

**XI JINPING-LI KEQIANG'S *HUKOU*
REFORM: NEW GUIDELINES
AND IMPLICATIONS**

ZHAO Litao

EAI Background Brief No. 942

Date of Publication: 7 August 2014

Executive Summary

1. The Xi Jinping-Li Keqiang's government released the National New-Type Urbanisation Plan (2014-2020) in March 2014 and the State Council Opinion on *Hukou* Reform on 24 July 2014.
2. The latest *hukou* (household registration) reform differs, to varying extents, from the past ones in terms of the goals, targets, approaches and means.
3. China will abolish the decades-old distinction of agricultural and non-agricultural *hukou* nationwide, replacing it with a unified resident *hukou*. Since the early 1990s, the distinction between agricultural and non-agricultural *hukou* has become meaningless when China stopped grain rationing for non-agricultural *hukou* holders.
4. However, for *hukou* registration, the distinction is relevant for those who have moved out of agriculture (农业转移人口), particularly those who have moved out of their place of *hukou* registration. The government aims to absorb up to 100 million of these migrants as registered urban residents by 2020.
5. The Xi-Li government adopts a tiered approach to *hukou* conversion (from a non-local to a local one), ranging from full liberalisation in towns and small cities to strict control in mega cities.
6. The tiered approach likely affects migrants in different ways. For migrants who settle in nearby towns and county seats, the new policy removes the barriers of obtaining an urban *hukou* there, forming the new urban population targeted by the plan.
7. For migrants who move to large cities far away from their home, a points-for-*hukou* system (积分入户) will be in place to regulate the migration process, which is clearly in favour of the highly educated and highly skilled. In large cities, the *hukou* policy is essentially a talent policy (人才政策).

8. For the overwhelming majority of migrant workers in large cities who have little hope of obtaining a *hukou* there, the central government urges city governments to use residential permit (居住证) as a basis for migrants to access public services, subject to the length of stay, social insurance contribution and other conditions.
9. The central government plans to use indirect means rather than blunt administrative orders to incentivise local governments, linking urban land use plans and central financial transfers to the quota of *hukou* allotted.
10. China is likely to meet the 100 million target set for 2020 by registering rural migrants who settle in nearby towns, county seats, and small cities as urban residents.
11. Overall, Xi-Li's *hukou* reform may change the distribution of urban *hukou* population in favour of towns and small cities. A big challenge is in the integration of migrant workers in large cities. The progress is likely to be uneven across cities and problem areas.