



**EU-CHINA**

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

# C2 Newsletter

Summer/Autumn 2018

## 1. Panel Discussion on 2018 topics, Beijing



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On 14-15th June 2018, the EU-China Social Protection Reform Project- Component 2 held a Panel Discussion in cooperation with the Social Security Department of MoF on the three topics that are object of the 2018 activity plan, namely: “Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system”; “Social contribution collections: toward a unified system”; “The role of public finance and enterprise annuities funds in the Chinese social security system”.

During the Panel discussion, organized in three half-day sessions, Chinese and European experts presented the assessment of the Chinese situation and EU practices on the respective fields. The discussion sessions involved MoF officials, EU and Chinese experts and scholars, allowing broad and lively exchanges among all the participants.

In the next phase, the in depth analyses will lead to the elaboration of policy proposals by EU and Chinese experts,

to be finally delivered to the MoF. Overall, the Panel was attended by around 25 participants, including representatives from the Ministry of Finance, from the academia (Renmin University, Chinese Academy of Social Sciences, Capital Normal University, China University of Political Science and Law), from the Ministry of Labour and Social Affairs of the Czech Republic, the Italian Embassy to China, Generali Group, and the project team.



### GET IN TOUCH

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## 2. Visit to Zhonghe “New City”

Between April 20-22, Professor Xu Zhengzhong, Deputy Director of the Department of Economics of the Central Party School (School of Governance), accompanied Professor Bruni, Team Leader of the EU-China Social Protection Reform Project, the C2 Assistant Valentina Pignotti, and some PhD candidates, to Zhonghe “New City”, in Hebi town, to visit the Zhonghe industrial development model.

The group was introduced to the development plan of the Zhonghe industrial model; it also visited the 8 thousand hectares (50,000 mu) fields, Zhonghe New City, owned by Zhonghe Group Science & Technology Tourism and Leisure Park, the mutton breeding base, the fruit and vegetable cultivations, the industrial park, the agricultural machinery cooperative the environmental protection factory, etc.



**The "Zhonghe New City" project won the unanimous recognition of the jury team for respecting and protecting the humanities, nature, and the concept of sustainable building design, and won the "Global Habitat Demonstration Settlements" award, for the outstanding contribution to the development of a new green city.**

The group held a forum with the President of Zhonghe Group to deepen its understanding of the model and its strategy and had the possibility to discuss such topics as food safety, the way forward for the Chinese agriculture and the Chinese farmers, and the integration of secondary and tertiary industries in China's rural areas.

The Zhonghe industrial model is based on a horizontal large-scale intensive processing of agricultural products and a vertical whole-industry-chain which ensures the symmetry of the whole industrial design. Besides, the new industrialization of the rural areas promotes the employment abilities of the low skilled workers which is a positive element of modernization. The Zhonghe “new city” represents a model of industrialization, urbanization, and agricultural modernization of less developed rural area, with the possibility of being replicated in other rural areas.





### 3. MoF Training Course in Italy

As part of the EU-China Social Protection Reform Project Component 2 work plan for the year 2018, a delegation of 18 MoF national and provincial officials, led by Mr. Wang Xiong, Division Director of the Urban and Rural Minimum Income Benefit Division, Department of Social Security, undertook a two weeks training in Italy (first in Rome and then in Milan) from 1st to 15th July 2018.

The general aim of the course was to increase the participants' knowledge and understanding of the EU practices in the areas covered by the Social Protection Reform Project, as well as their skills in designing and implementing social protection policies.

The training programme, titled **“Financing the social security system in an ageing society: the role of public finance and private supplementary funds”**, was organized by the C2 Beijing team, the Italian Institute of Social Protection (INPS) and the National School of Public Administration (SNA), with the logistic and administrative support of SISPI Italia Previdenza (C2 Secretariat).



The lectures were delivered by around 30 experts coming from Italy and other EU countries. The first group of lectures was devoted to the analysis of the social protection system in Italy and other EU countries, of their evolution in response to the ongoing ageing process, as well as of the various financing models and contribution collections methodologies.

A full day was dedicated to the theme of active labor market policies, welfare policies and the role of the third sector. The problem of sustainability called for the discussion of the second and third pillars, and of the issue of fund portfolio management.

The ageing process in China will progressively accelerate in the next years and the Long Term Care experiences of EU countries, more advanced along the path of the demographic transition,



were presented in a series of lectures and institutional visits that addressed also the topics of technology, occupations and training.

Visits to institutions and local organizations played a very important role in the training, allowing the trainees to increase their specific skills by discussing with their colleagues of Italian institutions work procedures, tools and technology and compare the solutions adopted in the two countries. The trainees visited:

- ♦ The Ministry of Economy and Finance, where they received an overview of the role of the public finance in subsidizing the social security system in an ageing society;
- ♦ The Bank of Italy to analyze the financing mechanism of the pension system;
- ♦ The Caritas (NGO), where they learned about the role of the third sector in the provision of elderly care services;
- ♦ The Ministry of Health to learn about the Italian National Health Service and the role of the Ministry of Health, as well as the National Chronicity Plan;
- ♦ INPS territorial headquarter in Milan, where they had the possibility to explore the functioning and organization of a provincial office, as well as to witness the way the relationship with the central directorate and customer service are dealt with;
- ♦ The Municipality of Milan, where they received an overview of the role of public administrations in the management of the elderly care services;
- ♦ The Institute for the Elderly “Piero Redaelli” to analyze the practices of formal LTC.



#### 4. EU-China SPRP Conference on Population Ageing: Impact and Policy Scenarios



Among the speakers, renowned experts such as Prof. Zheng Bingwen (CASS), Mr. Wang Dewen (World Bank), Prof. Asghar Zaidi (Seoul National University, London School of Economics) and many others discussed a series of topics and research results obtained by the EU-China SPRP, including: evaluations of the ageing process and its economic impact; the sustainability of the Chinese pension system and the role of the enterprise annuity funds in creating a multi-pillar system; how to improve elderly care services and education and vocational training implications created by the fast expansion of the long-term care system.

On September 19, 2018, the EU-China Social Protection Reform Project (SPRP) held a conference on “Population Ageing in China: Impact and Policy Scenarios” which was held at the Kuntai Royal Hotel, in Beijing.

The Conference also produced a set of policy suggestions that attracted the attention of institutions and media present at the event.

The conference was organized on the occasion of the 2018 International Day of Older Persons, which is commemorated annually on 1st October, to highlight the important role that older persons play in society and raise awareness of the issues and challenges of ageing, which are common both to China and Europe.



Mr. Chris Wood, Minister and Deputy Head of Delegation of the European Union to China, Mr. Dang Junwu, Deputy Director of the China Center for Scientific Research on Ageing, and Prof. Michele Bruni, Team Leader of the EU-China SPRP opened the conference. Over 60 participants attended the event, representing Chinese government agencies - National Development Reform Commission, Ministry of Finance, Ministry of Civil affairs, China Social Insurance Association, China Population and Development Research Center -, as well a civil society, international organizations, EU member state embassies and academia.





## 5. Recent Policy Development in Social Protection and Related Fields

22th April 2018

China's Ministry of Human Resources and Social Security held meeting for issuing the first electronic social security card. A card-holder can scan the QR code on an application authorized by the public authority of human resources and social security, and thereby process medicine and relevant issues. This represents signals the transition of social security services from the "card era" to the "code era".

[http://www.gov.cn/xinwen/2018-04/24/content\\_5285322.htm](http://www.gov.cn/xinwen/2018-04/24/content_5285322.htm)

5th July 2018

According to a press conference of the Ministry of Human Resources and Social Security, China will cancel the "collective recognition" of the qualification for receiving social security benefits. Since the collective recognition process is not convenient for the people, The Ministry did also announced that a new procedure for recognition will be adopted, based on information checking and tele-recognition and combined with services provided by private suppliers. According to the Ministry's plan, by the end of 2020, all related procedures will be processed in one-stop, or through Internet or in the administration closer to the client.

[http://www.gov.cn/xinwen/2018-07/05/content\\_5303845.htm](http://www.gov.cn/xinwen/2018-07/05/content_5303845.htm)



Aug. 20 2018

The Ministry of Human Resources and Social Security issues the No.46 [2018] Notice with the Ministry of Finance for promoting poverty reduction program in China, which requires local governments to promote poor people to 1) get employment in or near their hometowns; 2) support poor workers or migrant peasant-workers to go back hometowns for starting up their own business; 3) organize labour outflow to developed provinces; 4) provide public-interest positions for poor people; and 5) organize great amount of occupational trainings.

[http://www.gov.cn/xinwen/2018-08/21/content\\_5315238.htm](http://www.gov.cn/xinwen/2018-08/21/content_5315238.htm)

Sep. 4 2018

The Ministry of Finance, P.R.C, releases information on expenditure for social security and employment: In the first half of 2018, the total expenditure on these two fields is 1648.2 billion RMB, with Y-to-Y increase of 11.3%. Expenditure from the central government is 60.8 billion RMB, with Y-to-Y increase of 10.6% ; while expenditure from provincial governments is 1587.4 billion RMB, with Y-to-Y increase of 11.4%. See some key parts:

1. Subsidy to the Basic Old-Age Insurance is 641.7 billion RMB, with Y-to-Y increase of 12.7%. By the end of June 2018, Subsidy to Old-Age Insurance for Employees is 433 billion RMB, while subsidy to Old-Age Insurance for Residents is 113.7 billion RMB.
2. Expenditure on retirees from public administration is 473.7 billion RMB, with Y-to-Y increase of 15.2%.
3. Subsidy to employment is 40.7 billion RMB, with Y-to-Y decrease of 7.8%.
4. Expenditure on Dibao is 86.5 billion RMB, with Y-to-Y decrease of 6.4%.
5. Expenditure for former soldier employment is 34.5 billion, with Y-to-Y increase of 5.6%.

[http://sbs.mof.gov.cn/zhengwuxinxi/gongzuodongtai/201808/t20180829\\_3002269.html](http://sbs.mof.gov.cn/zhengwuxinxi/gongzuodongtai/201808/t20180829_3002269.html)

Sep. 11 2018

The Regulation on Composing The Council of The National Social Security Fund (Function, Structure and Personnel) is publicized. According to the regulation, the Council is responsible for managing the NSSF, holding the equity transferred from selected SOEs and investing funds of the Basic Old-Age Insurance. It functions as an investment manager, which should be responsible for the safety, value preservation and appreciation of the NSSF. For its work, the council is divided into 11 departments.

[http://www.gov.cn/zhengce/2018-09/11/content\\_5320992.htm](http://www.gov.cn/zhengce/2018-09/11/content_5320992.htm)

Oct. 10 2018

China State Administration of Medical Insurance issues the Notice on Including 17 Anti-Cancer Drugs into the Catalogue B Drugs Covered by The Basic Medical Insurance, Work-Related Insurance and Maternal Insurance, in which drugs like Azacitidine are included. According to the notice, the drugs' costs will be covered by the insurance programs and the expiration will be on 30 November 2020.

[http://www.gov.cn/xinwen/2018-10/10/content\\_5](http://www.gov.cn/xinwen/2018-10/10/content_5)

## 6.The Statistics Corner: The Labour Supply in LTC (Article from Prof. Catani)

The ongoing ageing process will affect China in many ways. A research carried out by Mario Catani of the University of Bologna in then framework of SPRP is focusing on the number and typology of workers that will be needed by the LTC sector and the training needs this will originate. .

According to the United Nations Department of Economic and Social Affairs the number of people 65 and above will reach 246 million in 2030 and 360 million in 2050 and an increasing percentage of them (30.9% in 2060) will be 80 and above (Table 1).

**Table 1 – China Evolution of the population by age group from 1050 to 2050; absolute values in million and percentage composition**

	0-14	15-64	65-79	0 and above	65+	Totale	
<b>Absolute values</b>							
1950	188.7	341.1	23.0	1.5	24.6	554.4	
1975	366.3	516.8	34.6	3.3	37.8	920.9	
2000	316.0	878.5	75.6	13.0	88.6	1,283.2	
2015	247.1	1,014.8	111.9	23.3	135.2	1,397.0	
2030	222.9	978.0	205.2	40.9	246.0	1,446.9	
2050	193.6	826.0	248.7	111.1	359.8	1,379.4	
<b>Percentage composition</b>							
							<b>80/65+</b>
1950	34.0	61.5	4.2	0.3	4.4	100.0	6.2
1975	39.8	56.1	3.8	0.4	4.1	100.0	8.7
2000	24.6	68.5	5.9	1.0	6.9	100.0	14.7
2015	17.7	72.6	8.0	1.7	9.7	100.0	17.2
2030	15.4	67.6	14.2	2.8	17.0	100.0	16.6
2050	14.0	59.9	18.0	8.1	26.1	100.0	30.9

The first question faced by the study is: how many elderly will have disabilities. Based on a recent study conducted in Beijing, the research estimates that the number of elderly people with disability will increase from 17 million in 2015 to 32 million in 2030 and to 54 million in 2050 (Table 2).

**Table 2 – Number of disabled people; estimates**

	Milde	Moderate	Severe	Total
2015	12.3	3.1	2.0	17.4
2030	22.5	5.8	3.6	32.0
2050	37.2	10.7	6.4	54.3

Very little information is available on the number of nurses and caregivers necessary to take care of disabled elderly people. After carefully reviewing the literature, Catani decided to adopt the German estimates that are however quite similar to those of other countries that provide only episodic data (Table 3).

**Table 3 – Germany; number of nurses and caregivers per 1000 disabled at home and in Institutions; 2015**

	Home	Institutions
Nurses	90	350
Caregivers	60	330
Total	150	680

Starting from these estimates and the previous forecast of the number of disabled, Catani estimates that the number of formal core workers needed by the LTC sector will increase from 5.3 million in 2015 to 17.2 million in 2050 (Table 4).

**Table 4 – Formal care workers at home and in institutions in 2015 and 2050; (values in thousand)**

	Nurses	Caregivers	Total
2015			
Home	1,104	736	1,840
Institutions	1,786	1,684	3,471
Total	2,891	2,420	5,311
2050			
Home	3,344	2,229	5,574
Institutions	5,987	5,645	11,632
Total	9,331	7,874	17,206

It is however evident that the LTC sector will not need only formal core workers.

In the first place, the sector will need professionals working in related occupations both in the health sector and in social care, that is, on the one hand, medical doctors, dentists, physiotherapists, dietitians and nutritionists, audiologists, speech therapists, optometrists and ophthalmic opticians, etc., and, on the other, educators, psychologists, fitness and recreation instructors.

It will also need professional in functional activities such as health services managers, health training specialists, business and administration professionals, human resources specialists, training and development specialists.

Moreover, given the nature of the sector, it is evident that there will be also a large demand, coming mainly from the families, of informal provision of services not only for elderly with disabilities, but also from those whose only “disease” will be age.

Taking all this into consideration and on the basis of ad hoc hypotheses, the research reaches the conclusion that in 2050 the sector will need approximately 60 million workers: 25 million formal and 35 informal (Table 5). It also estimates that around 17.5 million will work in formal core occupations -mainly in institutions- that other 4.5 million will work in related occupations in community and institutions and around 3.4 million in functional occupations.

**Table 5 – Workers in the LTS in 2050 by formal and informal, typology of occupations and place of work; millions**

	Health care	Social care	Total
	<b>Formal workers</b>		
	<b>Core Occupations</b>		
Home	3.3	2.2	5.6
Institutions	6.0	6.0	12.0
<b>Total</b>	<b>9.3</b>	<b>8.2</b>	<b>17.5</b>
	<b>Related occupations</b>		
Community		3.6	3.6
Institutions	0.3	0.6	0.9
<b>Total</b>	<b>0.3</b>	<b>4.2</b>	<b>4.5</b>
	<b>Functional occupations</b>		
Managers and employees	3.4		
	<b>Formal</b>	<b>Informal</b>	<b>Total</b>
<b>Total</b>	<b>25.4</b>	<b>34.3</b>	<b>59.7</b>

The research does also attract attention to the fact that the LTC sector is characterized by a relevant level of part-time, but especially an extremely high presence of women (over 90% in Denmark and Korea, and above 85% in the USA and Germany). A clear implication is that the sector could end up absorbing more than 15% of the available female labour force in the 2050.

Coming to the training, the research underlines that the LTC is a sector with a high level of social and interpersonal relations and in which to gain the confidence of elderly people is strategic; therefore, soft skills are crucial for the professional success of the LTC occupations, especially the core occupations.

After reviewing the role that technological innovation can have, the research concludes that at present it's impossible to say whether new technologies will contribute to reduce or increase the number of workers of the sector. However, there is no doubt that health informatics, telemedicine, specific supports for disabled people (e.g. exoskeleton), artificial intelligence and robotics, ambient displays, communication devices for elderly will bring dramatic changes that will move the sector from “direct care” to the “management of a care system”.

Finally the research stresses that the number of people that need to be trained is large and will increase with time up to a million per year. Since training will play a crucial role for the success of the sector, China should start immediately:

1. To identify the qualification level of the needed occupations (this is a sector in which occupations have a medium-high level of qualification);
2. To identify the competences related to the occupations (both technical and soft skills need to be acquired and a high level of familiarity with soft skills represents the distinctive factor between a good operator and an excellent operator);
3. To define the study syllabus (contents, duration, methodologies);
4. To specialize the trainers (training of the trainers).