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Improving the social protection of workers migrating between China and the EU countries

Fang Lianquan



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ILO Country Office for China and Mongolia

Improving the social protection of workers migrating between China and the EU countries

Fang Lianquan

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Abstract

With fast growing international trade and exchanges, international migration between China and EU countries has increased greatly in recent decades. Past experiences in a number of countries have shown that the conclusion of bilateral social security agreements (SSAs) is an effective way of improving the social protection of migrant workers. Since 2002, China has signed 9 bilateral social security agreements with European countries. Guided by ILO standards on social security and good practices around the world, this paper analyses the current situation regarding the social protection of workers migrating between China and European countries. A primary finding of this paper is that, although the existing SSAs between EU countries and China are effective in avoiding dual coverage and contributions, their impact remains limited due to a number of factors including the lack of totalization mechanism. In order to improve the next generation of SSAs between China and EU countries, this study puts forward a few suggestions, including the strengthening of social security collaboration between China and the EU, the development of policies to facilitate such collaboration and the improvement of the administrative capacities related to the implementation of SSAs.

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List of abbreviations

EU	European Union
IOM	International Organization for Migration
MoC	Ministry of Commerce
MoHRSS	Ministry of Human Resources and Social Security
SDG	Sustainable Development Goal
SIL	Social Insurance Law
SSA	Social Security Agreement

1. Introduction

1.1 Purpose of the study

In 2015, 244 million people, or 3.3 per cent of the global population, were international migrants; that is, they resided outside of their home country. The European Union (EU) and China are two of the largest economies in the world. With fast growing international trade and exchanges, international migration between the two regions has greatly increased in recent decades. In 2015, China was the fourth largest emigration country (IOM, 2017). In 2017, China became the second largest remittance receiving country and the fifth largest remittance outflow country (World Bank, 2017). By the end of 2015, there were about 260,000 migrant workers from China legally residing in the 28 EU Member States (Plewa and Stermšek, 2017). At the same time, with rapid economic growth, social development and demographic changes, China is also becoming an emerging destination for international migrants. Estimates from the International Organization for Migration (IOM) show that in 2017, there were nearly 700,000 migrants resident in China¹, among whom around 80,000 were from European countries (see section 2.2).

Social protection is a key aspect affecting the work and life quality of migrant workers. The territorial nature of social security and the differences in systems and schemes between China and European countries may generate obstacles for migrant workers to fully access social protection. Improving accessibility of social protection for migrant workers will help improve the well-being of migrant workers and their families, reinforce social cohesion, facilitate regular labour migration, and contribute to the growth strategies of both China and the EU.

Since the start of this century, China and EU countries have strengthened their cooperation for the promotion of regular migration and the protection of migrant workers' rights thereby responding to increased migration flows. The first bilateral social security agreement was concluded between China and Germany in 2002. Today China has signed 12 bilateral social security agreements with foreign countries, including 9 European countries. As one of the components of the EU-China cooperation, bilateral social security agreements are an important instrument to enhance social security coordination between the two regions.

In 2011, China's Social Insurance Law (SIL) came into effect, with the requirement that all employers in China must enrol their employee, including foreign employees, in

¹ People born in Hong Kong Special Administrative Region, China; and Macau, Special Administrative Region, China, now living in China are not included. People that China considers short-term residents, such as the nationals of African countries living in the region of Guangdong, are not counted in this data. IOM. 2018. *World migration report 2018*.

five social security programmes, namely pension insurance, medical insurance, employment injury insurance, unemployment compensation, and maternity insurance².

Past experiences have shown that bilateral agreements are an effective way of providing better social protection for migrant workers. However, given the significant differences in terms of economic and social development between the two regions, the complexity of their respective social protection systems, and the specific characteristics and operating environment of each scheme, the promotion of bilateral agreements between EU Member States and China still entails various challenges.

As trade and migration flows between China and EU Member States are likely to increase, it is important to take stock and draw some lessons from existing bilateral agreements between the two regions. Additionally, the identification of international good practices in this area can benefit the development of future social security agreements between the two regions.

Social security for international migrant workers is a relatively new domain in China, for which only limited literature exists. To fill this knowledge gap, this paper analyses the social protection of international migrant workers between China and a selection of European countries. It looks at how existing bilateral agreements have helped improve the coverage of migrant workers, and their limitations in doing so. The paper also identifies opportunities for improved social security coordination between China and the EU.

This research is conducted under the framework of the “EU-China Dialogue on Migration and Mobility Support Project”. It contributes to the realization of the Sustainable Development Goals (SDGs), in particular:

- SDG 1.3: “Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable”;
- SDG 8.8: “Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment”; and
- SDG 10.7: “Facilitate orderly, safe, regular and responsible migration and mobility of people including through the implementation of planned and well-managed migration policies”.

1.2 Definitions and scope

Migrant workers are workers whose working activity is undertaken outside their country or area of origin. A distinction is made between internal and international migration. As for international migration, the definition involves the crossing of an

² See: Social Insurance Law, 2011.

international border. As such, an international migrant worker can be defined as a “person who is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national” (UN, 1990). For the purpose of this study, international migrant workers between China and EU countries refer to regular migrant workers who are entitled to reside and work in the host country and thus fall under the social security law applicable in the host country.

Social security: Bilateral or multilateral social security agreements may include both social insurance schemes and universal protection. In this study, social security coverage mainly refers to employment-related social insurance schemes except when otherwise specified. Non-nationals’ access to non-contributory schemes will also be briefly mentioned, for example with regard to China’s urban and rural residents’ schemes on pension and medical care, which are mainly tax-funded. It should be noted that bilateral or multilateral social security agreements sometimes also include other non-social insurance schemes such as provident funds, which use lump sum settlements instead of periodical benefits in old-age. Those agreements usually do not cover second or third pillar arrangements with the notable exception of the EU’s internal agreements on supplementary pension funds³.

Bilateral social security agreements are those agreed by home and host countries, with the goal of providing better social security to eligible workers working abroad. These agreements often define the conditions of coverage in home and host countries and the modalities thereof. They usually aim at avoiding situations of no-coverage and “double coverage” in which an employee has to contribute to both home and host country social security arrangements (ISSA, 2014). At present, China has signed social security agreements with nine European countries, all of which focus on avoiding “double coverage”. In this study, six of these bilateral agreements published on the website of the Ministry of Human Resources and Social Security (MoHRSS) are reviewed (see Section 5).

Additionally, to increase the knowledge and information available about social security for international migrant workers, this study relied on a number of interviews held with foreign companies established in China, Chinese companies with a large number of overseas employees and relevant social security administration institutions (see Table 1).

³ See Directive 2014/50/EU of the European Parliament and of the Council of 16 April 2014 on minimum requirements for enhancing worker mobility between Member States by improving the acquisition and preservation of supplementary pension rights.

Table 1: Field study on companies and institutions

Name of the Institution	General description of the business	Information on international migrant workers in China	Information on Chinese working abroad
China MSA (Maritime Safety Administration)	Government agency in charge of management of seafarers	International seafarers employed in China	About 50,000 Chinese seafarers working in Japan and Korea
Jiangxi Social Security Administration Agency	Public institution in charge of social security administration	Some migrant workers from Asian countries work in Jiangxi	n.a.
Volkswagen China	German automobile company	1,700 expatriates from the EU, including 1,000 from Germany	Some Chinese workers temporarily posted to EU
ABB (China) Ltd. in Beijing	Swiss company specializing in power and automation technologies	260 expatriates from Switzerland, Sweden, Germany, Finland; and 100 foreign workers locally hired in China	100 Chinese workers posted in Europe
China State Construction Engineering Corporation	Large Chinese state-owned construction company	Locally recruited foreign employees in China	Posted a number of managerial staff and many construction workers in other developing countries
Hainan Airlines Co., Ltd	Private Chinese airline company	Employed cabin crew and pilots from Republic of Korea and Brazil	Has posted many staff in other countries
Geely Auto	Private Chinese automobile company	300 foreign employees, half of whom are from the EU and the United States	Posted 30 employees in other countries, mostly in South-East Asia
China International Intellectech (Shanghai) Co., Ltd.	Chinese state-owned enterprise on human resources and social security services for foreign workers	n.a.	n.a.

Source: Compiled by the author.

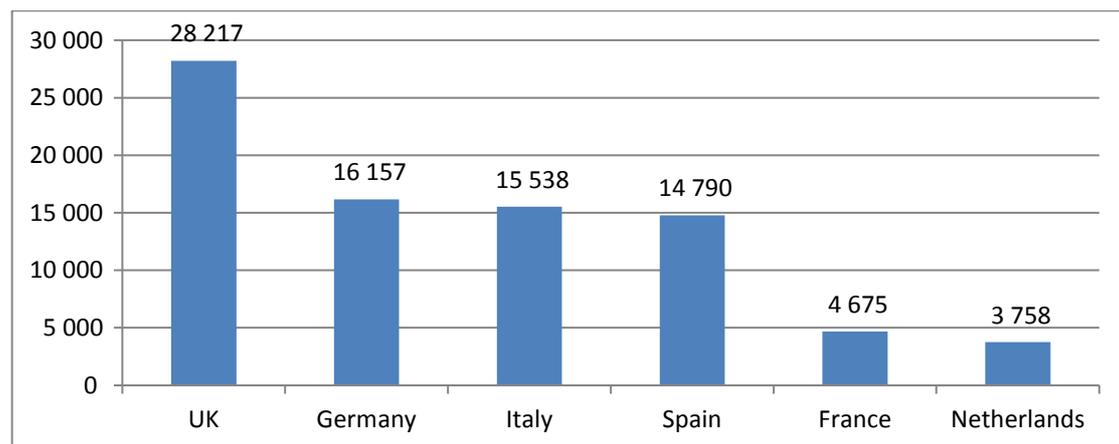
2. Labour migration between the EU and China

2.1 Chinese migrant workers in the EU

In the 1990s, in an effort to promote Chinese investment abroad, the Government of China initiated the “Go Global Strategy”. More recently, in 2013, the Belt and Road Initiative was launched. The rapid expansion of overseas investments resulted in an increased number of Chinese expatriates working abroad. There are currently about 10 million Chinese nationals working abroad, the fourth highest number after India, Mexico and Russia, with nearly US\$64 billion in remittances, accounting for 0.5 per cent of China’s GDP (IOM, 2018).

With growing trade between China and the EU, the two regions have seen increased migration flows in recent years. By the end of 2015, there were about 260,000 Chinese workers legally residing in the 28 EU Member States (Plewa and Stermšek, 2017). The United Kingdom has the highest average annual inflows of Chinese migrants, followed by Germany, Italy and Spain (see Figure 1).

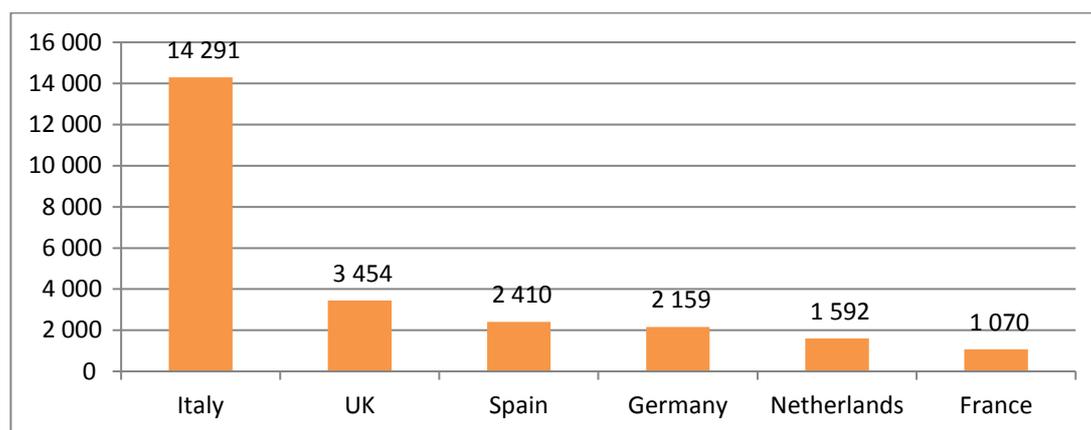
Figure 1: Average annual inflows of Chinese nationals by country, 2000-13



Source: Plewa, P. and Stermšek, M. 2017. Labour migration from China to Europe: Scope and potential.

The study of Plewa and Stermšek (2017) shows that although at the end of 2015, the UK hosted the largest number of Chinese nationals, Italy had the highest number of Chinese migrant workers (177,660), followed by the UK (18,547), Germany (14,880), Spain (10,144), the Netherlands (9,294) and France (7,802). Further, the study of Plewa and Stermšek classifies the first permits issued by the studied countries to Chinese migrant workers into five broad categories: (1) highly skilled; (2) EU Blue Card; (3) seasonal; (4) research; and (5) other. The largest proportion of first-time work permits issued to Chinese migrants concerned the “Other” category. Highly skilled work was the second most frequently type of first permit granted to Chinese migrants. The average annual numbers of first-time permits issued for work ranged from about 1,070 in France to 14,291 in Italy (see Figure 2).

Figure 2: Average annual admissions for work permits, by country, 2008–15



Source: Plewa, P. and Stermšek, M. 2017. Labour migration from China to Europe: Scope and potential.

In OECD statistics classify EU permits delivered to migrants in 4 categories, namely family, education, work and other reasons. Currently, education is the largest category of permits delivered to Chinese migrants in the six EU Member States. Indeed the number of Chinese students going to Europe for education purposes has increased in recent years. Some of them are likely to seek employment in their host country after graduation, which might add to the pool of Chinese migrant workers in Europe.

Besides, the Chinese Ministry of Commerce (MoC) provides annual statistics on “dispatched personnel” which mainly refers to workers in overseas projects. Two categories of workers are included namely personnel abroad on engineering projects and personnel abroad for labour services. By 2016, there were 968,856 Chinese “dispatched personnel” abroad, among whom 29,206 were working in the EU (Ministry of Commerce of China, 2017). This gives an indication of the number of temporary overseas workers in the Chinese construction industry in Europe.

2.2 European migrant workers in China

In the past few decades, China has undergone enormous social, economic, and demographic

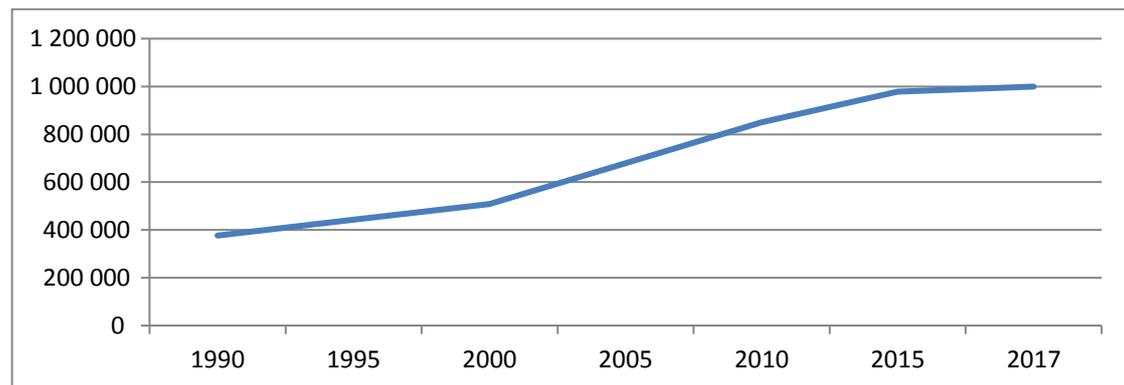
changes that have transformed the realities of migration to and from the country. The country’s rapid economic growth has greatly increased labour demand both in China and abroad. By contrast, the growth of the Chinese labour force is gradually slowing, generating pressure on wages. Meanwhile, China, as one of the largest economies in the world, continues to attract large numbers of international migrants from a variety of countries, thereby becoming a country of both origin and destination of migration.

In 2010, China conducted its sixth national population census, which for the first time counted foreigners and residents of Hong Kong Special Administrative Region, China; Macau Special Administrative Region, China; and Taiwan, China residing in mainland China. The census identified 1,020,145 residents from outside mainland China, including 593,832 foreigners (National Bureau of Statistics of China, 2011). According

to recently released estimates from the United Nations, as of July 2017 there were 999,527 migrants in mainland China. This number was 2.5 times the level of 1990 (see Figure 3). Excluding residents from Hong Kong Special Administrative Region, China, and Macau Special Administrative Region, China, the number of migrants living in China was 698,406 in 2017.⁴

In 2018, the National Immigration Administration under the Chinese Ministry of Public Security was established to deal with international migration issues.

Figure 3: Number of international migrants in China, 1990-2017



Source: United Nations. 2017. Department of Economic and Social Affairs. Population Division. "International migrant stock: The 2017 revision" (United Nations database, POP/DB/MIG/Stock/Rev.2017).

There are no recent official statistics regarding the number of EU migrants in China, but an estimation can be made through the Sixth National Population Census, which for the first time showed the statistics of foreign migrants by countries of origin. In 2010, there were about 72,800 European migrants in China, representing 12.3 per cent of total international migrants (593,832). France, Germany and the United Kingdom were the top three countries of origin, followed by Italy (see Table 2).

According to national statistics, among all international migrants, 22.7 per cent migrated for employment (see Table 3) while almost 26 per cent migrated for education purposes. By assuming that the percentage of European migrants out of the total number of international migrants in 2017 was the same as in 2010, it can be estimated that in 2017, there would be about 83,000 European migrants in China, among whom 19,000 would be in employment.

⁴ People born in Hong Kong, Special Administrative Region, China; and Macau, Special Administrative Region, China, now living in China are considered migrants by the UN; people that China considers short-term residents, such as nationals of African countries living in the region of Guangdong, are not counted in this data.

Table 2: Number of European migrants in China, by country, 2010

Country	Number of migrants	Country	Number of migrants
France	15 087	Austria	1 054
Germany	14 446	Ireland	969
United Kingdom	12 613	Norway	850
Italy	5 958	Poland	794
Spain	3 425	Romania	460
Netherlands	3 378	Hungary	380
Sweden	2 566	Portugal	375
Denmark	1 759	Greece	370
Turkey	1 750	Czech Republic	359
Belgium	1 578	Serbia	149
Ukraine	1 437	Croatia	136
Finland	1 349	Iceland	112
Switzerland	1 348	Latvia	100
Total			72 802

Source: National Bureau of Statistics of China. 2011. "Major Figures on Residents from Hong Kong Special Administrative Region, China, Macau Special Administrative Region, China and Taiwan, China and Foreigners Covered by 2010 Population Census".

Table 3: International migrants stock in China by reasons, 2010

Total (persons)	Business	Employment	Study	Resident	Family	Other reasons
593 832	108 716	134 889	153 608	64 179	565 27	75 913
100%	18.3%	22.7%	25.9%	10.8%	9.5%	12.8%

Source: National Bureau of Statistics of China. 2011. "Major Figures on Residents from Hong Kong (China), Macau (China) and Taiwan (China) and Foreigners Covered by 2010 Population Census".

China's rapid economic growth has attracted more talent to the country. From 2008 to 2017, with the "Thousand Experts Plan", 53,900 foreigners, including students, came to China. Highly skilled migrants often gather in large cities. For example, in 2013, 22,604 foreign experts worked in Beijing, among whom 20,869 had a working visa. In Shanghai, those numbers were doubled, with 51,805 foreign experts and 58,911 working visas (Wan, 2017). The interviews carried out with Volkswagen, ABB and other European companies established in China, indicate that a majority of the European migrant workers in multinational corporations are highly skilled with salaries higher than the national average.

In the future, more European workers, particularly those who are highly skilled, might come to China, making the question of their social protection a pressing issue. According to a 2017 survey of the Hong Kong and Shanghai Banking Corporation Limited (HSBC), 70 per cent of their expatriated workers said China offers strong job

prospects compared with only 50 per cent globally and 48 per cent for East Asia as a region (HSBC, 2017).

2.3 Importance of social protection in facilitating labour mobility

Social protection for international migrant workers is an important tool to promote decent work and cross-borders mobility.

First, it helps ensure equality of treatment between local and migrant workers. Migrant workers, both in their countries of origin and destination, should have their fundamental rights and entitlements protected while sharing the same obligations towards social protection. Their successful integration in the host community should be promoted. All workers regardless of their nationality should enjoy the protection of national labour laws, including the right to equal pay for work of equal value, the right to a safe working environment and to join a workers' organization of their choice. Once returned to their country of origin, migrant workers who cannot benefit from portable social protection benefits have a higher risk of poverty and social exclusion.

Second, social protection for international migrant workers can facilitate labour mobility. The lack of appropriate income protection systems in most developing countries, as well as the limited portability of social protection benefits, can reduce the incentives for workers to change jobs or transfer back the acquired skills and knowledge to their country of origin. Yet major differences between the Chinese and European social protection systems pose a number of challenges regarding the coordination of social protection benefits for migrant workers.

Third, improving social protection for international migrant workers can save costs for both individual workers and employers. The implementation of compulsory enrolment in social insurance programmes in both countries of origin and destination can result in lower take-home salaries for migrant workers and raise business costs for employers, with higher risks of being prosecuted and sanctioned. Through bilateral agreements, migrant workers are generally exempt from making dual social security contributions. Additionally, having their acquired rights to social protection in a country taken into consideration for the calculation of benefits by another country (totalization or aggregation) would make migrant workers feel more confident about their future income security.

3. Social security coordination between countries: International standards and social security agreements

Migrant workers often encounter barriers in accessing and maintaining their social protection rights and entitlements when moving between countries. There are various factors involved, including:

Lack of access due to legal barriers: Restrictions in the national legislation affecting migrant workers' social security rights can be imputed to the principle of *territoriality*, according to which workers outside their country are not covered by national social security systems, or the principle of *nationality*, whereby the national social security legislation does not provide equal treatment for national and non-national workers (Hirose et al., 2011). The principles of *territoriality* and *nationality* are recognized as legitimate interest in international law, mainly with regards to non-contributory benefits. The absence of law or regulation at the national level concerning equality of treatment in access to social security does not necessarily imply that foreigners are de facto excluded from contributing to social insurance.

Portability barriers: When the national legislation does not allow the exportability of benefits or when there are no bilateral/multilateral arrangements for social security coordination, migrant workers may lose their acquired social security rights when moving from one country to another. They may also lose their benefits already in course of payment if the national legislation does not allow for the export of cash benefits. Non-convertibility of currencies may also affect exportability.

Informal employment or irregular workers: Migrants working in the informal economy or undeclared in the host country are likely to have no or limited access to social protection.

This section will focus on the first two factors, namely the legal access and portability barriers.

Compared with portability problems, legal barriers to access social protection are less of a challenge for workers migrating between China and European countries. In fact, many countries currently have legal provisions that provide for equal treatment between national and non-national workers whose migratory situation is in conformity with national law, at least for basic social security branches. A mapping recently published by the ILO indicates that 70 countries out of the 120 studied (58 per cent) have national laws with provisions granting equality of treatment between national and non-nationals with regards to contributory social security for all branches except access to health care; and 73 countries out of the 120 studied (61 per cent) have national laws with provisions granting equality of treatment with regards to access to health care (Van Panhuys et al., 2017). Nevertheless, a majority of countries do not grant migrant workers access to social assistance and non-contributory social security schemes.

Thus far, there is still no formal arrangement on the portability of social security rights between China and EU Member States. Generally speaking, the international portability of benefits which corresponds to the transferability of pension rights from one fund to another when a worker changes jobs occurs mainly in four cases:

- Countries that are bound by the Equality of Treatment (Social Security) Convention, 1962 (No.118) and Maintenance of Social Security Rights Convention, 1982 (No.157) and are part to related coordination mechanisms.

- Countries that have concluded bilateral or multilateral social security agreements in which portability arrangements are included.
- Countries that have concluded labour agreements in which social security provisions are included.
- Countries that have adopted unilateral measures such as laws or schemes granting the provision of equality of treatment and payment of benefits abroad, voluntary/mandatory access to national insurance schemes and welfare funds for nationals working abroad (ILO, 2017).

Among the abovementioned cases, bilateral or multilateral social security agreements are the most important instruments to achieve non-discriminatory treatment of migrant workers and coordination of social security schemes, including portability, in line with the relevant international labour standards.

3.1 International standards

The ILO has adopted a number of Conventions and Recommendations that, subject to the conclusion of the related multilateral or bilateral instruments, provide an international legal framework for protecting the social security rights of migrant workers and their families, including:

- Social Security (Minimum Standards) Convention, 1952 (No. 102)
- Equality of Treatment (Social Security) Convention, 1962 (No.118)
- Maintenance of Social Security Rights Convention, 1982 (No.157)
- Maintenance of Social Security Rights Recommendation, 1983 (No.167)

The basic principles set forth in these standards are summarized in Box 1.

Box 1

Basic principles of ILO social security conventions on social protection for migrant workers

Equality of treatment, means that a migrant worker should have, as far as possible, the same rights and obligations as the nationals of the destination country;

Determination of the applicable legislation ensures, by establishing the rules for determining the applicable legislation, that the social security of a migrant worker is governed at any one time by the legislation of one country only;

Maintenance of acquired rights and provision of benefits abroad (exportability), means that any acquired right, or right in course of acquisition, should be guaranteed to the migrant worker in one territory, even if it has been acquired in another, and that there should be no restriction on the payment, in any of the countries concerned, of benefits for which the migrant has qualified in any of the others;

Maintenance of rights in course of acquisition (totalization), means that where a right is conditional upon the completion of a qualifying period, account should be taken of periods served by the migrant worker in each country;

Reciprocity, is an underlying principle of all these Conventions, which means that each country which is a party to an agreement undertakes to apply the same mechanisms as every other party to make its social security benefits more accessible to migrant workers.

Source: Hirose, K., Mikac, M. and Tamagno, E. 2011. *Social security for migrant workers A rights-based approach (ILO)*, p.8.

Another important principle underlined by the Equality of Treatment (Social Security) Convention, 1962 (No.118) and Maintenance of Social Security Rights Convention, 1982 (No.157) concerns administrative assistance. These Conventions require the member States to afford each other administrative assistance free of charge with a view to facilitating the application of the Conventions and their respective legislation.

Bilateral and multilateral agreements concluded between States are important means encouraged by the Conventions to achieve social security coordination and portability of benefits between countries.

To better understand the global framework under which social protection for migrant workers is organized, it is important to recall that the ILO approach has very significantly inspired the adoption of multilateral instruments and principles across continents – in Europe, Latin America and Africa notably – facilitating intercontinental social security protection.

3.2 Social security agreements

Social security agreements are commonly regarded as an important means for ensuring social security coordination between countries. The coordination of social security schemes between nation States dates back as early as 1904, when France and Italy signed the first international social security treaty (Roberts, 2009). Today there are

around 2,000 bilateral social security agreements concluded worldwide (Sabates-Wheeler and Koettl, 2010). A mapping of bilateral and multilateral social security agreements in 120 countries found that only 14 countries did not have any bilateral or multilateral social security agreement (Van Panhuys et al., 2017). Most of the social security agreements are concluded between developed countries. In contrast, the main migrant-sending countries with the highest numbers of emigrants have signed fewer bilateral agreements – one reason for this being the absence of developed national legislation and the lack of administrative capacity to implement possible agreements. In 2010, EU member States and Western Europe had 1,628 bilateral or multilateral agreements in place (including 1,034 intra-EU agreements), compared with 181 in East Asia and the Pacific and 3 in South Asia (Avato et al., 2010). In general, portability is more common for long-term benefits such as pension, disability and survivor pension and less common for health care, but the EU has facilitated portability of health care through the European Health Insurance Card.

There are two types of social security agreements: bilateral and multilateral. Both types recognize the principle of equal treatment between nationals and non-nationals and can ensure portability through arrangements for coordination between the social security schemes of the countries involved. Some bilateral agreements do not deal with portability, but include provisions on exemption from contributing abroad in case of seconded, posted or detached workers.

Hiroshi et al (2011) summarized the five objectives of social security agreements, including equality of treatment for non-nationals to overcome nationality-based restrictions, determination of the applicable legislation, exportability of the acquired benefits, totalization of the payment of benefits, and administrative assistance. These objectives are all in line with the principles underlined in the Equality of Treatment (Social Security) Convention, 1962 (No.118), the Maintenance of Social Security Rights Convention, 1982 (No.157) and the Maintenance of Social Security Rights Recommendation, 1983 (No.167).

Many social security agreements cover all the above-mentioned five objectives, but there are also limited agreements when countries face practical constraints to achieve all the five objectives (Hirose et al. 2011). Many migrants moving among high-income OECD countries are covered by bilateral or multilateral agreements through which portability of benefits can be ensured, however the top migrant-sending countries, including Russia, Mexico, India, Bangladesh, Ukraine and China have concluded very few bilateral agreements that include portability arrangements (Avato et al., 2010). In fact, all the bilateral social security agreements that China has concluded so far, focus on the determination of the applicable legislation, the equality of treatment and administrative assistance, but do not cover export of benefits and the totalization of contributory periods. The reason for excluding portability from social security agreements between China and EU Member States is explained in sections 4 and 5.

Multilateral agreements are preferable to bilateral agreements, as they provide a common framework for all countries that are parties to the agreement (Holzmann et al., 2005). However, bilateral agreements are easier and take less time to conclude, which is why most of the existing social security agreements are bilateral. Bilateral agreements can serve as a foundation for preparation of the conclusion of multilateral agreements. Conversely, multilateral agreements cannot be applied in the absence of embodied or annexed bilateral agreements specifying the rules – notably administrative rules – applicable between individual countries. A number of regions have developed multilateral agreements, including the Regulations on the Coordination of Social Security Systems in the EU, the CARICOM Agreement on Social Security for the 14 countries of the Caribbean region, the Ibero-American Multilateral Convention on Social Security for 12 Latin American countries and two European countries, and the CIPRES Multilateral Convention on Social Security for 15 French-speaking countries in western and Central Africa and the Indian Ocean. Most of these instruments were designed on the basis of the ILO model, very often with ILO direct technical cooperation support.

3.3 The social security coordination mechanism within the EU

The EU has the most advanced system for social security coordination. Although this system was adopted almost 50 years ago, it is still very much robust and has shown its practicability throughout the extension from the original 6 to the current 28 members of the EU. EU Regulation 1408/71 ensured far-reaching portability of social security entitlements for EU citizens moving across the EU member States. In 2003, the EU adopted Regulation 859/2003, which extends the provisions of Regulations 1408/71 to third-country (non-EU) nationals who are legally living in a member State. The provisions of EU Directive 109/2003 give third-country nationals who have been residing in an EU member State for more than five years the same rights and obligations in terms of employment, education, and social security benefits as EU nationals. These rules also apply to non-EU nationals and their family members who reside legally in the EU (European Communities, 2018).

Box 2

Basic principles of social security coordination within the EU Contributory schemes

Beneficiaries:

- are covered by the system of one member State at a time, and pay contributions in one country only (**principle of single applicable law**);
- have the same rights and obligations as nationals of the country in which they are insured (**principle of equal treatment or non-discrimination**);
- are guaranteed that their previous periods of insurance, work or residence in other Member States are taken into account in the calculation of their benefits (**principle of aggregation of periods**); and
- can, if they are entitled to a cash benefit in one Member State, collect this benefit in another member State in which they live (**principle of the exportability of benefits**) .

Source: EU. *Social security coordination factsheet – Guiding principles and rules*. <https://ec.europa.eu/> [accessed 8 Nov. 2019]

The main gap in terms of portability of benefits in EU regulations is the lack of provision to ensure that third country nationals can receive the benefits in their home countries. Although non-EU citizens can have the same portability rights as EU citizens, there is no regulation at the EU level ensuring that the acquired rights or rights in the course of acquisition can be exported to a third country. However, some EU Member States have established bilateral agreements with third countries under which the portability of benefits of certain social security branches is considered, allowing migrant workers returning to their home country to receive the benefits they are entitled to.

4. Social protection provided for migrant workers in the EU and China

4.1 Chinese legislation and deficits in coverage

The major social insurance schemes in China were established in the 1990s. In the past two decades, China has achieved the goal of full coverage on major pillars of social security, namely pension and health insurance. However, it was not until the early 2000s that the issue of social protection for international migrants came into view. Before 2010, a few cities had issued policies requesting the admission of foreigners in social insurance schemes at the local level. In 2011, China promulgated the SIL, of which Article 97 stipulates: “Foreigners who are employed in China, shall participate in social insurance in accordance with the provisions of this Law.”

In November 2011, the MoHRSS formulated the *Notice on Interim Measures for Participation in Social Insurance for Foreigners Employed in China* (hereafter “the

Notice”). The Notice stipulated that social security contributions of foreign employees working in China must begin on 15 October 2011 or upon the commencement date of their employment in China if posterior to this day. Additionally, the Notice expressly states that employers are required to register each foreign employee with the local social insurance agency once the employee has obtained a work permit. Employers who fail to register their employees and do not make timely contribution payments on their employees’ behalf are subject to a late payment penalty of 0.05 per cent of the overdue amount for each day that a payment is overdue (China Daily, 2017).

China’s social insurance system for urban workers is comprised of five separate schemes covering pension, medical care, unemployment, maternity, and employment injuries. According to the Notice, employers and their foreign employees must pay monthly contributions to three of these funds (pension, medical care and unemployment) while only employers are required to make a contribution to the last two (maternity and employment injuries). The total contribution for the five social insurance schemes is about 40 per cent of an employee’s salary, which is defined as gross salary, bonus and subsidies. A minimum (60 per cent of local average wage) and maximum (300 per cent of local average wage) contributory bases apply. The nominal contribution rates may vary slightly in local cities. For example, in Beijing in 2019, the contribution rate is 38.2 per cent, 28 per cent being contributed by employers and 10.2 per cent by employees (see Table 4).

Table 4: Contribution rates (on salary) of social insurance schemes in Beijing, 2019 (percentage)

Insurance scheme	By employer	By employee
Pension	16	8
Medical insurance	10	2
unemployment insurance	0.8	0.2
Work injury insurance	0.4	0
Maternity insurance	0.8	0
Total	28	10.2

Source: Calculation by the author.

After the SIL came into effect, more than 20 cities issued local implementation guidelines on the inclusion of foreigners into Chinese social insurance systems. Most of them were major cities at the level of provincial capitals where the majority of international migrants lived. However, to date, some important cities where large number of international migrants are employed, such as Shanghai, Dalian, Dongguan, and Wenzhou, have not enacted local implementing guidelines on foreigners’ registration.

Besides the social insurance system for urban employees, China has also developed social security schemes for residents – including farmers and workers in atypical forms of employment. The two major schemes are: 1) the Basic Pension Insurance for Urban

and Rural Residents; and 2) Basic Medical Care Insurance for Urban and Rural Residents, which covers nearly all rural residents and some urban residents who do not participate in the social insurance schemes for urban employees. These two schemes are a mix of contributory and non-contributory plans. Since registration in the two schemes is not a legal obligation, foreigners who do not have a job may voluntarily participate provided they are granted a permanent residence in China. According to the Measures for Relevant Treatment for Foreigners with Permanent Residence Status in China issued by 25 government departments in 2012, foreigners who have a permanent resident identification can participate in the pension and health insurance schemes for urban and rural residents if they do not have a job and as a result, are not obligated to join the urban employees' social insurance schemes (Lawinfochina, 2012).

4.2 Social security coverage of European migrant workers in China

According to the Notice issued by the MoHRSS in 2011, all foreigners in employment should participate in the Chinese social insurance system, including those who have acquired a Foreign Working Certificate, a Foreign Expert Certificate, a Resident Journalist Certificate or a Permanent Resident Card. So far, there are no official statistics on the number of foreigners participating in social security schemes in China. Information shared by the MoHRSS indicates that 33 per cent of the 600,000 foreigners working in China had joined China's social security programmes in 2013 (People.cn, 2013). This figure might be larger today as the government made major efforts to improve social protection coverage in recent years.

The survey of local and foreign companies established in China listed in Table 1 shows that participation in social insurance schemes among foreign workers varies across industries, cities, company size, company profits and other features. Generally speaking, large companies with high profits tend to have a higher compliance rate; for example, most of the foreign employees in large companies in the auto and airline industries have enrolled in China's social security system on a regular basis. Companies in cities which have stricter regulations on participation also have a higher compliance rate; for example, participation rates are higher in Beijing than in Shanghai; and companies in advanced technology industries tend to have higher social security coverage. Based on this survey, the following conclusions can be drawn:

1) **Although the SIL applies nationwide, it is still subject to local implementation.**

As mentioned above, about 20 cities have promulgated implementation guidelines. In cities for which implementation details are still unclear, the social security participation of foreigners remains an option, and foreign employees and their employers face financial uncertainty and procedural hurdles. Shanghai, for example, does not require employers to pay social insurance for foreign employees. Since 2009, the governing guidelines for this city have been the Shanghai Municipal Human Resources and Social Security Bureau's *Circular on Several Issues Regarding Participation in Social Insurance for Urban Workers by Foreign Workers in Shanghai, Workers with Foreign Permanent (Long-Term) Residency*

and Taiwan, Hong Kong, and Macau Residents. According to this Circular, the employer is not obliged to make social insurance payments for foreign workers. Where both the employer and the worker would want to do so, the employer's contribution is limited to pension, medical and employment injury insurance, while maternity and unemployment insurance are not covered (Shanghai Municipal Human Resources and Social Security Bureau, 2009). Our survey shows that the participation rate for foreigners is relatively low in Shanghai. Even in the large cities which have formulated regulations on foreigners' participation, the monitoring and supervision are less strict than for domestic participants.

- 2) **Weak incentives for participation.** Many foreigners do not have high expectations about the benefits they can get from their enrolment in China's social security programmes. The pension scheme, for example, is not very attractive to foreigners as most of them work only temporarily in China and the contributions are not aggregated to their contributions in their home country. In addition, the SIL requires at least 15 years of contributions before a worker can become eligible for pension benefits at the statutory retirement age. Since there is no totalization mechanism on pension benefits between China and EU member States, most EU nationals will end their participation when they leave China, withdrawing only the employee's contributions.
- 3) **Participation depends on employment status.** The findings of the field study carried out under this research show that large multinational corporations tend to systematically enrol their foreign employees into the social insurance schemes. Foreign managers in high-level positions usually pay the social insurance contribution at the cap level, which is equivalent to three times the average wage. Participation among small businesses, those engaged in flexible employment in informal sectors and self-employed foreign workers is generally lower. Workers posted in foreign countries often face the challenge of dual contributions, and this applies to postings in China. Besides, large EU companies tend to provide occupational plans to supplement welfare benefits for their employees. For example, the majority of EU multinational companies established in China have private health care arrangements. Some companies also provide optional choices for foreign employees' pension plans, either through an enterprise annuity fund in China or a plan sponsored by the parent company or a national public scheme for expatriates' coverage.⁵

⁵ Such as the Fund for Overseas French citizens – CFE – which is a public body providing pension and health insurance coverage to French workers abroad on a voluntary basis.

4.3 Main social protection challenges for international migrant workers

- 1) **Totalization mechanism is absent.** Currently, there is no totalization mechanism for social security benefits between China and EU member States. Therefore, the periods of affiliation to the social security schemes in home and host countries cannot be aggregated. As discussed above, this will greatly influence migrants' decisions to participate in social security schemes in China.
- 2) **Uncertainty about future benefits.** Most foreign nationals in China use private, western style medical facilities, largely due to language barriers and a concern about the standards of care that are not covered by China's medical insurance scheme. In terms of unemployment, work-related injury and maternity insurance, the chances of obtaining these benefits is also low for foreign participants since most workers stay temporarily in China and would typically leave in case of losing their job or getting severely injured.
- 3) **Portability obstacles across regions within China.** China's social insurance system is mainly administered at the local level. Guidelines on SIL implementation regarding, for example, contribution rates, contribution base and administrative procedures are highly dependent upon local rules, which are issued by local governments and may vary from city to city. A major obstacle is that there are no clear regulations on how to coordinate social security benefits when migrants move from one city to the other. Our survey shows that most of the local cities have not formulated specific rules on how to handle foreign workers' social insurance plans when they move. According to the findings of our field study, a common practice is to suspend their participation in the former city and register a new social security account in the new city since transfer procedures may be considered as too cumbersome, although substantial progress was made to streamline the required procedure in recent years.
- 4) **Considerations regarding contribution rates.** As mentioned above, the total contributions for the five social security schemes amount to nearly 40 per cent of an employee's salary. Given that the benefits of these contributions are not always clear to migrant workers, this amount may be regarded as a burden, particularly when dual social insurance contributions are involved.

4.4 EU legislation and social security coverage for Chinese migrant workers

The 28 EU member States have the most comprehensive and complex system of portable and exportable social security benefits. EU nationals enjoy non-discriminatory access to most social protection schemes. The European Community started to enact provisions regarding social security coordination for third-country nationals in 1999. According to EU regulations, equal treatment is granted to third-country nationals who reside legally in EU member States regarding earnings-related social security schemes.

Council Regulation No 859/2003 provides for equal treatment for third-country nationals regarding the following schemes: a) Sickness and maternity benefits; b) Invalidity benefits; c) Old-age benefits; d) Survivals benefits; e) Benefits in relation to accidents at work and occupational diseases; f) Unemployment benefits; and g) Family benefits and deaths grants (European Parliament Committee on Employment and Social Affairs, 2017).

As the number of Chinese nationals in EU Member States has grown rapidly in recent years, social security protection for these workers has become more important. Most EU member States have a long-established social security system with a high level of compliance on social security contributions. Either in Bismarckian or Beveridgean models, all EU Member States have social security schemes for which contributions are levied through various taxes and/or contributions from both employers and employees. Unless they fall under an exception regime, all migrant workers working legally in the EU participate in contributory social security schemes in their host countries.

In terms of social security benefits, EU member States offer both contribution-based (social insurance) benefits and tax-financed welfare benefits. Compared to China, social security entitlements provided to international migrants in EU member States are broader and more widespread, given the differences in the levels of economic development and income of the two regions. For example, some EU member States provide family benefits for migrants, which always include child allowance and occasionally social assistance programmes. In most cases, migrants can also apply for minimum income support and various kinds of social assistance benefits if they meet a number of specific requirements, including some related to their migratory status mainly linked to the residence period and legally documented presence.

Our survey of companies with Chinese employees posted in the EU shows that nearly all Chinese nationals participate in the social security systems of the host country. Nine European countries have concluded bilateral agreements with China on the exemption of social insurance contributions (see section 5). Most Chinese workers enjoy health care services provided by the social security institutions of the host country. Access to employment injury, maternity and unemployment benefits is granted provided the employees meet the qualifying conditions. For public pension plans, in most EU member States the contributory period is over 30 years for full retirement benefits. A shorter duration of the contributory period leads to lower pension benefits at the legal retirement age. In some EU member States, public pension funds repay the contributions to workers leaving the fund if they leave their jobs before retirement age. For example, in Germany, non-EU nationals can claim back their German state pension contributions if they contribute in Germany for less than five years. This claim can only be made two years after leaving the EU and only the employee contributions are refunded (Toytown Germany, 2018). Since there are currently no totalization mechanisms between EU Member States and China, the years of contribution in the EU

are not taken into account for the calculation of the pension benefits when the worker returns to China.

Below we take Germany as an example to analyse the social security legal provisions applicable to Chinese migrant workers. Germany was the first EU Member State to conclude a bilateral social security agreement with China in 2002. In 2010, it was estimated that there were 14,446 German nationals (see Table 2) in China and 16,000 Chinese nationals in Germany (see Figure 1). There are some similarities between German and Chinese social security system in the sense that both are mainly based on contributory social insurance schemes.

Employees working in Germany are in principle covered by the German social security system. Chinese nationals posted in Germany can be exempted from paying contributions to the German system if foreseen under a bilateral social security agreement. Employees are requested by law to pay contributions to six branches of social insurance, namely pension, health, work injury, maternity, unemployment and long-term care insurance. The total contributions to the general regime will usually come to about 40 per cent of gross income, in which employees pay nearly half. There are also tax-funded family benefits and minimum income benefits to which international migrant workers can apply, provided they meet certain residence conditions. The other two pillars of the social security system are company sponsored occupational insurance plans and private voluntary insurance (Social Security Administration in the United States, 2017).

4.5 Main social protection challenges for Chinese migrant workers in EU Member States

To a certain extent, the challenges faced by Chinese migrants are similar to those faced by migrant workers from the EU in China. The first challenge relates to the issue of double contributions for posted workers, i.e. employees pay contributions in home and host countries unless there is a bilateral agreement covering exemption. The second challenge relates to the portability of benefits. Migrant workers have access to most of the short-term benefits such as health care, employment injury or maternity. However, in terms of pension benefits, portability remains an obstacle. Taking Germany as an example, if third-country nationals have contributed for less than five years, which is the minimum requirement for the qualification period for a state pension, these contributions cannot be added to contribution periods in China as there is no totalization arrangement. Chinese migrant workers, however, can receive their own employee contributions when they leave Germany.

5. A review of bilateral social security agreements between China and EU Member States

5.1 Bilateral social security agreements between China and European countries

Bilateral social security agreements are an effective way to protect the social security rights of workers and they can facilitate international business and commercial ties. China's first bilateral social security agreement was signed with Germany in 2002. Following the promulgation and implementation of the SIL in 2011, China began to initiate negotiations for bilateral social security agreements with more than ten countries. At present, 12 social security agreements have been signed between China and foreign countries, including Germany, the Republic of Korea, Denmark, Finland, Canada, Switzerland, the Netherlands, Spain, Luxembourg, France, Japan and Serbia, among which nine are European countries. Most of the social security agreements between European countries and China were signed in the past three years. To date, the agreements with Luxembourg, France and Serbia are still pending implementation. The full content of these three agreements, including their implementation dates and range of exemptions, will become official once each country completes its respective domestic legal procedures.

The analysis of the existing agreements between European countries and China shows that they reflect three out of the five principles of the ILO social security conventions, namely equal treatment for non-nationals, determination of the applicable legislation, and reciprocity. However, the remaining two principles - exportability and totalization - have not been included so far. In the current situation, the key purpose of these agreements on both sides is the elimination of double-contribution for posted workers, diplomats, and other groups of employees as listed in the agreements. Table 5 illustrates the list of exemptions from contribution, including the definition of the groups of employees eligible for exemption, and the definition of social insurance branches for which employees are exempted. As a result of these agreements, Chinese employees posted in the countries concerned are exempted from social insurance contributions in their host country. The same applies to the nationals of the European countries concerned who work in China.

Table 5: Social security agreements between China and European countries

Country	Date of implementation	Mutual range of exemption	Personnel exempted from social insurance contributions in the participating countries	Number of years of exemption
Germany	4 Apr. 2002	Pension Unemployment insurance	1. Dispatched employees 2. Staff of the subsidiary branch of Chinese or German companies 3. Self-employed 4. Seafarers 5. Diplomatic officials	For first time application five years, additional three years for extension
Denmark	15 May 2014	Pension	1. Dispatched employees 2. Seafarers and aircraft crews 3. Diplomatic and consular officials 4. Government employees 5. Family members of category 1,3,4 workers	For first time exemption application five years, additional five years for extension
Finland	1 Feb. 2017	Pension Unemployment insurance	1. Dispatched employees 2. Self-employed 3. Seafarers 4. Crews on aircraft 5. Diplomatic and consular officials and government employees	For first time exemption application five years, after approval, exemption period could be extended
Switzerland	19 June 2017	Pension for urban workers Pension for urban and rural residents Unemployment insurance	1. Dispatched employees 2. Seafarers 3. Crews on aircraft 4. Diplomatic and consular office personnel 5. Government or public institution employees 6. Accompanying family members of categories 1-5	For first time exemption application six years, after approval exemption period could be extended
Netherlands	1 Sep. 2017	Pension Unemployment insurance	1. Dispatched employees 2. Seafarers 3. Crews on aircraft 4. Diplomatic and consular officials and civil servants 5. Accompanying family members of categories 1-4	For first time exemption application five years, additional one year for extension
Spain	20 Mar. 2018	Pension Unemployment insurance	1. Dispatched employees 2. Seafarers 3. Crews on aircraft 4. Diplomatic and consular officials and civil servants	For first time exemption application 6 years, after approval exempt period could be extended

Country	Date of implementation	Mutual range of exemption	Personnel exempted from social insurance contributions in the participating countries	Number of years of exemption
France*	Signed on 31 Oct. 2016, pending implementation	Pension Unemployment insurance	1. Dispatched employees 2. Seafarers 3. Crews on aircraft 4. Diplomatic and consular officials 5. Government employees	For first time exemption application five years, after approval exemption period could be extended
Luxembourg	Signed on 27 Nov. 2017, pending implementation	Pension	1. Dispatched employees 2. Seafarers 3. Crews on aircraft 4. Diplomatic and consular officials 5. Government employees	For first time exemption application five years, after approval exemption period could be extended
Serbia**	Signed on 7 June 2018, pending implementation	Pension Unemployment insurance	Dispatched employees	n.a.

* See KPMG France, 2016.

** See Xinhuanet, 2018.

Source: MoHRSS. 2018. *International Social Security Agreements* published online, <http://www.mohrss.gov.cn/SYrlzyhshbzb/zhuanti/waiguorencanbao/sbsbhmxdl/> [accessed 2 Nov. 2018]

Some convergence between the nine social security agreements can be observed:

- 1) A strong focus on exemption to avoid dual contributions;
- 2) The exemption concerns pensions and unemployment insurance whereas health care, employment injury and maternity are excluded from the agreements;
- 3) The exemption period normally lasts up to five years; and
- 4) The exemption rules included in the agreements are reciprocal, which means that the same groups of workers, insurance schemes and exempted periods are applicable on both sides.

5.2 The implementation of bilateral social security agreements in China

This section looks at the implementation of the social security agreements in the context of the company field survey described in Table 1. Firstly, it appears that the exemptions are not automatically applied and that the companies employing European workers have to request the exemptions with the relevant Chinese authorities. Although the process of application for insurance premium exemptions varies across regions, it follows a standard procedure. The entity that employs the foreign employees in China must submit the original certification of insurance issued by the competent entity in the country of origin to the local Chinese social insurance administration agency. Following verification of this documentation, and further certification of the

employment visa, the employees will be officially exempted from the relevant social insurance payments.

So far, social security agreements with six European countries have been implemented in China. The survey indicates that foreign companies do not encounter major legal issues. Yet some difficulties may appear in the implementation of the agreements, including:

- 1) **Delays:** To apply for exemptions from social security contributions, the employer must provide the certification of the employee's social security records and the working visa issued by the local authorities. This process takes often several months as it involves the completion of overseas communication procedures. In practice thus, the migrant worker starts working before for his/her formal admission in the social security system.
- 2) **Regional differences:** Although bilateral agreements are concluded at a national level, regional governments follow local rules. This results in inconsistencies and different levels of implementation at the local level, further complicating the process. Many second and third tier cities in China have no local regulations related to social security agreements. In 2019, the collection function of social insurance funds will be transferred to tax authorities. Such a reform might result in stronger supervision of the payment of social insurance contributions by employers, including those with foreign employees.

5.3 Limitations of the current agreements

Bilateral or multilateral agreements are an important way of coordinating workers' social security rights. The social security agreements between China and the European countries concerned are at an initial phase compared to the more comprehensive agreements concluded among developed countries. Indeed, there are some limitations in the current social security agreements that have been concluded between China and European countries:

- 1) **Current agreements do not include portability or totalization provisions.** At present, the social security agreements signed between China and European countries are only mutual exemption agreements. Yet there are other ways of protecting social security rights and entitlements for migrant workers (see Table 6). The mutual exemption of social insurance contributions can alleviate the burden of a double-contribution for short-term overseas employees, especially posted workers, and reduce the cost for multinational enterprises, but it cannot facilitate the increment of long-term social security benefits such as pension benefits. In contrast, social security agreements concluded between developed countries and a few developing countries tend to be broader in scope and include more coordination tools (Holzmann et al., 2005).

- 2) **Benefits included in the current agreements are limited.** The current social security agreements between China and European countries concern primarily the exemption of two types of insurance, namely pension and unemployment insurance. Short-term benefits such as health care, maternity and employment injury are not exempted, possibly because of the short-term characteristic of EU – China migration flows and the weaknesses of existing coordination mechanism between the social insurance administrations of both sides.

Table 6: Instruments of bilateral social security agreements on protection of international migrants

Basic principles of ILO social security conventions on social protection for migrant workers	SSAs between China and European countries
Equal treatment	Yes
Determining the applicable legislation	Yes
Maintenance of acquired rights and provision of benefits abroad	No
Maintenance of rights in course of acquisition	No
Reciprocity	Yes

Source: By the author.

6. Conclusion and policy suggestions

This study looks at ways of improving the social protection of workers migrating between China and the EU through bilateral social security agreements. It relies on a literature review, a field study of several multinational corporations settled in China and employing overseas employees, and an analysis of the existing social security agreements concluded between China and a number of European countries.

The primary findings include:

- 1) **Social protection for international migrants is important for promoting EU-China economic cooperation and labour mobility.** The opening up of the Chinese economy and a growing international trade between China and Europe have contributed significantly to migration flows between the two regions in recent decades. By the end of 2015, there were about 260,000 migrant workers from China legally residing in the 28 EU Member States; at the same time, it is estimated there were about 83,000 European migrants residing in China, more than 20,000 of whom were employees. As the number of migrants between these two large economies is likely to grow in the future, improving their social protection is a pressing issue.
- 2) **Social security coverage of both Chinese and European workers is improving but there remain some challenges.** Since the implementation of the SIL in 2011, international migrant workers are requested to take part in the five Chinese social insurance programmes. According to our survey of several European-based

companies in China, despite the mandatory affiliation requested at the national level, participation in the different schemes varies at the local level. Many international migrants do not participate in Chinese social insurance schemes, particularly in those provinces without detailed implementation policies. The key reasons of such coverage deficit include weak incentives for participation, unclear expectations about future benefits, and portability obstacles when moving across Chinese provinces. On their side, Chinese migrant workers in the EU may enjoy good coverage as the national systems dispose of a well-organized administration to manage the cases of foreign workers. A major social security challenge faced by migrant workers on both sides is the lack of mechanisms to facilitate the portability of benefits between China and EU countries.

- 3) **Current bilateral social security agreements between Europe and China are effective in avoiding dual contribution but remain limited in facilitating portability of benefits.** Since 2001, China has concluded 12 social security agreements with foreign countries, including nine with European countries. Social security agreements with European countries have been prioritized in China's international cooperation. Those agreements between European countries and China mainly focus on avoiding dual coverage for posted workers and do not provide for totalization arrangements. Yet, without totalization provisions, long-term social security benefits cannot be accumulated across countries or exported abroad. This could explain to a certain extent the low participation rate among foreign workers in China. The mutual exemption on contributions can be regarded as an important initial step for EU-China social security cooperation. Given the large differences in social security systems between European countries and China, measures on totalizing benefits would be more difficult to implement than exemption measures. However, the fact that social security systems in China and in most European countries are based on contributory employment schemes provides a favourable environment for the inclusion of a totalization mechanism in social security agreements at a later stage, when the conditions are met. One of these conditions would be the creation of a unified social security system in China and the removal of portability obstacles between regions.

Suggestions to improve EU-China social security agreements include:

- 1) **The conclusion of fully-fledged social security agreements between China and European countries could be encouraged to the benefit of both parties.** These agreements could provide mutual benefits, including the protection of the legitimate rights and interests of migrant workers, and the promotion of economic development and labour mobility. Additional social security agreements with broader and more effective coordination mechanisms would benefit migrant workers on both sides.

- 2) **Future social security agreements should include better coordination provisions.** Existing social security agreements between European countries and China focus mainly on avoiding dual coverage. They lack portability arrangements, undermining their effectiveness in practice. Introducing totalization provisions in such agreements would ensure the continuity of benefits across countries. The EU has set up coordination policies on portability of social security benefits between its member States and the eligibility of benefits relies on the aggregation of contributory periods within the EU. However, given the large differences in the social security systems of EU member States and China, as well as practical difficulties in adopting these coordination measures, a totalization mechanism between both regions could only be introduced over time and in a progressive manner. On the Chinese side, portability across provinces still remains difficult in practical aspects for internal Chinese migrants. The current social security reform which aims at creating a national pooling of pension funds could be a first step.
- 3) **Administrative capacity for the implementation of social security agreements should be improved.** One of the reasons of the limited effect of these agreements lies in the weak administrative capacity to implement or enforce them. (Hirose et al., 2011). This is also the case in China. A precondition for the successful implementation of international agreements is the existence of effective and reliable data exchange between participating countries. To improve the administration capacity to implement social security agreements, regional policy integration, unified information technology systems, a national databank and better compliance on contribution payments should be promoted. In addition, social security administration agencies should adequately prepare their staff and provide them with the right skills sets.

Labour migration between China and Europe has grown over the years, involving an increasing number of countries and workers. China's social security system is a relatively young one, and EU-China cooperation in the social security field is still at an early stage. With growing social and economic ties between China and the EU, it can be foreseen that both European countries and China will further strengthen their cooperation in the area of social protection, including through the conclusion of bilateral social security agreements. Such cooperation should aim at providing better social protection and more portable social security benefits for migrant workers and their families, thereby improving their well-being, reinforcing social cohesion, facilitating regular labour migration, and contributing to the growth strategies of both China and the EU.

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Improving the social protection of workers migrating between China and the EU countries

With fast growing international trade and exchanges, international migration between China and EU countries has increased greatly in recent decades. Past experiences in a number of countries have shown that the conclusion of bilateral social security agreements (SSAs) is an effective way of improving the social protection of migrant workers. Since 2002, China has signed 9 bilateral social security agreements with European countries. Guided by ILO standards on social security and good practices around the world, this paper analyses the current situation regarding the social protection of workers migrating between China and European countries. A primary finding of this paper is that, although the existing SSAs between EU countries and China are effective in avoiding dual coverage and contributions, their impact remains limited due to a number of factors including the lack of totalization mechanism. In order to improve the next generation of SSAs between China and EU countries, this study puts forward a few suggestions, including the strengthening of social security collaboration between China and the EU, the development of policies to facilitate such collaboration and the improvement of the administrative capacities related to the implementation of SSAs.

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