

New Pilot Scheme on Foreigner Work Permit in China

29 NOV 2016

PEGGY HE

BUSINESS DEVELOPMENT OFFICE
HONG KONG BRANCH

T +852-2823-6605

E PEGGY_PJ_HE@HK.MUFG.JP

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
A member of MUFG, a global financial group

On 27 September 2016, the State Administration of Foreign Experts Affairs (Hereafter "SAFEA") promulgated <the notice about new pilot scheme on foreigner work permit> (Waizhuanfa [2016] No.151). According to the notice, the existing Foreign Expert Permit and Alien Employment License will be merged into a single permit. Meanwhile, a three-tiered classification system and online application will be introduced under new work permit scheme. To better facilitate the implementation of new system, a pilot scheme will be executed in some areas from 1 October 2016 until 1 April 2017 before being expanded nationwide. The selected areas include Beijing, Tianjin, Hebei, Shanghai, Anhui, Shandong, Guangdong, Sichuan, Yunan and Ningxia.

BACKGROUND

Currently, there are two foreigner work permits in foreigner employment system, the Alien Employment Permit and the Foreigner Expert Permit which are issued and managed by Ministry of Human Resources and SAFEA respectively. In order to reduce unnecessary repetitive works due to management by two departments and streamline the procedure of application, <Comment on unifying foreigner work permit in China> (Shengaibanhan [2015] No.95) was released in December 2015 to approve merging Foreigner Expert Permit and Alien Employment License into Foreigner Work Permit.

On 4 February 2015, the State Council also promulgated <Notice to improve administrative approval of the State Council department> (Guofa [2015] No.6), aiming at simplifying complicated procedure on administrative application.

Thus, targeting at optimizing service quality and enhancing efficiency in managing new foreigner work permit, the new pilot scheme is officially introduced from 1 October 2016. It is expected to attract more foreigner talents to work in China by offering more convenience.

HIGHLIGHTS

Under the new system, each applicant will be issued a unique ID number which remains unchanged regardless of permit renewal or change of employer, other than the merger of two existing permits. In regards of application procedure, an online application system instead of the paper one will be implemented and documentation requirements will be reduced by nearly 50%, with submissions as personal resume and application letter no longer necessary. The key points could be concluded as follows.

Three-Tiered Classification

In order to assess candidates' qualification, SAFEA has introduced a points-based, three-tiered classification system for foreigner talents. Points are assigned to applicants based on their education background, salary level, age, working experience and Chinese language level etc. The tiers and eligibility requirements are structured as follows:

Tier	Candidates	Ease of application
A	Highly qualified top talent: Selected into the talent introduction programme; meets professional standards with internationally recognition ; meets market-oriented standards under encouragement category; highly innovative talents or superior youth talents; scoring* 85 points or above	Highly encouraged
B	Professional talent in line with labour market demand: In principle, foreign professional talent, professional management talent and technical talents that are in great demand and in crucial shortage in China; scoring 60~85 points	Generally controlled
C	Unskilled workers: Foreigners who are in line with labour market demand, providing temporarily ,seasonal and non-technical or service work	Strictly controlled

*Please refer to Scoring Rule

Green channel open to serve highly qualified top talents (Tier A)

Applicants placed in the "A" tier are eligible for service through a "green channel", which offers a pre-entry visa, paperless verification, accelerated approval and other facilitation measures as follows. It is also noteworthy that there is no restriction on the age, working experience and number of top talents (Tier A).

- Paperless verification is introduced when applying foreigner work permit before entering China
- Paperless verification is introduced when applying top talent programme which runs online procedure
- Shorten the time on verification process by 5 business days compared with other tiers
- Not necessary to submit certificate of No criminal conviction, personal resume and academic certifications by adopting "Notification and commitment" scheme instead
- Foreign top talents who possess other visas or valid resident permit are allowed to directly apply foreigner work permit in China

Schedule of implementation in pilot cities

The merger of two work permits in pilot cities should be implemented from 1 October 2016. The structure and rules on foreigner work permit in non-pilot areas should be in line with current system. On and after 1 April 2017 when the new scheme is implemented nationwide, the existing Foreigner Expert Permit and Alien Employment License which are within validity still work and new permit update would be run on a voluntary basis.

COMMENTS

As global competition becomes more and more fierce, desire for international talents climbs higher. It is indispensable to raise up high-end talents with professional skills and techniques as well as innovation to have whole country well developed. With an aim of attracting more high-level foreigner experts to work in China, the introduction of new permit system implies a streamlined application procedure, providing more convenience and availability with foreigner talents. In the near future, policy on foreign talents is expected to become more open and flexible so as to serve more Chinese enterprises.

Scoring Rule (Trial version)

Item	Criteria	Points
Directly qualified	Elected into talents introduction programme or recognized as professional deem meeting international standards	-
	Positions that are encouraged and meets market-oriented standards	-
	Highly innovative talents; Superior youth talents	-
Annual salary paid by employer in mainland China (Unit: RMB) (Maximum 20 points)	450K or above	20
	[350K, 450K)	17
	[250K, 350K)	14
	[150K, 250K)	11
	[70K, 150K)	8
	[50K, 70K)	5
	<50K	0
Academic or international professional certification (Maximum 20 points)	PhD or equivalent	20
	Master or equivalent	15
	Bachelor or equivalent	10
Related working experience	1 point added per year when over 2 years	Max 15
	2 years	5
	< 2 years	0
Working hours per year (Maximum 15 points)	9 months or above per year	15
	[6,9)	10
	[3,6)	5
	<3 months	0
Chinese language level (Maximum 10 points)	Obtain Bachelor degree or above and Chinese is used as the teaching language	10
	HSK Level 5 or above	10
	HSK Level 4	8
	HSK Level 3	6
	HSK Level 2	4
	HSK Level 1	2
Working area	Western region	10
	Old industrial bases as North-eastern region	10
	Counties in central region meeting state-level poverty standards	10
Age (Maximum 15 points)	[18,26)	10
	[26,46)	15
	[46,56)	10
	[56,60]	5
	>60	0
Graduation of world famous university / Working experience in top 500 company (Maximum 5 points)	Graduation of world famous university ranking top 100	5
	Working experience in top 500 company	5
Decision of SAFEA at provincial level (Maximum 10 points)	Talents in great demand at local level (Criteria in detail made by SAFEA at provincial level)	0-10

【Disclaimer】

The information herein is provided for information purposes only, and is not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for any services, transactions, securities or other financial instruments. Before entering into any particular transaction, you are advised to obtain such independent financial, legal, accounting and other advice as may be appropriate under the circumstances. Note that BTMU may have issued, and may in the future issue, other reports that are inconsistent with or that reach conclusions different from the information set forth herein. Such other reports, if any, reflect the different assumptions, views and / or analytical methods of the analysts who prepared them, and BTMU is under no obligation to ensure that such other reports are brought to your attention.

Copyright 2016. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Hong Kong Branch. All rights reserved.