstacles and Bilateral/Multilateral Social Security Agreements***

There are few obstacles for foreign employees to participate in the Chinese social insurance programs. In the formal sector where participation enforcement is relatively rigid, monthly contribution is automatically deducted from one's payroll, and therefore, contribution leakages tend to be small. Self-employed and unemployed foreigners are eligible to join insurance schemes designated for urban residents (such as URBMI and URRSP), but their participation is entirely a personal decision. Some social security benefits are available to Chinese nationals only (such as MLG, disability allowance, and late maternity leave). The take up of social benefits does not affect foreigners' access to residence permits nor their family reunification in China.

On the other hand, China is a member of several loosely-organized regional cooperation networks, such as Asia-Pacific Economic Cooperation (APEC), Shanghai Cooperation Organization, and Greater Mekong Subregion Economic Cooperation, but multilateral social security cooperation has not yet become an issue of concern in these institutions. To date, China has signed bilateral social security agreements with 10 countries, namely, Germany, Republic of Korea, Denmark, Finland, Canada, Switzerland, the Netherlands, France, Spain, and Luxembourg. These agreements grant mutual exemption of selected social security contributions to Chinese employees working in these countries, as well as employees of these countries who work in China. In practice, nationals of these selected countries may decide whether or not to participate in China's social insurance program, as the agreements do not exclude them from the system.

### **4.3 Conclusions**

China has made impressive strides in social security development in the past two decades. Now, major segments of the population—the urban employed, farmers, and the urban unemployed—have been covered. Notwithstanding criticism on shallow protection and inequality, the way in which welfare reforms have been undertaken is arguably an appropriate strategy for such a huge country with vast regional disparities. The achievements made thus far are attributable to China's programmatic strategy of first achieving wide but shallow coverage before expanding benefits (Yu 2015).

Moving forward, three key tasks are high on the government's agenda of social security reforms. The first is to consolidate the fragmented social insurance system, especially in retirement protection and health care. Financial protection will be

steadily increased for urban and rural residents, reducing the vast gap in entitlements among different schemes. The second is to strengthen administrative capacity of social security institutions and adopt the best practice of welfare governance. Operational efficiency of social security programs is expected to improve (Liu and He 2018). The third is to make proactive and strategic preparations for the rapidly ageing population. For instance, long-term care insurance is now being experimented in some cities (Yang et al. 2016). Tremendous investment has been made to foster the development of elderly care network.

Migration is certainly a key issue for social security systems, but internal rural-to-urban migration is much more significant for the Chinese system when compared to international migration. Approximately 280 million migrant workers—more than half of the entire European Union’s population—reside in Chinese cities and have made an enormous contribution to the country’s economic achievement.<sup>3</sup> Due to the *hukou* restriction, most migrant workers were excluded from- or had limited access to the urban welfare system (Gao et al. 2012; Wong et al. 2007). This systemic inequality had long been the subject of international as well as scholarly criticism. While significant government efforts have been paid to reduce the inequality in the past years, social protection of this vulnerable group of population remains a critical policy problem.

Transnational immigration is an issue of lower policy significance for the Chinese social security authorities, as there are merely 850,000 documented foreigners engaging in full-time employment in China (Center for China and Globalization 2014). Nevertheless, the Chinese government is certainly not blind to the social protection needs of this non-national population. Most contributory social insurance programs have required foreign residents with legal employment status to join. The participants, therefore, are granted with access to unemployment benefits, health care services, contributory old-age pension, and maternity benefits. Yet, a few programs have not yet included foreign nationals, such as guaranteed minimum income and disability allowance. However, a much larger population of self-employed and undocumented foreigners reside in China. Getting this group of people included into the social security system is a much thornier task (Hanley and Wen 2017). Compared to their fellow citizens at home, Chinese nationals residing abroad are excluded from most social security benefits in China, except old-age pension, provide that qualifying period of contribution is met.

Overall, China represents an interesting case to observe how a rising developing country confronts and tackles the variety of social security issues and challenges brought about by rapid and extensive cross-border personnel movements. Yet, the issue of (international) migrants’ access to social security is much less pronounced in China, as compared to what many European countries have been experiencing. The extraordinary size of the Chinese population makes the number of foreigners appears very small. Moreover, the Chinese social security system has been

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<sup>3</sup> 2017 Migrant worker monitor report, National Bureau of Statistics, retrieved from [http://www.stats.gov.cn/tjsj/zxfb/201804/t20180427\\_1596389.html](http://www.stats.gov.cn/tjsj/zxfb/201804/t20180427_1596389.html)

undergoing gradual expansion in both coverage and benefits, without much popular fear about welfare retrenchment. As explained above, the current provision of social security benefits is largely unattractive to foreign nationals. Therefore, there is no evidence of welfare chauvinism in the Chinese society till now. The policy efforts spent thus far are apparently towards a more inclusive approach. Moving forward, with further development of China's social security system and growing number of immigrants and emigrants, how the Chinese government responds to new challenges warrants close attention.

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