



China Employment Law ALERT

China and Spain Signed Bilateral Social Security Agreement

Seyfarth Synopsis: *Bilateral social security agreements between countries play an important role in facilitating the cross-border movement of employees, as they reduce exposure to the simultaneous application of the relevant countries' social security programs to a cross-border employee. In what seems to be a continuing trend for the PRC government, it concluded a bilateral social security agreement with the Spanish government (the "Sino-Spain Agreement") during the G20 Labor and Employment Ministers' Meeting in Germany earlier this year.*

The PRC and Spanish governments signed the Sino-Spain Agreement on May 19, 2017. Negotiations on the Sino-Spain Agreement began in 2011, and it will come into force after each country completes their respective domestic legal procedures. Under the Sino-Spain Agreement, Chinese employees assigned to work in Spain, and their employers, will be exempt from certain compulsory social security insurance programs in Spain, such as pension and unemployment insurance. Reciprocally, Spanish employees working in China and their employers will be entitled to a similar exemption. Details about the reciprocal exemptions are expected before the Agreement's effective date and, as is the case with all bilateral social security agreements, a number of conditions are expected to be placed on the exemptions.

As of today, the PRC government has signed bilateral social security agreements with eight other countries (Germany, Korea, Denmark, Finland, Canada, Switzerland, Holland and France) and is negotiating with more countries (e.g. Japan) on similar agreements.

With the continued increase of foreign expatriates working in China and Chinese citizens working overseas, bilateral social security agreements will benefit both employers and their employees by avoiding double-payment obligations with respect to social security programs, thus lowering labor costs for foreign expatriates.

Bilateral social security agreements typically set out mandatory administrative and substantive requirements in order to claim exemptions under them. Before hiring foreign expatriates in China, or dispatching their Chinese employees to work overseas, multinational employers should check the availability of, and requirements for, such exemptions under any relevant bilateral agreements.

If you would like further information with respect to any bilateral agreements that China has with any country, or how to apply for exemptions under them, please contact [Wan Li](mailto:Wan.Li@seyfarth.com) at Wan.Li@seyfarth.com, [Darren Gardner](mailto:Darren.Gardner@seyfarth.com) at Darren.Gardner@seyfarth.com or any member of our [International Employment Law Team](#).

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