



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

# Component 2

## Panel Discussion Report

**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**

**Ministry of Finance, P. R. China**

Thursday-Friday, 14-15 June, 2018

**Venue:** JindiyaHotel-second floor conference room

5 Sanlihe N St, Xicheng Qu, Beijing

## INTRODUCTION

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, external 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, Italian Embassy to China, Generali Group, and the project team.



## **Session 1- Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system**

### **Welcome speech and Introduction - Mr. Fu Jinling (Director General, Department of Social Security, Ministry of Finance)**

Mr. Fu, expresses his welcome and greetings to all the distinguished experts and guests attending the panel discussion organized by the Component 2 of the EU-China SPRP. The SPR Project Component 2 is directed by MoF and the Italian Institute of Social Protection, INPS. Since the beginning of the project in 2014, the C2 has carried out multiple studies in line with the progressive policy reform. Thanks to the support of INPS and the Beijing team, all the studies have achieved respected results. The Panel Discussion will last one and half day, covering three topics: 1) Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system; 2) Social contribution collections: toward a unified system; 3) The role of public finance and enterprise annuities funds in the Chinese social security system. All of the three topics are very relevant to the reform in progress in China. With the coordination of Mr. Bruni, the international and national experts carried out in depth analysis on the topics and reached good results.

China is exploring a rapid ageing process, there are 240 million people above 60 years old, of whom 150 million are above 70, and China is the only country in the world with over 200 million elderly people. Ageing has a profound impact on the pension system, healthcare system, and public finance as a whole. Hence, MoF is interested in knowing: How can China deepen the social security reform to cope with the rapid ageing society?

In the morning session two experts will make presentations: Prof. Dong Keyong and Ms. Malacova, both are top expert, their suggestions will be valuable to support in the reform process. In the afternoon, Prof. Wang Dehua from CASS and Mr. Cousins will deliver a speech on the social contribution collection system and the day after will be devoted to the tax reform and enterprise annuity system. All of the Chinese experts have participated in the facility of China tax collection reform, Mr. Fu is confident that they will provide useful suggestions to the Chinese government.

Within the balance sheet of social security fund, every year around 600 billion due contributions are not being collected. This year the government came up with the final decision that the taxation authority should be responsible for the unified collection, and this is important to strengthen the authority of the collection. After the reform will be effective, the taxation bureau will be responsible for collection process, and, according to MoF, this will be more efficient.

China would like to develop the enterprise annuities system, but it is yet under developed, only 8 % of the companies participated in the enterprise annuity, one main issue is that the participation is on voluntary basis, hence the size of the fund is not big enough.

In October 2014, the social security system was required to establish the enterprise annuities for public employees. This arrangement was widely criticized by the public, because the public employees are not

benefiting from other employees benefit. Zheng Bingwen is a valuable expert in this area, he together with EU experts are welcome to recommend the development of a good strategy on this field.

**Moderator welcome speech, Prof. Li Zhen, (Director of Social Security Research Institute, Renmin University of China)**

Prof. Li Zhen thanks Mr. Fu for the very comprehensive introduction on the background and progress of the project, as well as for the useful overview on the outlook and challenges of the Chinese social security system.

The MoF while hosting and organizing the panel, has invited many officials from various divisions, such as Mr. Xu Gang, Director of fund management division, and Mr. Liu Yang, Deputy Director of Elderly Care Division of MoF, which, together with the representatives of the actuarial division, work in aspects all related to the topics that will be discussed at the Panel.

Finally, Prof. Li Zhen introduces all the participants of the Panel.

**Welcome speech, Mr. Michele Bruni (EU-China SPRP, Team Leader-C2 Resident Expert)**

Mr. Bruni extends his regards to all the distinguished participants and particularly thanks Mr. Fu for hosting the Panel and supporting C2 work. The SPR Project should end in November 2018, yet the Consortium is requesting an extension that could allow the C2 to deepen the analysis on some topics that have been addressed in the past. Currently China is entering in a new phase and the themes C2 is dealing with now will be very important for the preparation of the challenges that China will face in the future. Mr. Bruni is confident that the experts will provide very good analysis on the respective themes.

To conclude, Mr. Bruni extends his thanks to his colleagues, Ms. Breza, Resident Expert of C3, and Mr. Gruat, Resident Expert of C1 for attending the Panel. In this last phase, the project has set up a Task Force also aiming at unifying and comparing all the research outputs touching upon common problem areas and themes, that will support the summing up of all the results achieved by the project.

**Keynote 1: Population Aging and Fiscal Sustainability of Social Security** Speaker: **Prof. Dong Keyong** (Professor, Renmin University P.R. China)

The presentation is composed by four topics:

1. The status and trend of Population ageing in China
2. Fiscal Responsibility and Status of China's Social Security
3. The Trend of Fiscal Sustainability of China's Social Security
4. Measures to Improve the Fiscal Sustainability of Social Security

1. **The status and trend of Population ageing in China**



The proportion of the population aged 60 and above is 7.32% in 1953 and the number increases to 13.26% in 2010, the proportion of the population aged 65 and above is 4.41% in 1953 and the number increases to 8.87% in 2010. In 2000, the number of the population aged 65 and above is 88 million, and the proportion of total population is 6.96%. By the end of 2017, the number of the population aged 65 and above reached 158 million, the proportion of total population is up to 11.39%.

During 2011-2015, the proportion of labor population aged 15-64 started to decrease after a long-term rise. The demographic dividend begins to disappear. In 2017, the proportion of labor population (15-64) falls to 71.68%, and the proportion of labor population (15-64) falls to 66.08%

There are two standards to calculate old-age dependency ratio. Taking the population aged 14-59 as the standard; the old-age dependency ratio grows from 15.57% in 2000 to 24.57% in 2017. Taking the population aged 14-59 as the standard, the old-age dependency ratio grows from 10.09% in 2000 to 14.85% in 2017, which means, aging leads to the increase of old-age dependency ratio.

The total population of China will reach its peak around 2028. Then the total population will begin to gradually decline, while population aged 65+ and above continuously increases. This number is expected to reach 359 million in 2050, and the proportion also rises, reaching 26.3% in 2050. It is noticeable that the trend is just predicted until 2050. Due to the two-child policy resulting in an increase of TFR (Total fertility rate), some experts predict that this proportion will exceed 30%, and stay on this level for a long time.

According to prediction of the Department of Economic and Social Affairs, United Nations, the shape of the population age pyramid will change further in the following 20 to 30 years, the bottom of the pyramid will be shrinking continuously and the degree of population aging will be increasingly serious.

## **2. Fiscal Responsibility and Status of China's social security**

This section focuses on pension, on medical insurance, and on social assistance.

### **1. Pension Insurance System and Fiscal Responsibility**

#### **a) Basic Pension Insurance for the Urban Employees.**

Fiscal Responsibility: one is the historical debt is caused by the reform of state-owned enterprises, government departments and public institutions. Another is the responsibility of government undertaking tactics.

#### **b) Basic Pension Insurance for Urban and Rural Residents**

Fiscal Responsibility: One is the government subsidies in fund collection. Another one is basic pension which is wholly undertaken by public finance.

### **2. Medical Insurance System and Fiscal Responsibility**

#### **a) Basic Medical Insurance for the Urban Employees**

According to related laws and regulations, the government has no fiscal responsibility for Basic Medical Insurance for the Urban Employees

#### b) New Rural Cooperative Medical System and Urban Residents Basic Medical Insurance

The system mode is social pooling, and the contributions are shared by individuals and government, which means that the public finance has responsibility for fund collection.

### 3. Social Assistance System and Fiscal Responsibility

The Social Assistance fund is supported by public finance, and the government encourages units and individuals to offer assistance in various kind of ways. In addition, social organizations joining social assistance will enjoy tax allowance.

In the 21st century, the number of people participating in the Basic Pension Insurance for the Urban Employees has risen rapidly. The amount of people participating in the insurance reached 379 million by 2016. The Basic Pension Insurance for Urban and Rural Residents was officially established in 2010. The amount of people participating in the endowment insurance doubled within two years, and then increased steadily, reaching 508 million people in 2016.

In the case of the Basic Pension Insurance for the Urban Employees, in 2016, the number of subsidies reached 651.1 billion yuan. The fund balance mainly came from the sum of fiscal subsidies over the years. Which means the personal accounts has operated in the status of “empty account” for a long time.

In the case of the Basic Pension Insurance for Urban and Rural Residents, the amount of subsidies has increased from 21.7 billion yuan in 2010 to 220.1 billion yuan in 2016, and financial subsidies have accounted for funds more than 70% of income in the long term.

As per the Basic Pension Insurance for the Urban Employees, two kinds of proportions were fluctuated in a tight range before 2012 and then rose rapidly to a record high. By 2016, fiscal subsidies accounted for 18.57% of the fund collection and accounted for 3.47% of the total expenditure.

As per the Basic Pension Insurance for Urban and Rural Residents, the proportion of financial subsidies to the total revenue of funds has gradually increased from 47.86% in 2010 to 75.04% in 2016 and that to the total fiscal expenditure has rapidly risen from 0.24% to 1.23% in 2015 and then decreased slightly to 1.17% in 2016.

As per the participation of basic medical insurance, since 2000, the number of people covered by insurance has steadily increased and almost reached 300 million people at the end of 2016. However, the number of people taking the insurance shows a tendency of increasing initially and gradually decreasing afterwards since the New Rural Cooperative Medical System set up. Besides, almost everyone in rural areas has participated in the New Rural Cooperative Medical System till 2016. Correspondingly, the Urban Residents Basic Medical Insurance has risen rapidly since 2007, which is in line with China's urbanization process. The

total expenditure on medical security has been rising steadily year by year, and in 2016, it exceeded 600 billion yuan, accounting for 3.31% of the total financial expenditure

Among the medical security expenditures, the New Rural Cooperative Medical System's expenditure accounts for the largest proportion of fiscal expenditure and accounts for half of the total medical expenditures. In addition to the financial subsidies for the Urban Residents Basic Medical Insurance, the two medical insurance accounts for more than 70% of the total medical expenditure.

### **3. The trend of Fiscal sustainability of China's Social security**

The model only predicts the "pooling part" of basic pension insurance, namely the fiscal burden of basic pension. In theory, personal accounts are independent and not required for fiscal support. Based on the statistical data of 2016, the model predicts the revenue and expenditure situation and the trend of fiscal burden of basic pension insurance from 2018 to 2050.

The model assumes that the "pooling account" has realized the national pooling without considering the imbalance of basic pension revenue and expenditure in different regions. In reality, social pension is paid and received by the month. In this case, it is assumed that social basic pension is paid and received by the year, and both happen at the beginning of the year.

The model assumes that the existing accumulated fund of pension fund is zero. The model is based on China's population trend data released by the United Nations population development agency.

It is predicted that in 2018 the balance of basic pension for urban employees will be RMB - 109.4 billion, then, the difference continues to expand. By 2050, then revenue will reach RMB 22 trillion, and the expenditure will reach RMB 51 trillion, thus, the gap will be RMB 29 trillion, 7% of GDP, and the accumulated gap will reach an all-time high of nearly RMB 326 trillion, 79% of GDP.

The basic pension of "urban and rural residence insurance" is completely borne by the government, and the insured does not need to pay any fees, so the expenditure scale corresponds to the fiscal burden scale. According to the forecast, since 2018, the year when the basic pension expenditure scale showed a trend of steady rise, low, medium and high types of treatment standard has reached RMB1.35 trillion, RMB 2.26 trillion and RMB 4.61 trillion respectively. By 2050, the cumulative expenditure of the three types will reach RMB 31 trillion, RMB 50 trillion and RMB102 trillion respectively, accounting for 8%, 12% and 25% of GDP that year.

From the perspective of the fiscal burden of basic pension insurance in the current year, the amount of expenditure that the government should bear in 2018-2050 has been on a rapid rise, reaching RMB 34 trillion in 2050, accounting for 8.19% of GDP in the current year. In terms of the accumulated fiscal burden, the accumulated pension expenditure that the government needs to bear will reach a staggering RMB 428 trillion in 2050, exceeding the total GDP of that year, accounting for 104%.

Overall fiscal subsidies for medical insurance for rural residents are rising year by year. In 2050, under 3 medical expense growth rate - 6%, 7%, 8%, the subsidies have reached RMB 1.04 trillion, RMB 1.47 trillion and RMB 2.06 trillion respectively

In 2050, three medical expense growth rate under the scale of accumulated fiscal subsidies for medical insurance for rural residents will reach RMB 11.29 trillion, RMB 14.12 trillion, and RMB17.73 trillion, accounting for 4.3%, 3.4% and 2.7% of GDP

Fiscal subsidies on medical insurance for urban residents are also rising year by year. In 2050, under 3 medical expense growth rate - 6%, 7%, 8%, the subsidies have reached RMB 2.08 trillion, RMB 2.91 trillion and RMB 4.05 trillion respectively.

In 2050, three medical expense growth rate under the scale of accumulated fiscal subsidies for medical insurance for urban residents will reach RMB 15.74 trillion, RMB 20.03 trillion, and RMB 25.53 trillion, accounting for 3.8%, 4.9% and 6.2% of GDP.

In the forecast period, the total fiscal burden on basic medical insurance is also rising rapidly. In 2050, under 3 medical expense growth rate - 6%, 7%, 8%, the fiscal burden has reached RMB 3.12 trillion, RMB 4.38 trillion and RMB 6.12 trillion respectively. In 2050, three medical expense growth rate under the scale of accumulated fiscal burden for basic medical insurance will reach RMB 52.52 trillion, RMB 65.82 trillion, and RMB 83.16 trillion, accounting for 12.71%, 16.02% and 20.25% of GDP.

Looking at the fiscal burden of social assistance, absolute poverty will be solved in 2020, but relative poverty will remain for a long time, so as to estimate the trend of social aid expenditure. According to the total social assistance expenditure in 2016 and the population of the poor in that year, the per capita assistance amount of the poor is obtained. The population of the poor=total population X Poverty incidence rate.

Based on the proportion of the relatively poor in major countries, the three levels of 8%, 10% and 12% are set for the estimation. Assuming that the level of assistance is consistent with the national economic development trend, the growth rate of per capita assistance is set as the GDP growth rate.

In 2016, the expenditure of social assistance was around RMB 320 billion, and the poverty incidence rate was 4.5% in that year. According to this calculation, the per capita poverty relief amount of 2016 was RMB 5,168.

After estimating, the expenditure of social assistance from 2018 to 2050 is steadily rising, under the three kinds of relative poverty incidence rate - 8%, 10%, 12% , assistance expenditure in 2050 reached RMB 3.07 trillion, RMB 3.83 trillion and RMB 4.6 trillion respectively.

From the perspective of the general social security system, when the fiscal burden in 2018 was 2.96 trillion yuan and 3.51% of GDP, it will quickly grow to 44,036 million in 2050 and 10.8% of GDP, with an average growth rate of 18%. With regard to accumulated fiscal burden, as of 2050, it will reach an unprecedented 596 trillion yuan, accounting for 145% of GDP, with an average growth rate of 39%.

#### 4. Measures to improve the fiscal sustainability of social security

1. The first measure is to unify the tax and levy system.

After the third plenary session of the 19th central committee, the CPC central committee issued the plan for deepening the reform of the party and state organs, which mentioned the need to combine state and local taxes and collect social security fees from the tax authorities.

Major impact on the reform of tax and levy system: Social insurance premiums collected by the tax authorities. After forming the unified tax and levy system, the capability of collection and administration is increased significantly, which is expected to fundamentally solve the two big problems – low payment rate and untrue payment base.

Parameter amendment: It is assumed that after the unified collection of social insurance premiums by tax authorities, the compliance rate is 100%, and the average payment rate reaches 20% of the system design. After levy reform, the balance of pension for urban employees is positive until 2026. And the balance in 2050 is RMB -23.44 trillion, accounting for 5.71% of GDP, which is obvious lower than RMB -29 trillion balance and 7.07% before levy reform. More obvious impact which the reform has on the accumulated balance. The accumulated balance of pension for urban employees is positive until 2032. And the accumulated balance in 2050 is RMB -212 trillion (114 trillion less than that before reform), accounting for 51.58% of GDP (28% lower than that before reform).

2. Incremental Delaying Retirement Policy

On the basis of the unified tax and levy system, assuming that incremental delay retirement policy came into force in 2022, from the current hypothesis of social average retirement age 55, increasing 1 year old every four years, that is the retirement delays three months per year, until the end of 2050.

Meanwhile the average replacement rate has also risen from 35%, and will increase 1% when the retirement age is delayed 1 year.

The balance in current year: After the reform, the pension will continue to receive more than it needs to spend by 2029, and then there will be a deficit of RMB 10 trillion in 2050 (RMB 29 trillion at the beginning), accounting for 2.47% of GDP in that year (7.07% at the beginning).

Accumulated balance: After the reform, the accumulated balance of the fund will be positive by 2038, and then there will be a cumulative deficit, which will reach RMB 71 trillion in 2050 (RMB 326 trillion at the beginning), accounting for 17.31% (80% at the beginning) of the GDP

3. Actively develop the 3<sup>rd</sup> Pillar

The 1st Pillar maintains base and improve fairness; The 3rd Pillar maintains sustainability and ease the fiscal pressure.

Following are some key points to develop the 3rd Pillar. The system model centered on "individual account": Set up individual account with unique identification; Rely on multiple carriers to increase the coverage of the third pillar personal pension; Rely on social security card to establish the 3rd pillar personal account information platform. Design reasonable tax preference model: reasonably use the tax extension model of EET or TEE; Set a reasonable preferential tax rate or quota; Consider to open up the 2nd and 3rd pillar tax incentives. Diversified participation in product and investment channels: Consider banks, funds, insurance and other types of pension financial products into the selection range; Consider to establish a product access system and default investment vehicle mechanism.

#### 4. Reasonable control of medical expenditure

Factors for the growth of medical expenditure:

- Profit-seeking behavior
- The nature of safeguards leads to unreasonable expenditure and low efficiency
- The increase of older population

Measures to be undertaken:

- Developing commercial medical insurance and establishing a multi-level medical insurance system;
- To establish third-party information platform to strengthen supervision;
- Make policies and regulations more standardized;
- Institutionalizing financial subsidies.

#### 5. Gradually Liberalize the Child Policy

The two-child policy put forward in 2015 in China and implemented officially in 2016. According to the National bureau of statistics: The number of births in 2017 fell by 630,000 from 17.86 million in 2016. The birth rate in 2016 was 12.95 per thousand. It fell to 12.43 per thousand in 2017. Health and family planning commission (2015) : "there are about 90 million couples eligible for the policy, and the birth population is expected to exceed 20 million."

In Reality: the birth population never exceeded 18 million, lower than the national health and family planning commission's forecast for 2017-2021. Furthermore, time changes: personal choice replaces family responsibility; the real pressure factors are the high housing prices, high child-care costs, and intense social competition.

The birth policy has obvious lag and cannot achieve immediate results. We should speed up the liberalization of births as soon as possible, learn from the practices of the developed countries and encourage family births

**Keynote 2: Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system: evidence from Europe** - Speaker: **Ms. Jana Malacova** (Director for Family Policy, Ministry for Labour and Social Affairs of the Czech Republic)

Ms. Malacova provides some data regarding the age structure in the EU in 2017 and 2080, showing that the population growth is slowing down and population ageing is growing rapidly. The population ageing represents a big challenging for the social security system, in particular to: the pension system, the healthcare system, the new long term care schemes, employment schemes, housing policy and public residence construction (families or household structure seems to be smaller and people live longer), family policy goes through unexpected revival in all EU member states as it is regarded as partial solution to all aforementioned problems.

In OECD countries 2.5 % of GDP goes to family policies, there is a trend to invest more in families. 60% of graduates are women these days, investing in child care would be an relevant measure, fathers' involvement is also important, one week paid leave for child support, it is a sign from the state that fathers involvement in childcare is very important, these policies could lead to higher fertility rates. Family policies are important also for the ageing society; social cohesion in the family could help in the informal care.

Looking at the fertility in EU: more than 5 million children were born in 2015, the fertility rate (2015): 1,58 births per woman, the highest fertility rate is in France (1,96), and the lowest in Portugal (1,31). The average age of woman at childbirth is 30,5 years. Immigration policy – can we imagine a completely different approach than 2015?

Due to the limited increase in healthy-years expectancy, it is unlikely that later departures to pensions would become a prominent strategy to cope with ageing society, but rather a complementary tool together with other policies.

As per the population structure in the EU, the median age of the EU's population was little under 42.8 years in January 2017; the lowest median age was recorded in Ireland at 36.9 years and in Germany and Italy, both at 45.9 years While the ratio of children (0-14 years) remains consistently unchanged, active population 15-64 should decrease by 10 percentage points between today and 2080. Also the structure of elderly would change, as the ratio of population between 65 and 79 years would not increase excessively, the part of population older than 80 should nevertheless more than double over the next 60 years.

This is again a clear sign that the costs related to aging will be most certainly growing faster than the ratio of elderly as health costs as well as other adjustment policies (such as barrier-free infrastructure) would have to rise more than the increase in the share of elderly on the general population.

Beyond the debate on sustainability of pensions, there would be also a shift in purchase power if measures are taken to ensure appropriate income levels of elderly form the public. This shift of purchase power is likely to influence the structure of the economy. The biggest fear of our elderly population is social exclusion, if we could be able to improve this aspect it would be a great achievement. Also prevention is

another important aspect. Another issue is the shortage of care staff, the solution is clear to increase the payments, that once again put another pressure on long term care system.

### **Ageing Policies in the EU**

Preparing for aging society is primarily a matter of income – sufficient incomes, households and the state budget are a prerequisite for its successful management. Preparing for aging society should be seen as a topical social theme that can no longer be reduced to the question of the pension system.

Demographic developments require far broader changes in the area of state administration, affordable housing, financing and quality of social and health care, lifelong learning, employment, awarding and remuneration of work in social services, protection of seniors' rights and the functioning of the public space (especially in the context of its barrier-free). Last but not least, preparation for aging also includes creating conditions for personal activity in old age, civic engagement and volunteering, or the development of quality interpersonal and family relationships in general.

**EMPLOYMENT:** The old-age dependency ratio for the EU was 29.9 % on 1 January 2017. The situation is extremely challenging in terms of ensuring high employment not for elderly or population above 65 years, but for the socio-demographic grouping of pre-pensioners. The constant changes in the labour market together with higher skill requirements linked with many digital-related jobs, creates an important pressure on the employment level of pre-pensioners.

**HOUSING:** The clear tendency Europe-wide for smaller households increases naturally the demand for housing more than would correspond to the population increase. This is not fully reflected in European national strategies as the increasing demand for housing leads to an increase in prices and has an important impact therefore on the expenditure and purchase power of pensioners, but also the population at large.

### **The Czech Republic Experience**

Looking specifically at the Czech Republic experience, the expenditure on pensions, nevertheless, is significantly under the European average despite the fact that a universal PAYG system ensures a very effective protection from relative poverty.

In general terms, the Czech social system records very good results in terms of classical policy output measures, such as relative poverty risk and long-term unemployment (see graph below), where the Czech Republic is among the most comprehensive social systems of Scandinavia, but with significantly less resources devoted to social policy not just in absolute terms, but also as part of GDP.

A new strategy for ageing is currently under preparation. Besides the above mentioned topics, also barrier-free public space is extremely discussed topic. June 2018: New long-term care scheme. The family policy is a priority for the previous and current government.

At present, there are 1.9 million senior citizens over the age of 65 in the Czech Republic. By 2030, it will be 2.5 million, or about a quarter, by 3.2 million in 2050, which will be more than a third of all people living in

the Czech Republic. By the year 2050, the number of people aged 85 and older will trip to nearly 0.6 million, accounting for about 6% of the population.

## Discussion, Q & A

- **Prof. Li Zhen:** It is important to address the ageing society with a package of policies, paying attention to inclusive measures, avoid stigmatization of the elderly people. In fact in China the issue of stigma is a big problem, indeed it is needed to encourage old people engagement in society. These ideas are very useful, because China mainly focus on the issue of pension balance.

Prof. Li agrees with Ms. Malacova on the significance of the family policy. In China, the responsibility of supporting the elderly shifted from the family- to the society- to the state and now is shifting back to the family; we should not establish the common idea that elderly care should rely on the state and government, but on the family.

-**Mr. Bruni:** the suggestion made by Ms. Malacova is to retain the ageing policy as a holistic approach. Yet it is important to underline that, in the EU, the family reflect our cultural inheritance from Christianity, while in China the family concept comes from Confucius (includes the concept of filial piety). The Family in Europe, is a right wing concept, it has a conservative vision, which is nationalism, which means anti-migration, a lot of things. The discussion should be distinguished between fertility and other type of family. In the case of policies to support fertility, in EU none had a positive impact (monetary subsidies, kindergarten, family leave, etc.), and if they did, it was not a big impact. The Family policies also include adoption (easiness to adopt from other countries has not improved much in Italy). If a country does not have enough people, how do you close this gap? Europe has closed the gap with migrants (has 50 million in 20 years), yet this issue has also comported many debates. China, could contemplate also alternative policies, like adoption of foreign children; delocalize production; create easier movement of people from a place to another, etc. In Italy the children born from migrants are 10% of new born children.

-**Prof. Wang Dehua:** regarding the immigration experience in Europe, did the migrant contribute to social security or represent a financial burden for the EU governments, as most of the migrant are low skilled, the social security system needs to provide support. Mr. Bruni replies, saying that In all the cases the contribution is largely positive, because when the migrants enter Europe they are young so they work, they are not old. In the UK there was a study on human capital, which shows that is not true that all migrants are low skilled, things are changing, there is an estimate of how much the UK has saved with human capital, (money spent in education is saved) and they directly bring human capital without paying for the education.

-**Ms. Malacova:** the concept of Family in the Czech Republic is very liberal. Following a debate on the definition of family, they came up with the solution that there is no definition of family, this can be defined by values, not by the persons, by **a long-term relationship**, that is not a marriage (In Czech Republic 50% of the children are born outside the marriage); the second criteria is **love, respect and care**. Another issue to be pointed out is the bareness against the family policy: every 4<sup>th</sup> couple have problem of fertility, this problem is connected with women having children at a later stage, in EU the average is 30 years old, also

the stress, the environment pollution, all cause low fertility. All these family policies they do not themselves lead to higher fertility rate, but increasing free choice leads to highest fertility. In France we can see the best case of family policies supporting free choices (mother can choose the period of leave, period of leave can be for both father and mother), there is no way of fitting all the types of needs, if we increase the freedom of choice we can increase the fertility rate. We know from the statistics that the average Czech want to have two children, but now the rate is 1.7, so there must be a problem that we want to solve. In this process it is relevant to support quality relationships, and higher quality of life.

-MARZENA: Since C3 in 2018 programme with MoCA deals with social services and NGOs, Ms. Breza addresses some questions to Prof. Dong Keyong. The idea is to involve more and more social organizations in the provision of social assistance services. In addition, social organizations joining social assistance will enjoy tax allowance; on this regard Ms. Breza would like to know more. Prof. Dong Keyong replies that the concept of social organization and civil society in China is quite complicated and very different from the western definition, social organization is a new concept and it includes quasi-governmental organization and charities; at the lowest and most grassroots level, there is a community level management committee which is a quasi-governmental level, sometimes called- civil society. As per the tax incentives, we have some private foundations, or incentives for specific groups.

## **SESSION 2: Social contribution collections: toward a unified system**

### **Keynote 3: Social contribution collections: toward a unified system, the Chinese context**

Speaker: **Prof. Wang Dehua** (Chinese Academy of Social Sciences, National Academy of Economic Strategy, Associate Research Fellow)

The presentation is organized in four parts: 1) The development process, current situation and problems of China's Social contribution collections; 2) The focus of dispute between Social Security Administration Departments and tax authority; 3) The latest development; 4) Future challenges.

#### **1) The development process, current situation and problems of China's Social contribution collections**

Social insurance premium collection can be divided into participation registration, payment base verification, collection, payment records and confirmation, audit, debt settlement and other links. China has established a social security system since the 1980s. Social Security Administration Departments are generally responsible for collecting social insurance premiums. Around 1995, in order to improve the efficiency of tax collection and management and ensure the safety of funds, Wuhan, Ningbo and other individual cities took the lead in trying to collect social insurance premiums by tax authorities.

It was stipulated by Provisional regulations on the collection and payment of social insurance premiums in 1999 that Social insurance premium collection agencies are to be stipulated by people's governments of provinces (autonomous regions and municipalities directly under the central government), can by the tax authorities, or by the Social Security Administration Department set up by the administrative departments of labor security in accordance with the requirements of the state council. Only in the collection link, every provincial government will decide respectively which one should be responsible for collections, Social Security Administration Departments or tax authority. The social insurance law of 2011 stipulates that social insurance premiums shall be collected uniformly. The implementation procedures and specific measures shall be formulated by the state council. But until 2017, the debate over which agency would impose social insurance premiums uniformly has not gone away.

Currently, three modes coexist: 1)**The mode of Tax authority collecting solely** (take Guangdong for example):Tax authorities shall be responsible for registration of payment, dealing with declaration, verification of payment base, number of persons, rates, types of insurance, collection, settlement, debt recovery and investigation. The relevant information shall be transmitted to the Social Security Administration Department, which keep accounts and be responsible for the payment. 2)**The mode of Tax authority collecting on behalf of Social Security Administration Departments** (take Inner Mongolia for example):Tax authorities are only responsible for the collection of funds, and social security agencies are responsible for the rest. 3) **The mode of Social Security Administration Departments collecting solely**(take Xinjiang for example) :Tax authorities do not participate in the collection of social insurance premiums. Social Security Administration Departments are responsible.

Twelve provinces and two Municipalities with Independent Planning Status are in the mode of Social Security Administration Departments collecting solely, Seven provinces and two Municipalities with Independent Planning Status are in the mode of Tax authority collecting solely, Twelve provinces and one Municipalities with Independent Planning Status are in the mode of Tax authority collecting on behalf of Social Security Administration Departments.

Two Collection agencies coexist: Social Security Administration Department, The tax authorities. The difference of the modes refers to the difference between two institutions in the division of the right to collect social insurance premiums.

Complexity of reality: in the regions where the mode of Tax authority collecting on behalf of Social Security Administration Departments or the mode of Tax authority collecting solely is carried out, Some types of insurance and Subordinate prefecture-level cities are in the mode of Social Security Administration Departments collecting solely. Generally speaking, resident insurance is still collected by social security agencies; Employee insurance is the key that tax department intervenes, especially worker endowment insurance and unemployed insurance. Even the state administration of taxation, or the ministry of human resources and social security, cannot make accurate statistics on the national situation.

Problems arising from the coexistence of two collection agencies:

- ▶ Increased collection costs, reduced work efficiency, and it's inconvenient for businesses and individuals to pay their bills
- ▶ Enforcement varies from department to department. For example, the payment base approved by the same enterprise is not unified between The tax authorities and Social Security Administration Department or between different Administration Departments. To some extent, it caused the loss of fee source.
- ▶ The unsmooth transfer of documents and data between some local taxation bureaus and Administration Departments has affected the funds transfer, bookkeeping and reconciliation of accounts to a certain extent.
- ▶ In the regions that in the mode of Tax authority collecting on behalf of Social Security Administration Departments, tax authorities have only the right to levy taxes, not the right to manage them, which affected the enthusiasm of tax authorities to some extent, and also caused mutual shuffle between social security agencies and tax authorities.

## **2) The focus of disputes between Social Security Administration Departments and tax authorities**

The survey of eight cities in three provinces found that Social Security Administration Departments and tax authorities both insisted that they should be responsible for the collection of social insurance premiums. The consensus is that the mode of Tax authority collecting on behalf of Social Security Administration Departments should be abolished.

**Social Security Administration Departments:** The tax authorities should withdraw from the collection of social insurance premiums. In some areas, there are some historical reasons for social insurance premiums collected by the taxation department. At present, Social Security Administration Departments have good collection capabilities and can independently undertake the collection work. The collection of social insurance premiums and the provision of social insurance benefits is a closed circle. The Social Security Administration Departments are fully responsible for this work, which will help provide better service for the participants.

**Tax Authorities:** The social insurance premiums should be collected by the taxation department solely, especially the social insurance for workers. As a specialized collection agency, the taxation department has the advantages of organization, information, service, law enforcement and so on. It collects social insurance premiums can reduce the administrative costs and compliance costs while increasing the collection rate. The involvement of tax authorities will help improve the safety of social security funds.

This is also a debate at the academic level, where there is a lack of consensus.

Zheng Bingwen, Fang Lianquan (2007) think that the Social Security Administration Departments should be responsible for the collection work ; Zhang Bin, Liu Baihui (2017) think that the tax authorities should be responsible for the collection work. Liu Junqiang (2011) found that the collection of social insurance premiums by local taxation agencies is more conducive to expanding social insurance coverage and promoting the growth of social insurance fund revenue based on the analysis of provincial panel data. Peng

Xuemei (2015) also based on the analysis of provincial panel data, found that the collection by the Social Security Administration Departments is better than taxation agencies.

Affected by overly complex factors, the efforts of using provincial panel data to compare the effects and costs of different collection modes is difficult to succeed. The above two articles use the same method, but come to the opposite conclusion.

### **3) The latest development**

In 2018, the CPC Central Committee has issued Deepening Party and State Institutional Reform Plan proposed **that in order to increase the efficiency of social insurance fund collection and administration, all kind of social insurance premiums such as basic old-age insurance premiums, basic medical insurance premiums, and unemployment insurance premiums shall be levied by the tax department.** " This plan has been passed by the National People's Congress. It indicates that the decision-makers has clearly specified that the tax department is responsible for the uniform levy of social insurance premiums. The main starting point is to improve the efficiency of social insurance fund collection and management.

Before this, the State Council entrusted the Chinese Academy of Social Sciences, Peking University, Renmin University of China, and Tsinghua University to form an assessment team to conduct a special evaluation of the reform of the social insurance premium collection system. The assessment conclusions were approved by the decision-makers.

Hence, now the main issue is: How to implement the policy?

### **4) Future challenges:**

How to strengthen the division of labor and cooperation between tax departments and Social Security Administration Departments and form a governance model of "tax collection, fiscal coordination, social security spending, and public supervision"? The collection of social insurance premiums is inseparable from the provision of social insurance benefits. The division of labor between departments affects the service level. (how to employ the staff that will lose the collection job). The tax department has insufficient knowledge of the social insurance system. How to establish a tripartite information exchange and cooperation platform for social security, taxation, and finance? The information platform in Guangdong has been widely recognized. However, in reality, the level of informatization of Social Security Administration Departments in many areas is far behind that of tax department. How to advance the Next-step reform? Such as lowering social insurance premiums and raising the level of social insurance coordination and other reforms.

**Keynote 4: Social contribution collections: toward a unified system, experiences from the EU** - Speaker: **Mel Cosuins** (Social Protection International Expert)

The issue of enhancing social contribution collection is very important in raising public finance revenue and reaching an equitable social security system. It is also a matter of debate in EU. From an academic point of view, OECD and other agencies are supporting the measure that China has adopted, having tax authorities

as collector. Yet in the EU there are many countries having social security authorities collecting contributions.

According to the IMF typology: full-service pension institutions that handle all major functions, including collection; arrangements involving closer coordination between tax administration and pension institutions, including data sharing and joint audit operations; Collection responsibility is concentrated in a single administration.

If we look at EU countries approaches to collecting social contributions, we have split 50/50 choosing different models. The ones that have integrated tax agency are some new member states, Nordic countries and also countries in which tax is a way of collecting social security. Countries that have social security agency collecting the contribution are mainly central European countries, that have strong social security institution. There is in general a trend toward integration, especially in the past 10 years. Some countries have already achieved, e.g. Netherlands, Sweden, UK. Others have partial integration, e.g. Italy; other countries have planned the unification, e.g. Belgium, Germany; most countries are enhancing contribution collection to make the system more efficient and equitable.

Looking more broadly at OECD Countries, 55 countries (including 35 OECD members) have tax agencies collecting social contributions. Only in 26 tax agencies were involved in social security collection (16 of OECD members).

The agencies that have been looking at the issue, like IMF and OECD have suggested an integrated approach, having the tax agencies being responsible, based on a series of motivations. For instance, the operation is similar to collecting income tax; having one agency doing it is more efficient, etc.

The goal of integration should be to achieve the best possible revenue collection performance, commonality of core processes, efficient use of resources/efficiency savings, compliance cost reduction – reduce burden on employers/self-employed, better compliance – reduced evasion.

China has already chosen the way of reform, yet this poses a set of challenges. There are many studies in EU that shows the new risks you will be exposed to. Some issues and risks are: readiness of tax administration to implement; need for political leadership; Implementation timetables; need for clear understanding by all key partners; and legal harmonization: you need to set all the responsibilities of all the agencies, so far as to harmonize.

Based on EU experiences, basic key design features that have been positive are: cross government approach & political leadership, clear plan with timelines, clear delineation of roles, performance standards, adequate resourcing, strong project management & interagency coordination, common ID number.

Even though integration in principle is the optimum approach, however, there is no single way to achieve optimal collection. Good practices with social insurance agency, e.g. France (ACOSS).

Finally, key factors for successful collection are: IT, electronic exchange of data/data matching, MIS, data mining, etc.; active policies to support compliance, e.g. call centers, simplification of collection process; risk-based enforcement; integration or convergence (e.g. common forms, payment process, etc.).

### Discussion, Q & A

-Prof. Li Zhen: there are many challenges and concerns on the unification of the collection system, the debate on who should be the collector is so strong mainly because of the resources involved, that means about the staff, if you get that duty you get the resources. The second concern is the division of responsibility, if the responsibility is under one institution you have the whole responsibility; if they are separated they will always point the finger to each other when some issue occurs.

From Mel presentation, we know that the challenge that China is facing is common in EU and is in the same reform direction. The introduction of some experience during the integration can be very useful to China, I hope these experiences can respond the questions of Prof. Wang Dehua.

- Prof. Dong Keyong asks a question related to the self-employed or informal employees in EU and the way they deduct social contributions. Mel explains that in Europe it is mandatory for the self employed to participate in the first pillar.

- Prof. Li Zhen: regarding the compliance rate, in China for urban employees the compliance rate is going down, due to poor management, in Japan we know the management is very good, yet the compliance rate has been going down by 60%. In EU is very difficult to calculate the non-compliance, usually in most of the countries is quite high the compliance, in Italy 16% of employment belongs to the black market, there are some companies that are not registered , other are regular, yet they have irregular workers not registered. There are no countries in EU having 100% coverage, especially those businesses like restaurants and coffee shops.

-DONG KEYONG: Where does the contribution collection stays in EU? are these funds put in separate accounts or pulled together, Mr. Cousins replies that these funds are kept separately, the contribution fund should not be put together with taxation.

-Mr. Gruat says that the choice between the two ways of choosing is not purely a calculation type. If you look at the list of countries that have selected one type or another, these are not random, the countries that chose tax authority are those where the access to benefit is based on citizenship and not residence, other type based on social security you have prevailing social insurance system, which means contribution is part of your salary which you will get later in the form of pension, medical insurance etc.

Those that have under social security so they can control the funds, like France just because the benefits are more and more universal and less based on employment. The employment and social security link has been abolished, now is taxed based. In the case of China was this type of consideration taken into account? You call an integrated mechanism an integration that makes division.

-open discussion: The reform decision was made this year in March and there is a legal provision, after we have some concern of implementation, the most important issue is: how to coordinate the two departments. More importantly, how can the taxation authority accurately transfer information to the social security institution? So in Guangdong have good coordination, have established a good IT coordination mechanism system where everyone have access to and coordinate the information. Transfer of information flow, generally the different institutions may complain on the information and ask for explanation.

To conclude the first day Panel Discussion, Mr. Di expresses his thanks to all the participants for the very successful activity.

### **SESSION 3: The role of enterprise annuities funds in the Chinese social security system**

Welcome Speech: **Mr. Di Donghui** (Division Director, Actuarial Division, Department of Social Security, Ministry of Finance)

Due to some engagement with the Minister, Mr. Fu could not attend the meeting. The second day Panel covers the topic of enterprise annuities and public finance in the Chinese social security system.

Prof. Zheng Bingwen will provide an analysis on the role of enterprise annuities in China's social security system, following Prof Hu Jiye will illustrate the challenges of the reform of social insurance funds collection in China, and finally Mr. Cousins will introduce EU practices in the field of public finance subsidies in social protection.

**Keynote 1: The role of enterprise annuities funds in the Chinese Social Security** Speaker: **Prof. Zheng Bingwen** (Professor, Chinese Academy of Social Sciences)

The presentation is organized in five parts: 1)Overview of Chinese Old Age Insurance System; 2)The Status of Chinese Enterprise Annuity Funds; 3)Operation and Management of Chinese Enterprise Annuity;4)Main Problems of Chinese Enterprise Annuity;5)Nine Core Measures to Promote the Reform of Chinese Enterprise Annuity.

#### **1) Overview of Chinese Old Age Insurance System**

The first pillar is composed by 1.Urban Employees' Basic Old Age Insurance System, including enterprise employees and public sector employees; 2. Social old age insurance for urban and rural residents

The second pillar is composed by the Enterprise Annuity System: established in 2004, is for the enterprises. (Occupational Pension System) established in 2016, cover employees working in public institutions, agencies, also covers some workers NPO, it covers the elite of the society. The third pillar covers the personal Savings and Commercial Old Age Insurance

Regarding the coverage and pension funds, as per 2017, in the Urban Employees' basic old age insurance system participated 292.68 million employees, covered 110.26 million pension recipients, for a total accumulation of pension fund of 4388.5 billion. If we look at the development of the three pillars in China, we can see a structural imbalance among the three-pillar pension insurance: the first pillar develops rapidly and bears almost all the pension responsibility. Accumulated pension funds of urban employees old age insurance system accounts for 5.31% of GDP in 2017; the second and third pillars develop relatively late. Enterprise Annuity fund accounts for only 1.56% of GDP; the fund accumulated pension funds of the second pillar in USA is up to 19 trillion, equivalently almost 97% of GDP. If the amount of IRA pension funds are added (9.2 trillion), the amount of the second and third pillar pension funds is as much as 28.2 trillion.

## 2) The Status of Chinese Enterprise Annuity Funds

Enterprises which have been establishing the enterprise annuity have continued to increase from 33 thousand in 2008 to 80.4 thousand in 2017. Employees who participated in the system grew from 10.38 million in 2008 to 23.31 million in 2017. The decline was linked to the global economic downturn, corporate losses, and high cost of living for young and middle-aged people and poor publicity.

By the end of 2017, the accumulated fund balance has amounted to 1.29 trillion yuan. The expansion rate of the enterprise annuity fund is further reduced from the year recently. As for the regional distribution, coastal area and the developed provinces promote enterprise annuity faster than the developing provinces. The number of enterprises which set up the enterprise annuity are divided among different provinces. The top seven are Xia men (11,882), Shang Hai (8931), Beijing (3306), Guangxi Province(2810), Zhejiang Province(2761), Jiangsu province(2516) and Guangdong Province(2510).

Total fund assets accounting for the top eight are Shang Hai (65.34 billion yuan), Beijing(46.51 billion yuan), Jiangsu(35.41 billion yuan), Guangdong(32.42 billion yuan), Shandong(29.69 billion yuan), Zhejiang(27.77 billion yuan), Shanxi(26.39 billion yuan) and Anhui(26.17 billion yuan).

As per the rate of return on investment, in 2017, the weighted average yield of enterprise annuity fund investment was 5%, higher than the year 2016; between 2007-2017 the average return rate is 7.34%.

## 3) Operation and Management of Chinese Enterprise Annuity

The management of Enterprise Annuity Funds includes trustees, account managers, investment managers and custodians. **Trustees:** There are 11 legal trustee institutions entrusted with the enterprise annuity funds. The number of companies which accept trustee management was 59,997 by the end of 2017. The employees and assets were respectively 14.09 million and 822.35 billion. **Account Managers:** There are 18 account managers in China to manage the enterprise annuity fund accounts in 2017. Total account management business involves 80.43 thousand enterprise accounts and 23.31 million individual accounts. **Investment Managers:** There are 21 financial institutions in China participating in the investment management of enterprise annuity fund, and the total number of portfolios and assets scale were 3,451 and 1.24 trillion yuan respectively in 2017. **Custodians:** At present, there are 10 financial institutions in China providing custodian services for the enterprise annuity fund, and the total amount of custodian fund asset was 1.29 trillion yuan at the end of 2017.

#### 4) Main Problems of Chinese Enterprise Annuity

##### 1) Low participation rate

**The coverage rate is in serious imbalance.** By the end of 2017, the number of enterprises which have established enterprise annuity was less than 10% of the national legal enterprises. The number of employees involved in the system was only 7.96% of the contributors in the urban employees' old age insurance system.

**Regional development is seriously unbalanced.** Shanghai have 1.32 million employees accounts, while some undeveloped provinces, such as Xizang (9,214) and Hai Nan(35.1 thousand), have fewer employees accounts.

**Serious imbalance among industries and enterprises.** About three-quarters of the total accumulated fund assets are owned by the state-owned enterprises.

Small and micro enterprises are largely excluded. The main characteristics of small and medium enterprises are short life cycle and quick turnover of workers. The enterprises surviving within one year account for 14.8%. Enterprises surviving within 3 years account for 40.4%, and those surviving within 5 years are 32.9%. Therefore, Small and micro businesses are largely excluded from the pension system.

##### 2) The replacement rate is low, and the development level is lagging behind

**Insufficient security for employees' retirement income.** The replacement rate (that is, the proportion of pension to the average wage of the society) of basic old age insurance system is about 42%-44%. Due to the low participation rate, the number of recipients is only 1275.1 thousand. Total amount received is 34.54 billion Yuan. If pension funds are taken away for one time, it is only 27.1 thousand Yuan per person.

**New injustices are formed within the system.** All employees of government organs and public institutions pension system have occupational pension system and begin to pay contributions. However, the participation rate of enterprise annuity is very low.

##### 3) The tax incentives are limited

The tax incentive in China is very limited. China implements classified income tax system. The government lacks social basis to provide a generous tax incentive.

#### 5) Nine Core Measures to Promote the Reform of Chinese Enterprise Annuity.

There are four important opportunity windows for the reform of enterprise annuity.

The structural reform of supply side reducing social insurance contributions provides big space for expanding participation rate. The law of "enterprise annuity trial method" has been implemented for 13 years. It is imperative to revise and upgrade the enterprise annuity policy. The commercial insurance is being improved. It is the right time to open the channel between the enterprise annuities and individual accounts. GOPI pension system has just started. Many details need to be complement. It badly needs to set up many regulations ensuring labor mobility between public sector and private sector.

##### 1) Introducing automatic enrollment mechanism is the breakthrough.



Three conditions are not suitable: a) Enterprises should participate in the basic old age insurance by law and need to pay the contributions on time and in full; b) The collective bargaining mechanism has been established; c) The enterprise should be profitable. The internal governance of many small and medium-sized enterprises is not perfect.

## **2) Appropriate release of individual investment options**

The enterprise annuity adopts defined contribution system, implementing the unified investment mode. The characteristic is that different age groups are covered by a unified product plan. All the employees enjoy a relatively low level rate of return. The products lack diversity and flexibility. In other words, in the absence of individual options, the rate of return cannot be distinguished among different age groups.

The limited options can distinguish investment period of enterprise annuity, helping to separate the long-term investment funds. The long-term investment funds will be flown into the capital market, conducive to construct the capital market, reducing the market volatility and curbing the market speculation.

## **3) Establish qualified default investment alternatives.**

The introduction of TDFs can solve some existing problems of Chinese enterprise annuity funds. The problem that the short-term fund management periods cannot be able to invest for the long term will be solved. It can solve the problems of the frequent change of annuity assets and the imperfect assessment system. The problems that the single asset allocation cannot meet the individual needs of employees can be solved. The problems of too many portfolios and inefficient investment can be solved.

## **4) Improve the tax incentive policy**

Design tax threshold when employees begin to receive the benefits. It is prudent to tax the investment incomes in the contribution stage. The preferential tax policy should be considered when the enterprise annuities are changed into commercial annuity products.

## **5) Raise the preferential tax rate from 5% to 8%.**

The Measures on Enterprise Annuity issued on December 2017 provided that the employer can agree with the employees that the enterprise contributions and investment returns in the individual accounts belong to the individuals from the beginning, or they belong to individuals with the increase of working periods. They completely belong to the individuals not exceeding the time limit for 8 years. Cancel or shorten the vesting period of enterprise contributions. If the enterprises' contributions are entered into individual accounts and belong to individuals immediately, it is helpful for employees to participate in the enterprise annuity.

## **6) Enlarge the investment choices of enterprise annuity funds.**

Enterprise annuity fund investment choices should be expanded. Enterprise funds are allowed to participate in the trading of financial derivatives and form a diversified investment strategy. Increase the

cap on equity investment. Expand the investment choices of enterprise annuity and introduce overseas investment

**7)** Establish a free conversion mechanism between the second and the third pillar.

Building the transfer mechanism between the second and the third pillar contributes to meet the needs of personnel flows. If employees in the micro and medium enterprises leave the company, they are allowed to change the assets into enterprise annuity accounts. If rural residents go back to the rural, the funds can be change into the individual old age insurance.

**8)** The regulatory system of pension management companies needs to be optimized

The pension management companies should be listed as an independent financial industry. The number of pension management companies should form a certain scale. The pension management company should be a licensed asset management company.

**9)** Establish an enterprise annuity IT system platform with Chinese characteristics.

There are three ways to establish a nationwide IT account system platform. The relevant departments (such as tax institutions) are responsible to construct and the government provides necessary support. The investment and operation subject are partial public welfare institutions. Use the existing related resources to modify slightly with little input. We can make use of the securities registration and settlement system and insurance information technology management system, which have the ready-made platform.

Adopt the method of government purchase. We can select one IT service platform from many enterprise annuity account management systems by bidding in the existing market.

**10)** Establish TEE tax exemption account.

The TEE tax-free account should be based on the tax system reform. The Capital gains tax is required. The transition of indirect tax to direct tax should be taken into consideration. It is necessary to promote the tax reform from sub-item income tax to the combination of itemized income tax and comprehensive income tax.

## **Keynote 2: Contribution or tax: the reform of social insurance funds collection in China**

Speaker: **Prof. Hu Jiye** (Director, School of Business, Department of Capital Finance, China University of Political Science and Law)

Looking at social contribution collection in the Social Insurance Law, the 1<sup>st</sup> legal arrangement is included in the Interim Regulation on Collection of Social Insurance Contribution (SIC), (1999). The Art. 6: SIC is divided into 3 parts, which are collected collectively and integratedly. The collecting agencies should be respectively determined by governments of province, autonomous regions and municipalities. They can be tax administration or social administration under the MoHRSS.

A revision of this article was absorbed by the 2010 Law of Social Insurance. In Article 57 of the Social Insurance Law of PRC: An employer shall, within thirty days from the date of establishment of the entity,

proceed with the business license, registration certificate or entity seal to the local social insurance agency to apply for social insurance registration. The social insurance agency shall complete the check and review process and issue social insurance registration certificate to the employer within fifteen days from receipt of the application. Article 59: The People's Governments at and above the county level shall devote more efforts for collecting social insurance contributions.

The collection of social insurance contributions shall be carried out in a consolidated way. The steps of implementation and the concrete approaches in this regard shall be regulated by the State Council.

Article 84: When an employer fails to process social insurance registration, the social insurance administrative department shall deliver to the employer concerned an order for rectification within a prescribed period.

When rectification does not occur at the expiry of the prescribed period, the employer shall be liable for a fine in excess of its assessed social insurance contribution but less than its triple, and the principals who bear direct responsibilities and other persons with direct responsibilities shall be liable for a fine over 500 but less than 3000 Yuan RBM.

Article 94: Any offence in violation of this law amounting to a crime shall be liable for criminal penalty. Therefore, social administration or its staff would get penalty if violation of the law occurs. Abuse of power, unfulfillment of obligation and corruption are typical crimes that would receive penalties.

Case: In Ningxia, Shizuishan Centre for Medical Insurance had used an amount of 30 million RMB of the MI Funds, and the offenders, brothers Xu Fuxin & Xu Funing were sentenced to life imprisonment.

According to the Art. 62 and 63 of the Social Insurance Law, SIC collection is obligatory, which is similar to tax collection. Art. 63 of The PRC Law on Administration of Tax Collection: Anyone who evades tax must be fined an amount of over 50% - 500% of the tax unpaid; if the unpaid amount is over the level and thus results in crime, the offender must be sentenced for the penal liability; Art. 64 of The PRC Law on Administration of Tax Collection: When taxpayer or tax-obligation bearer produces fake certificate for tax calculation, tax authority must require it to change the wrong-doing and fine it an amount below 50,000 RMB.

The two systems of social contribution's collection in one China have been criticized for a long time. Some provinces had started transferring the power of collection from social agencies to provincial tax authorities, e.g. Henan province. Provincial tax authorities are rigid in collecting contribution and can control the contribution base better than social agencies, but they are weak at comprehending social policies (e.g. Shenzhen). Therefore, it's in need of relevant training regarding the policies and laws.

### **Contribution-to-Tax Reform:**

International Experience: In OECD, countries use different names: Payroll Tax in US, and Social Security Contribution in UK, but they are essentially of the same nature. They are: 1. Mandatory: regulated by law; 2. Forming special fund for special use; 3. Based on earning of employees. China's ex financial minister, Xie

Xu-ren, argued in 2010: it is necessary to improve the forms and heighten administrative level of SIC collection and enhance, and to experiment social security tax.” ( Magazine Qiushi, issue 4, 2010)

The approaches of SIC collection should be appropriate to the collection system for tax and administrative fees, and social security system itself. Tax is obligatory, while social insurance premium is derived from voluntary and mutual fund raised in business associations, and it is regulated by private law of civil society.

There are many conflicts in theories on tax and contributions. It is necessary to innovate the theory on social security funding. Analysis on social security tax or contribution should be based on social law, and the issue should be considered in the context of China’s combination of social pooling and individual account. Normal tax could be generally used in infrastructure, education, and health etc. Social security tax is different because it is targeted to specific beneficiaries, which realize the micro-correspondence of rights and obligations.

Art. 11 of the PRC Social Insurance Law: The Fund of Basic Old-Age Insurance is composed of contributions of employer, employee and government’s subsidy, WHERE the subsidy comes from tax. Therefore the social pooling part of this system is more similar to tax collection, which represents the taxpayer’s obligation in public law.

The individual account is closer to social contribution, since the funds in the account will be returned to the payer, which represents debit relation in private law. Social insurance requires correspondence/agreement of rights and obligations, which requires right-enjoyer to fulfill his or her obligation.

Shi Zheng-wen (2008): In modern theory on private law, debit is referred to a relation between two persons in which one part can require payment from the other. When a legal fact attributed to a certain person meets factors of tax obligation in law, this person is obligated to pay a certain amount of tax to the subject who possesses the right of imposition, and the later can require the payment according to its right. Features of such relation correspond to features of debt/liability relation in private law. The funds in the individual account of old-age insurance meet the features of debt/liability: a worker pay contribution to his or her individual account represents a transfer of property from the payer to government. When the payer receives pension from government after retirement, it is a reverse transfer of property, which is similar to debt/liability in private law.

The two parts of China’s Old-Age insurance represent the tax and debt relations between worker and government. For China, the specific tax for social security can take a model similar to that of US payroll tax. By this, I mean the social pooling (20%) can be transformed into social security tax. In the future the contributions to medical, unemployment, work-related injury and maternity insurances can also be collected as tax at nationally unified tax rate.

This can, on the one hand, realize national pooling and solve the problem of fragmentation, and can, on the other hand, preserve and appreciate value for pooled funds, which can reinforce the PAYG system and avoid provinces with social deficit to use funds in individual accounts to balance the system.

Public subsidy to the old-age insurance system accounts for near 20% of the pension payment. Why not transformed the contribution into tax? When it becomes social security tax, it should be specifically used for social insurance. Illegal abuse would undermine the social security. Therefore, the tax collected should not be accumulated in the national treasury or simply become state-owned property. The surplus after payment should not be used at the discretion of the state, while it should be accumulated for value preservation and appreciation, which can therefore form a National Fund for Basic Social Insurance. The ministry of finance can issue special bonds for this fund in order to reduce the impact of depreciation and risks of investment errors.

The social security tax makes the collection rigid, while the disadvantage of normal tax revenue is that it's easy to be used by the government for different purposes. Therefore, forming specific fund for social security tax revenue can clarify the ownership of the property, and it is an innovation of tax relation.

For social security tax, the government can charge offender of tax law in rigid ways (in cases of tax evasion, fraud or even resistance etc.)

In the 2009 amendment of Criminal Law, there is crime of tax evasion, and offenders would receive administrative or penal sanction, while there is no crime of contribution evasion, no mandatory measure could be done for relevant cases.

After the contribution to social pooling will be transformed into tax, the collection should be completely transferred to tax authority, while the collection of contribution to individual account should be completely transferred to social administration.

The contribution to social pooling of the Basic Old-Age Insurance for Urban Employees should be transformed into tax, and in the future the contributions to medical, unemployment, work-related, and maternity insurances should be also transformed into tax, and collected at nationally unified tax rate.

Advantages brought by the reform include: realization of national pooling for the Basic Old-Age Insurance, and avoidance of regional fragmentation; preservation and appreciation of surplus of the pooled fund; the funds pooled can be sufficient to pay the benefits; no need of public subsidies and avoiding provinces with deficit to use funds in individual accounts to balance the system that would result in empty accounts.

With social security tax, it's easy to regulate the taxpayer, tax rate, taxation period and legal liability according to tax law. This empowers the social security system. In the Criminal Law, there is crime of tax evasion, for which tax authority can charge fines or make other rigid penalties on offenders. While there is no crime of contribution evasion, thus it's not easy to charge those who had not timely paid the contribution.

With the contribution-to-tax reform, in the phase of collection, evasion of contribution becomes evasion of tax; and in the phase of benefit reception, fraud can constitute the crime of defrauding public and private property, all of which violate the provision of Criminal Law. The tax revenue for social security will be under rigid PAYG system, and there is no need to consider private financial market, and the collection can be done at national level. The contribution to individual accounts can be invested in the financial market for

preservation and appreciation of value (together with the occupational annuity for the public sector and enterprise annuity for the private sector, or even housing credit in the future).

## **CONCLUSION**

The contribution-to-tax reform is important in the top-level design of China's pension system. The core for this is the differentiation of social pooling and individual account, instead of mix of the two. Social pooling should be transformed into tax, which represents fairness of the system; while individual account, enterprise annuity and occupational annuity remain as contribution, which represents efficiency of the system.

In this way, we can reach the goal of a fair and sustainable system, which is set by the 3rd Meeting of the 18th Central Committee of the Party.

**Keynote 3: The role of public finance in the social security system** - Speaker: **Mr. Mel Cosuins** (Social Protection International Expert)

The topic of subsidies provided by public finance is a very interesting one, there is a lot of experience but not much evaluation.

Looking at the differences in terms of funding in the EU we can notice that there is not a lot of variation. For EU as a whole: social contributions make up for 54% v. general government contributions from taxes at 43%. Within the EU there is great variation, mainly central or eastern European countries feature 60% or more from social contributions. - Estonia (79%) to Belgium (60%) and including France and the Netherlands.

Mainly southern European countries are around the average, including Greece (55%), Italy (50%) and Spain (54%). Nordic countries (Denmark, Finland, Sweden), Ireland, Romania and the UK feature less than 50% contributions. Denmark is an outlier with only 18% coming from social contributions.

There are different approaches: 1) Pre-subsidising social funds; 2) Post-subsidising the deficit (if any) arising; 3) Subsidising a minimum benefit/pension; 4) Funding transitional costs.

In the case of Pre-subsidy, the following examples are introduced: Bulgaria - State Budget covers 50% of the contributions paid for people with disabilities in certain employment. Romania: Contributions for unemployed persons participating in training are paid from the unemployment insurance budget. Germany: the State pays contributions for pension insurance during child-raising periods. Slovakia: the state contributions on behalf of persons taking care of children up to the age of 6 (up to the age of 18 whose health status is considered negative in the long-term)

In the case of general post subsidy: Austria (invalidity and old age/survivors pensions; unemployment benefits); Belgium (sickness benefits); Bulgaria (pensions); Germany (state loan covers possible deficits of the federal unemployment scheme; pensions); Hungary (except unemployment); Ireland; Poland; Romania (only in the case of unemployment benefits); Slovakia (occupational accidents, invalidity and old age pensions, unemployment) and the UK.

Targeted post-subsidy: Austria - 70% of the expenses of maternity benefit are reimbursed by the families compensation fund. Slovenia, the state finances the bulk of the maternity benefit costs (92%) with only 8% being funded from contributions.

In terms of minimum pension, there are EU Nordic countries and Spain with this experiences, this correspond to pillar 0 that correspond to those that do not receive other type of pension benefits. Finland: the state pays the costs of minimum sickness allowances and of the guaranteed old age pension. Spain: the state finances the guaranteed minimum pension amount of the contributory pension system. Sweden: The state funds the guarantee pension. Those who have not earned any national income-based pension at all get a full guarantee pension. For those who receive a low income-based pension, the guarantee pension is a top-up.

Reserve funds: Finland: the state pays the costs of minimum sickness allowances and of the guaranteed old age pension; Spain: the state finances the guaranteed minimum pension amount of the contributory pension system; Sweden: The state funds the guarantee pension. Those who have not earned any national income-based pension at all get a full guarantee pension. For those who receive a low income-based pension, the guarantee pension is a top-up.

Following are some evaluations: The World Bank (2013) study on matching contributions found evidence that directly subsidising contributions does lead to an increase in participation in pension schemes. The evaluation shows that in Korea - subsidising contributions for farmers had a positive impact. Studies of subsidisation of social insurance contributions from a labour market perspective- Nordic countries, Turkey, Korea - limited impact and often high deadweight. As per the deficit funding there are no evaluations.

To conclude, looking at the different approaches encouraging participation, this is what you may aspect in theory, but in practice there are no evaluation. Pre-subsidisation (targeted) Seem more efficient, can reduce disincentives for specific groups, has Positive impact on affordability and participation. For Post-subsidisation Any impact is indirect, and is not targeted in anything in particular, in the case of Post-subsidisation - Minimum pension there is no direct impact, it depends on the scheme design.

## Discussion, Q & A

Mr. Di poses a question to the EU participants to understand whether there is an estimate of optimal share of GDP to social security. The EU experts reply that in fact there is not a fixed good estimate, while various opinions depending on the type of system a country wants to build. We can see that in the case of France it is 35% it is quite high. Because in Italy and France there is a big cost on health insurance, so the impact on the cost is high, yet they have one of the best public health system in place.

Following up, Mr. Di inquiries: Do these countries have a public finance strong enough for the subsidies sustainability?

The EU experts reply that the EU is concerned about public finance of the EU countries, especially for pension, social expenditure, there is a specific economic group within the European Union, looking specifically at pension sustainability of EU countries. There is also a history behind public spending of EU

countries, since the situation has been shrinking, so we do not want to create social instability inside a country, hence cannot reduce the subsidies too much.

Mr. Isler comments on the issue of enterprise annuities, underlying that for the providers it is not so interesting to enter as trustees and managers because there is a little margin, there is a little business opportunity. If the Enterprise have an extra cost to include all the employees, the enterprise will have to bear the extra cost which is a burden, that's why all these enterprises in the system are all SOE. Reinforcing Zheng Bingwen proposal, Mr. Isler confirms that the fact that the system in China is not compulsory is the main point; the government should make it compulsory, if a company knows that they have to include this cost, they will put in the budget, so this can enter in the logic of the system.

Prof. Zheng Bingwen responds saying that in China there is a different story than in EU: in Europe businesses have access to this system without a threshold, they are fully competent in the market, but in China is a special business, there is a market access threshold, only 10 Chinese banks participate in the business, they need to compete with each other to get a license, even if the business is profitable, as a pure keeper there is no profit.

Following there is an open discussion on personal experiences regarding the EU participation to the third pillar-personal pension savings.

*Prepared by*

*EU-China SPRP Component 2 Assistant*

*Valentina Pignotti*



## **Component 2-2018 Panel Discussion**

**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**

**Ministry of Finance, P. R. China**

Thursday, Friday June 14-15, 2018

Jindiya Hotel- Ri li Conference Room  
5 Sanlihe N St, Xicheng Qu, Beijing



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

## 第二部分-2018 年专家分组座谈

### Component 2-2018 Panel Discussion

人口老龄化背景下社保制度财务可持续性政策应对办法

社保缴费征集制度统一

公共财政与企业年金在中国社保体系中的作用

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

中华人民共和国财政部

Ministry of Finance, P. R. China

2018 年 6 月 14-15 日, 星期四-星期五

Thursday, Friday June 14-15, 2018

地点: 金帝雅宾馆, 二楼会议厅日丽厅,  
北京市西城区三里河月坛南街北边  
Jindiya Hotel- Ri li Conference Room  
5 Sanlihe N St, Xicheng Qu, Beijing



8:30-9:00	<b>签到 Registration</b>
<p style="text-align: center;"><b>第一场 1: 人口老龄化背景下社保制度财务可持续性政策应对办法</b></p> <p style="text-align: center;"><b>SESSION 1: Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system</b></p>	
9:00-9:30	<p>欢迎致辞:</p> <ul style="list-style-type: none"> <li>◆ <b>符金陵 先生</b> (财政部社保司巡视员) / <b>邸东辉 先生</b> (财政部社保司制度精算处处长)</li> <li>◆ <b>米凯乐·布鲁尼 先生</b> (中欧社保改革项目第二部分常驻专家)</li> </ul> <p>Welcome Speeches:</p> <ul style="list-style-type: none"> <li>◆ <b>Mr. Fu Jinling</b> (Director General, Department of Social Security, Ministry of Finance)/<b>Mr. Di Donghui</b> (Division Director, Actuarial Division, Department of Social Security, Ministry of Finance)</li> <li>◆ <b>Mr. Michele Bruni</b> (<i>EU-China SPRP, Team Leader-C2 Resident Expert</i>)</li> </ul>
9:30-10:15	<p style="text-align: center;">主持人: <b>李珍</b> (中国人民大学, 社会保障研究所所长)</p> <p style="text-align: center;"><b>Moderator: Prof. Li Zhen</b> (Director of Social Security Research Institute, Renmin University of China)</p> <p><b>主题发言1: 人口老龄化与社会保障财政可持续性</b></p> <p>发言人: <b>董克用 教授</b> (中国人民大学教授)</p> <p><b>Keynote 1: Population Aging and Fiscal Sustainability of Social Security</b></p> <p>Speaker: <b>Prof. Dong Keyong</b> (Professor, Renmin University P.R. China)</p>
10:15-11:00	<p><b>主题发言2: 人口老龄化背景下社保制度财务可持续性政策应对办法: 欧洲经验</b></p> <p>发言人: <b>雅娜·马拉科瓦 女士</b> (捷克劳动与社会事务部家庭政策司长官)</p> <p><b>Keynote 2: Alternative policy measures to cope with the impact of ageing on the financial sustainability of the social security system: evidence from Europe</b> - Speaker: <b>Ms. Jana Malacova</b> (Director for Family Policy, Ministry for Labour and Social Affairs of the Czech Republic)</p>
11:00-11:30	<b>茶歇 Tea Break</b>
11:30-12:15	<b>讨论问答 Discussion, Q &amp; A</b>
12:00-13:30	<b>午餐休息 Lunch Break</b>

<b>第二场：社保缴费征集的制度统一</b> <b>SESSION 2: Social contribution collections: toward a unified system</b>	
<b>13:30-14:15</b>	<p style="text-align: center;">主持人：李珍（中国人民大学，社会保障研究所所长）  <b>Moderator: Prof. Li Zhen (Director of Social Security Research Institute, Renmin University of China)</b></p> <p>主题发言 3： 社保缴费征集的制度统一：中国情况</p> <p>发言人：汪德华教授（中国社会科学院财金战略研究院副研究员）</p> <p>Keynote 3: <a href="#">Social contribution collections: toward a unified system, the Chinese context</a> Speaker: <b>Prof. Wang Dehua</b> (Chinese Academy of Social Sciences, National Academy of Economic Strategy, Associate Research Fellow)</p>
<b>14:15-15:00</b>	<p>主题发言 4： 社保缴费征集的制度统一：欧洲经验</p> <p>发言人：梅恪行 先生（国际社保专家）</p> <p>Keynote 4: <a href="#">Social contribution collections: toward a unified system, experiences from the EU</a> - Speaker: <b>Mel Cosuins</b> (Social Protection International Expert)</p>
<b>15:00-15:30</b>	茶歇 Tea Break
<b>15:30-16:00</b>	讨论问答 Discussion, Q & A
<b>16:00/16:30</b>	财政部总结发言 Closing remarks by MoF

<b>2018 年6月15日</b> <b>第3场： 企业年金在中国社保制度中的作用</b> <b>15 JUNE 2018</b> <b>SESSION 3: The role of enterprise annuities funds in the Chinese social security system</b>	
<b>8:30-9:00</b>	<b>签到 Registration</b>
<b>9:00-9:30</b>	欢迎致辞： <ul style="list-style-type: none"> <li>◆ 符金陵 先生 (财政部社保司巡视员) / 邸东辉 先生 (财政部社保司制度精算处处长)/</li> <li>◆ 米凯乐·布鲁尼 先生 (中欧社保改革项目第二部分常驻专家)</li> </ul> Welcome Speeches: <ul style="list-style-type: none"> <li>◆ <b>Mr. Fu Jinling</b> (Director General, Department of Social Security, Ministry of Finance)/<b>Mr. Di Donghui</b> (Division Director, Actuarial Division, Department of Social Security, Ministry of Finance)</li> <li>◆ <b>Mr. Michele Bruni</b> (<i>EU-China SPRP, Team Leader-C2 Resident Expert</i>)</li> </ul>
<b>9:30-10:15</b>	主持人: 米凯乐·布鲁尼 先生 (中欧社保改革项目第二部分常驻专家) <b>Moderator: Mr. Michele Bruni (EU-China SPRP, Team Leader-C2 Resident Expert)</b>  <b>主题发言1: 即企业年金在中国社会保障制度中的作用</b>  发言人: 郑秉文 教授 (中国社科院美国研究所教授, 博士生导师, 中国社科院世界社保研究中心主任)  <b>Keynote 1: The role of enterprise annuities funds in the Chinese Social Security</b> <b>Speaker: Prof. Zheng Bingwen</b> (Professor, Chinese Academy of Social Sciences)
<b>10:15-11:00</b>	<b>主题发言2: 社保征收与“费改税”</b>  发言人: 胡继晔 教授 (中国政法大学资本金融系主任) <b>Keynote 2: Contribution or tax: the reform of social insurance funds collection in China</b> <b>Speaker: Prof. Hu Jiye</b> (Director, School of Business, Department of Capital Finance, China University of Political Science and Law)
<b>11:00-11:15</b>	<b>茶歇 Tea Break</b>
<b>11:15-11:45</b>	<b>主题发言 3: 公共财政在社保制度中的作用</b>  发言人: 梅恪行 先生 (国际社保专家)  <b>Keynote 3: The role of public finance in the social security system - Speaker: Mr. Mel Cosuins</b> (Social Protection International Expert)
<b>11:45-12:15</b>	<b>讨论问答 Discussion, Q &amp; A</b>
<b>12:15-12:30</b>	Closing remarks by MoF

**List of participants**  
**EU-China Social Protection Reform Project**  
**Component 2**  
**2018 Panel Discussion**

Beijing, June 14-15, 2018

No 序号	Name of the participants 姓名	Institution/organization 机构/组织
<b>Ministry of Finance</b> 财政部		
1.	符金陵 Fu Jinling	社会保障司巡视员 Director General, Department of Social Security, Ministry of Finance
2.	邱东辉 Mr. Di Donghui	财政部社会保障司制度精算处处长 Division Director, Actuarial Division, Social Security Department
3.	刘洋 Mr. Liu Yang	财政部社会保障司养老保障处副处长 Deputy Division Director, Department of Social Security, Old age pension Division, Ministry of Finance
4.	徐刚 Mr. Xu Gang	财政部社会保障司基金管理处处长 Division Director Department of Social Security, fund management division, Ministry of Finance
5.	王海霞 Ms. Wang Haixia	财政部社会保障司制度精算处主任科员 Principal Staff Member, Actuarial Division, Social Security Department
6.	李岩 Mr. Li Yan	财政部社会保障司制度精算处主任科员 Principal Staff Member, Actuarial Division, Social Security Department
<b>Experts</b> 专家学者		
7.	李珍教授 Prof. Li Zhen	中国人民大学，社会保障研究所所长 Director of Social Security Research Institute, Renmin University of China
8.	董克用 教授 Prof. Dong Keyong	中国人民大学教授 Professor, Renmin University P.R. China
9.	汪德华教授 Prof. Wang Dehua	中国社会科学院财金战略研究院研究员 Chinese Academy of Social Sciences, National Academy of Economic Strategy, Associate Research Fellow

10.	郑秉文 教授 Prof. Zheng Bingwen	中国社科院美国研究所教授, 博士生导师, 中国社科院世界社保研究中心主任 Professor, Chinese Academy of Social Sciences
11.	刘桂莲 教授 Prof. Liu Guilian	助理教授, 首都师范大学 Assistant Professor, Capital Normal University
12.	胡继晔 教授 Prof. Hu Jiye	中国政法大学资本金融系主任 Director, School of Business, Department of Capital Finance, China University of Political Science and Law
13.	Ms. Jana Malacova 雅娜·马拉科瓦 女士	Director for Family Policy, Ministry for Labour and Social Affairs of the Czech Republic 捷克劳动与社会事务部家庭政策司长官
14.	Mr. Mel Cousins 梅恪行先生	International Social Protection Expert 国际社保专家
15.	Mr. Fabrizio Costa 法布里奇 卡斯塔	Treasury Attaché- Embassy of Italy to the People's Republic of China 财政随员-意大利驻华大使馆
16.	Mr. Renzo Isler 以司乐尔	Senior Consultant, Generali Group Generali 集团资深咨询专家
17.	Ms. Elisa Sales 艾丽莎	Financial Attaché- Bank of Italy Representative 财政专员-意大利银行(央行)代表
<b>EU-China SPRP Representatives</b> <b>中欧社会保障改革项目办及国际组织代表</b>		
18.	Mr Michele Bruni 米凯尔·布鲁尼	EU Resident Expert Component 2/Team Leader, EU-CHINA SPRP 中国—欧盟社会保障改革项目第二部分欧方常驻专家 / 项目领导人
19.	Mr. Jean Victor Gruat 圭亚	EU-China SPRP C1 Resident Expert 中国—欧盟社会保障改革项目第一部分欧方常驻专家
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24.	Iwona Rogacka-Hu	Assistant to component 3 伊沃娜 罗嘎茨卡-胡, 伊沃娜 罗嘎茨卡-胡

