

***HUKOU REFORM IN SHANGHAI AND
GUANGDONG: AN UPDATE***

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Executive Summary

1. Shanghai and Guangdong are leaders in *hukou* reform in China. Their initiatives have helped shape national guidelines stated in the National New-Type Urbanisation Plan (2014-2020) released in March 2014 and the State Council Opinion on *Hukou* Reform issued in July 2014.
2. The points-for-*hukou* system adopted by the two provinces regularises the process through which the migrant population can access public services and apply for a local *hukou*.
3. Shanghai's experience is particularly relevant to China's large cities. Shanghai uses the annual *hukou* quota system to control the population size, and uses the points-for-*hukou* system to recruit talents for local economic and social development.
4. The central government endorses Shanghai's experience without referencing it. The new documents explicitly state that mega cities with over five million population should use the points-for-*hukou* system to strictly control migrant population and pace of giving *hukou* to non-locals.
5. Guangdong's experience is particularly relevant for provinces with large migrant population. Its points-for-*hukou* system has both a province-wide component and a city-specific one, which gives some flexibility to individual cities within a province. Other provinces are likely to follow suit.
6. Guangdong uses the points-for-*hukou* system to favour intra-provincial migrants over inter-provincial ones. The Urbanisation Plan and the State Council Opinion on *Hukou* Reform also endorse this approach of giving preference to people within the province in expanding its urban population.
7. In practice, the points-for-*hukou* reform in Shanghai and Guangdong provides little hope for the overwhelming majority of inter-provincial migrants, totalling about 80 million nationwide. *Hukou* reform for them is not in near sight yet.

8. Seen in this light, the points-for-*hukou* reform is more transparent, institutionalised and regularised than what had been offered in the previous *hukou* reforms. However, it remains a system of discrimination and exclusion.
9. It is increasingly clear that a better way to integrate migrant workers is not through the *hukou* reform, which preserves unequal rights between *hukou* holders and non-*hukou* holders, but through the equalisation of public services. The provision of public services, however, is likely to be a long process as it is contingent on how fast China can reduce the large development gaps across regions.