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China to Ease Rules for Farmers Moving Into Cities (Update1)  
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(Adds official's comments in second paragraph.)

By Bloomberg News

Feb. 1 (Bloomberg) -- China, the world's fastest-growing major economy, will allow more farmers to be integrated into cities, boosting the economy and reducing financial inequality, an agriculture official said.

The government will allow so-called "qualified farmers" to become official residents in cities, Chen Xiwen, head of the agricultural affairs office under the State Council, said at a press conference today. Rural migrant workers who qualify will enjoy benefits including social security coverage, government-subsidized housing and education for their children, Chen said.

China had an estimated 149 million migrant workers at the end of 2009, Ma Jiantang, head of the National Bureau of Statistics said Jan. 21. Premier Wen Jiabao aims to boost consumption by strengthening the social safety net in a nation where most people live in the countryside on incomes of less than 5,000 yuan (\$730) a year.

A more "balanced development" with an emphasis on accommodating migrant workers will help boost economic growth, Chen said. The Chinese economy expanded 10.7 percent during the last quarter of 2009 from a year earlier, the fastest pace since 2007, buoyed by new loans.

Rural migrant workers will qualify for city living and can apply for legal residency if they meet certain requirements including having held down a stable job and have a permanent address, Chen said, without elaborating.

Rural immigrants are currently not entitled to benefits afforded city dwellers if they live in urban areas.

#### Labor Mobility

The measure is the latest attempt to boost the mobility of labor and more help lift the standard of living for all its 1.3 billion people. In December, Beijing said it will let workers transfer pension accounts across provinces and raise payments to retired company workers from Jan. 1, aiding labor mobility and consumption in the world's third-biggest economy.

The pensions will be increased by about 10 percent next year, or an average of about 120 yuan (\$18) a month per person, the State Council said in a statement Dec. 23.

About 100 million farmers born after the 1980s and 1990s now make up of more than 60 percent of the total number of migrant workers, Chen said. The younger generation of farmers are different from their fathers in that they usually "have some education" and "have no experience of working on a farm," Chen said.

China will have a substantial rural population even with an increased pace of urbanization, Chen said. Even if China's cities accommodate over 70 percent of the total population by the time it

reaches 1.5 billion, there will still be 400 million to 500 million farmers left in the countryside, he said.

The future lies in "balanced development" of both areas, he said.

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