

POLICY REVIEW

Contribution cut to social security welcomed

Employer input will be lessened in move to reduce business burden

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China's decision to lower the rates of social security contributions paid by employers, part of a broader effort to reduce corporate burden, has been lauded by entrepreneurs and experts for shoring up growth and employment.

The country will cut the share of enterprise contributions to urban workers' basic old-age insurance from 20 to 16 percent starting from May, according to the Government Work Report delivered by Premier Li Keqiang this year.

The State Council decided in an executive meeting on March 26 that measures will be adopted to lower the social security wage base, the upper threshold on which a wage earner's contributions to the pension funds may be imposed, for different provincial areas.

For self-employed individuals, they can choose their social security wage base within a range between 60 percent to three times the provincial average.

The policy of cutting the rates for unemployment and work-related injury insurance will be extended to another year to April 2020, according to a decision at the meeting.

The State Council also warned local authorities against taking any measures that may increase the burden on small and micro enterprises, including forcing them to pay social security contributions on arrearage, money that should have been paid earlier.

"The small and micro enterprises have played a major role in job creation. The priority is to ensure their burdens will be reduced in a concrete manner," Li said at the meeting.

The meeting also underscored the importance of ensuring pensions can be issued in full and in a timely manner.

Zheng Gongcheng, president of the China Association of Social Security and a member of the Standing Committee of the National People's Congress, said high social security contribution



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rates had placed extra burdens on employers.

"With the economy faced with downward pressure, the lowering of the rates is an inevitable choice to reduce corporate burden," he said. "Only by ensuring the stability of business operations can we stabilize employment."

The measure, coupled with the tax cuts also rolled out in the Government Work Report in March, is expected to reduce corporate burden in fees and taxes by 2 trillion yuan (\$298 billion) this year.

Zheng said that there is still room for the rate to further reduce to 14 percent. In provinces such as Zhejiang and Guangdong, both with sizable inflows of migrant workers, authorities have already lowered the rate to 13 percent.

Therefore, the move by the State Council will also pave the way for unified national management of the government pension insurance system, which, he said, could be realized before 2021.

The country will bring pension schemes under this management as soon as possible, according to the report to the 19th National Congress of the Communist Party of China in 2017.

China's pension system is currently coordinated at provincial levels, with provinces such as Heilongjiang, located in the country's

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northeast rust belt, already finding itself struggling to meet its pension liabilities.

Zheng said the lowering of the contribution rates paid by employers will not result in operating shortfalls of the pension funds at national levels.

The basic pension funds, which is administered by the Ministry of Human Resources and Social Security, stood at a surplus of 5 trillion yuan in 2018, the ministry said.

Even if there are discrepancies, the gaps could be filled through transferring a chunk of State financial assets to the social security funds, Zheng said.

For some of China's small and micro businesses, the decision by the State Council has been more than welcoming.

Zhao Lin, the CEO of Rentfor-

Joy, a startup based in Beijing, said the measure had provided a financial boost for the company as social security contributions took up a large part of its operation costs.

For SMEs, even though the wage base for their contributions for the pension insurance is based on the minimum wage level of the city, it still put a considerable burden on their operations.

"For us, an even more enabling environment is a necessity to focus on our main business portfolios. We welcome more measures like this," she said.

POLICY RESPONSE

Illegal trade in wildlife, pesticides among key topics

Crackdown on illegal trade of wild animals and plants

The second inter-ministry joint conference convened on Friday to coordinate moves to crack down on the illegal trade of wild animals and plants.

The conference cited 24 key tasks for the 25 member departments, three more than the number during the first such event. This year, the lists for key wild animals and plants will be revised while a campaign will be conducted nationwide to crack down on illegal hunting and sales of wild animals and plants, and products made from them. In the meantime, the campaign entitled "Blue Sky 2019" will be carried out to hit the smuggling of ivory and other wild animal products.

In November 2016, the inter-min-



istry joint conference on cracking down on the illegal trade of wild animals and plants was approved by the State Council to strengthen coordination between different departments and improve efficiency of such crackdowns.

In the past year, the Ministry of Public Security and several departments made concerted efforts to crack down on the illegal manufacturing, transporting and smuggling of ivory products while extensively promoting public education on the matter.

Zhang Jianlong, head of the National Forestry and Grassland Administration and also coordinator of the conference, called for crackdowns on the whole chain process. Publicity should be enhanced to increase public awareness of caring for animals and plants, and standing firm against the illegal trade, he said.

More State-owned tourism sites for ticket price drop

A number of government-owned tourism sites that did not reduce ticket prices last year should undertake monitoring of their costs and lower prices this year, said the National Development and Reform



Commission in a notice released on Friday.

This year, price monitoring authorities nationwide should complete the cost assessment and review for 5A and 4A-rated tourism sites whose ticket prices are determined by the government, the notice said. Information disclosure of costs and ticket prices should be promoted to curb increasing costs by such sites.

The notice stressed that management of tourism sites should substantially reduce ticket prices for off-season and peak season. Price reduction for all tickets cannot be replaced with lower prices for tickets bought through certain channels and for certain groups or schedules.

In the meantime, supervision should be strengthened for the price

of transportation vehicles, cable cars, cruise ships, parking and other services.

Weaving and preferential policies of tickets for designated groups, including soldiers, juveniles, old people and those with disabilities, should be fully carried out, the document added.

Farmers to be trained in using pesticides

China will train about a million farmers this year to use pesticides in a more environmentally-friendly way and promote green development of the agricultural sector, said the Ministry of Agriculture and Rural Affairs.

The training will be conducted by the ministry's national agricultural technology promotion center, with assistance from the China Crop Protection Industry Association, the nongovernmental organization Crop Life China, and the China Association of Pesticide Development and Application.

The training will focus on laws and regulations related to pesticide management, prevention and control of crop pests and diseases, safe usage of pesticides, safety protection for sup-



portive chemicals, and recycling of pesticide packaging waste.

China has been working to achieve greener development of the agricultural sector in recent years. Last year saw decrease in pesticide use nationwide and the ministry said this year will see further reduction in using such chemicals while improving the efficiency. In the meantime, the ministry said packages for pesticides will be recycled this year.

Zhou Puguang, director of the ministry's Institute for the Control of Agrochemicals, said scientific and safe usage of pesticides concerns the quality and safety of agricultural products as an important part of the Rural Vitalization campaign and poverty relief.

Policy digest

Fair competition aimed at optimizing business

Policies and regulations that go against fair competition and equal treatment for domestic and foreign enterprises will be revised or depleted, said a State Council executive meeting, presided over by Premier Li Keqiang on March 26.

By the end of this year, the monitoring system for fair competition will be carried out in national, provincial, city and county levels of government, said a statement released after the meeting. Other mechanisms of complaints and third-party assessment will be built to prevent and correct actions that exclude or limit competition.

These were part of China's efforts to further improve the business environment and offer equal treatment for Chinese and overseas investments. It is aimed to strengthen the improvement of the country's business environment and further stimulate market vitality and social creativity, the statement said.

Moreover, the meeting decided to further streamline administrative procedures with the time to open an enterprise to be cut to five working days by the end of this year. The average time to get electricity will be reduced to within 45 working days.

Approval reform for construction projects

China will reform the approval system for construction projects, said the State Council in a notice released on March 26.

The change will cover the entire process of approval procedures, focusing on housing construction and urban infrastructure, the document said. The time for examining and approving construction projects was set to be reduced to 120 working days, and the system for such procedures should be integrated by the end of this year, the notice said. A national construction project approval and management system will be completed by the end of next year.

The document targets streamlining the approval process by canceling illegal, unreasonable and unnecessary approval items, and delegating powers to lower levels of government.

Local governments should sort out all approval items before formulating unified approval items, application paperwork and approval time limits. The approval process should cover four phases: land use and planning permits, project permits, construction permits, and completion acceptance, according to the document. A unified, national demonstration flow chart will be created, with approvals to be simplified for small and medium-sized construction projects that have attracted private investment.

Healthcare, maternity insurance to merge

China will merge the basic employee healthcare and maternity insurance, according to a notice released by the State Council on Monday last week.

According to the document, the maternity insurance fund for female employees will be merged into the employee basic healthcare fund, which is paid by all workers. The two funds will be collected together, and individuals will not be required to pay a premium for maternity insurance. Services provided by the two insurance programs will be subject to unified regulations. When healthcare authorities sign new contracts with registered healthcare institutions, maternity services should be added to the contracts, the document said.

The clearance system of maternity insurance can be temporarily reserved, but should be combined with the healthcare clearance system at the appropriate time.

Maternity insurance benefits should remain unchanged after the integration, which includes maternity service fees and allowances when female employees give birth to a child, according to the social security law. Those benefits will be afforded by the basic health insurance fund.