

POLICY REVIEW

Social insurance costs for businesses to be reduced

Five-month waiver to cover Hubei province and SMEs in other areas

By XU WEI
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The State Council has adopted a slew of policies to reduce corporate burdens and stabilize the job market amid the novel coronavirus pneumonia outbreak, with businesses nationwide expected to see their social insurance contributions cut by 500 billion yuan (\$71.2 billion) this year.

At its executive meeting on Feb 18, the Cabinet passed a decision to temporarily lower or waive social insurance contributions for businesses and defer their payments to the housing provident fund to offer them a cushion against the impact of the outbreak.

All businesses in Hubei province, which has been hit hardest by the outbreak, will see their social insurance contributions waived from February to June. The waiver will also cover small and medium-sized enterprises outside the province, a statement released after the meeting said.

Large companies in other provincial-level areas will see their contributions halved from February to April, the statement said.

Premier Li Keqiang said at the meeting that a large number of businesses have suspended operations due to the outbreak, which had directly affected the job market and the incomes of many individuals.

He said the situation was especially severe for SMEs, which were more susceptible to risks, and helping them survive was crucial to stabilizing employment.

“We need to make all-out efforts to help businesses sustain themselves through this difficult period and avoid massive layoffs,” he said.

You Jun, vice-minister of human resources and social security, told a news briefing on Thursday that the State Council’s move will cut businesses’ social security contributions by more than 500 billion yuan.

The ministry had taken the balance of the social insurance fund into account and would make sure pension funds were issued in full, and on time, he said.



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The meeting also adopted a measure allowing businesses to apply for deferral of their payments to the housing provident fund, a government funding scheme that helps people save for homes. Failures by employees to repay their loans from the fund due to the epidemic will not be viewed as defaults.

To stabilize the job market, the meeting called for the cancellation of unwarranted restrictions that make it difficult for employees to return to work.

The meeting also highlighted the

need for stronger steps to help migrant workers and college graduates find jobs, with measures to support businesses to increase the number of jobs offered on flexible pay arrangements.

A survey conducted by the China Association of Small and Medium Enterprises, which polled 6,422 SMEs nationwide, found that over 85 percent face relatively large impacts from the outbreak, with funding shortages and weakening demand the biggest challenges.

Shen Gaohua, vice-president of

the association, said SMEs must lower their costs across the board in order to survive the outbreak.

“It would be like hibernation. Only by surviving this difficult period can we start all over again in the near future,” he said.

It was also important for SMEs to take full advantage of the favorable policies rolled out by authorities, such as credit support, and tax and fee cuts, he added.

A report by researchers from Tsinghua University’s School of Economics and Management said

over 30 percent of businesses expected their turnover to halve this year, with another 27.8 percent expecting a drop of 20 to 50 percent.

The report, which surveyed 1,435 SMEs, found that staff salary and social insurance contributions accounted for close to 60 percent of corporate costs, with rents taking up 16.6 percent.

To make it through the difficult times, 22.8 percent of businesses were planning layoffs or pay cuts for employees, while another 15.7

percent were suspending business operations, the report said.

The researchers warned that if the outbreak lasts for more than half a year, 90 percent of SMEs will not be able to sustain their operations and may even go broke.

“In that scenario, it would be necessary for the government to further scale up the financial aid packages,” they said. “We may consider the establishment of a special fund aiding SMEs launched at both the national and local levels with fiscal funds or national debt.”

POLICY RESPONSE

Poor regions hit by epidemic a priority

By WANG QINGYUN
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Several ministry-level departments, including those responsible for poverty alleviation, finance, industry and information technology, and human resources and social security, responded recently to issues of public concern.

Authorities pledge funding for battle against poverty

Chinese authorities have pledged to ensure sufficient funding for poverty alleviation work in epidemic-hit regions to secure final victory in the tough battle against poverty.

The central poverty alleviation funding should moderately favor regions and projects impacted by the novel coronavirus outbreak, a circular issued on Feb 18 by the State Council Leading Group Office of Poverty Alleviation and Development and the Ministry of Finance said.

It ordered local governments to tailor support policies for poverty relief work in epidemic-hit regions in accordance with local situations, with priority going to industrial projects, employment and the well-being of the poor.

Efforts should be made to back poverty-relieving industrial projects in terms of production, storage, transportation and sales via means including subsidies, loans with discounted interest rates and rewards to poverty-stricken households who have resumed work.

Support should also go to creating jobs, subsidizing the impoverished seeking jobs in other regions as migrant workers, and providing assistance to those slipping back into poverty or whose life has become difficult

due to the novel coronavirus outbreak, the circular said.

This year marks the last year for China to win the battle against poverty and achieve its goal of completing the building of a moderately prosperous society in all respects by the time the Communist Party of China celebrates its centenary next year.

Mobile phone users can prove their whereabouts

All 1.6 billion mobile accounts across the country can receive text messages showing which cities account holders have visited in the past two weeks, the Ministry of Industry and Information Technology said on Feb 18.

The messages are sent by three mobile network operators: China Telecom, China Mobile and China Unicom. People can text “CXMYD” to their mobile service operators to inquire about the messages. The numbers to use are 10001 for China Telecom, 10086 for China Mobile and 10010 for China Unicom.

The messages can serve as a proof of people’s whereabouts. Employers, for example, can check if their employees have visited cities seriously affected by novel coronavirus pneumonia and adopt appropriate quarantine policies.

The service will protect users’ privacy, the ministry said.

Safe transport services for migrants returning to work

All provinces, autonomous regions and municipalities should provide safe transport services to migrant workers to ensure they can return to work on time without increasing the risk of the novel coronavirus spreading, a notice issued on Wednesday said.



Jointly issued by the Ministry of Human Resources and Social Security, the Ministry of Public Security, the Ministry of Transport, the National Health Commission and China State Railway Group, it said the provincial-level regions should arrange chartered trains or special carriages for migrant workers who need to travel back to work.

They should publicize the services, do a thorough survey to find migrant workers who need to use them, and invite the workers to sign up through online or offline channels.

They should encourage migrant workers who have found a job to sign up for the trips, and encourage those starting work at a similar time in a particular area to travel together.

The authorities should make a special plan for each trip. Before the trip, they should tell the migrant workers how to avoid contracting novel coronavirus pneumonia, take their temperature and prevent travel by high-risk people, such as those who have had close contact with confirmed cases.

When the workers arrive at their destination, the authorities should coordinate with employers to make sure work is offered promptly.

They should also help employers strengthen health protection for workers and prevent any disease clusters in workplaces.

Xinhua contributed to this story.

Policy digest

Help for farmers ahead of summer harvests

Local governments should act in a timely manner and manage farming properly to ensure summer harvests, the State Council said at an executive meeting on Feb 18.

The authorities should provide more detailed guidance for rural areas to curb the spread of novel coronavirus pneumonia, and support farmers in making the best use of the spring time and plowing the fields, the State Council said.

They should also push for faster resumption of operations by seed, fertilizer, pesticide and feed companies, and ensure the timely supply and smooth transport of such products.

The minimum purchasing price of paddy should remain stable this year, although a moderate increase will be allowed, the State Council said.

It also urged proper management of livestock and poultry farming. For farmers who have suffered big losses, the authorities should come up with supportive policies, such as allowing extensions of loan repayment terms.

The authorities should also speed up the resumption of pig farming by granting subsidies for loan interest costs to more pig farms. They should be granted to farms that raise at least 500 pigs a year, instead of 5,000 under previous policies, the State Council said, while also calling for the national reserve of frozen pork to be increased.

It also asked the authorities to invest more efforts in preventing insect attacks and major poultry and livestock



diseases, such as highly pathogenic bird flu and African swine fever.

State Council issues guidance on epidemic

All regions and relevant authorities should adopt more targeted policies to tackle novel coronavirus pneumonia while restoring economic and social order, the State Council’s joint prevention and control mechanism said in guidance issued on Feb 17.

The epidemic situation has started to turn for the better after painstaking efforts, Xinhua News Agency quoted the guidance as saying.

Under the centralized and unified leadership of the Communist Party of China Central Committee, all regions and relevant authorities have resolutely implemented the CPC Central Committee’s decisions and spared no efforts in preventing and controlling the disease, the guidance said.

Now they need to design specific measures for different counties, it said. They should determine a county’s level of risk according to its population

and how the epidemic is developing there, and formulate clear prevention and control measures for different levels of risk.

The authorities should also divide a county into different small units for disease control, and all the communities, government departments, companies, government-sponsored institutions, social organizations and individuals in the county should implement its prevention and control policies.

Regions that have a low level of risk should carry out policies to prevent the epidemic from coming in and fully restore business activities and the normal life of residents.

Regions with a medium level of risk should keep incoming cases at bay and prevent infection from spreading in the neighborhood, while working to resume business operations as soon as possible.

Regions with a high level of risk should adopt strict policies to prevent the disease from spreading or being transmitted to other regions, while gradually restoring business operations.

Hubei province and its capital city of Wuhan, the epicenter of the disease, must continue to take the strictest measures to firmly prevent the infection from spreading, it said, adding that Beijing should continue to adopt proper prevention policies and ensure its own security.

Governments of all provinces should adjust their counties’ risk levels to the development of the situation, the guidance said.

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