



## FFTC Agricultural Policy Platform (FFTC-AP)

Available online at: <http://ap.ffc.agnet.org/index.php>

### **China is Promoting Development of Farmers' Cooperatives**

Zhen Zhong

Assistant Professor

School of Agricultural Economics and Rural Development

Renmin University of China

#### **INTRODUCTION**

In order to promote and regulate the development of farmers' cooperatives, the central authorities have been strengthening support for the development of farmers' cooperatives since 2007. Various localities, following the requirements and arrangements of the central authorities, enhanced coordination and cooperation, strengthened guidance and services in order to create a favorable macro-environment for the development of farmers' cooperatives.

#### **Main content of farmers' cooperatives policy in recent years**

##### **1) The legal system was strengthened.**

Local legislation was accelerated. In 2011, the five provinces (municipalities) of Shanxi, Jiangxi, Sichuan, Chongqing and Hainan drew up measures for implementation of the Law on Farmers' Cooperatives, bring the number of such provinces (autonomous regions, municipalities ) to 15. In Xinjiang, Tianjin, Inner Mongolia, Fujian, Henan, Yunnan and Qinghai, measures for implementation of the Law on Farmers' Cooperatives were either in the pipeline for legislation or were being researched upon.

##### **2) Support for farmers' cooperatives was strengthened.**

In term of financial support, the central finances spent 750 million yuan (RMB) in 2011 as special funds for farmers' cooperatives, an increase of 36% over the previous year. Financial support from the provincial authorities was also noticeably increased. According to statistics, provincial budgetary funds for farmers' cooperatives exceeded 1 billion yuan in 2011. The National Office for Comprehensive Agricultural Development set aside 680 million yuan in 2011 to support 1,753 projects of farmers' cooperatives, accounting for 56% of total funds for comprehensive agricultural development projects.

The Ministry of Agriculture (MoA) started to carry out demonstration projects for farmers' cooperative organizations in 2004. Since then, 245 million yuan was invested for the support of 1,199 famers' cooperative organizations.

With regard to product distribution, the MoA planned to support 10,000 farmers'

cooperatives to establish production-marketing relations with supermarkets and other players on the market. The MoA and the Ministry of Commerce (MoC) jointly released a document for the promotion of direct links between farmers and supermarkets to encourage farmers' cooperatives to release real-time information on supply and demand using the service system for direct links between farmers and supermarkets. Farmers' cooperatives were also encouraged to carry out experiments step-by-step on online contract signing and online transactions in order to develop farm-product e-commerce.

The document also encouraged farmers' cooperatives dealing with the same crops to forge alliances or carry out cooperation on a voluntary basis and to hold training on regular basis for their members.

The document asked to lower the threshold of entry to supermarkets for fresh products of farmers' cooperatives. Supermarkets were prohibited from collecting fees among farmers' cooperatives for their products such as entry fees, donations, fees for stand, or bar code fees. Late payment for goods was strictly banned.

The document also promised to support standardized production by farmers' cooperatives and strengthen management of records for safety in production.

The MoA and the Ministry of Commerce jointly organized activities of "Letting 10,000 Villages Form Direct Links With Supermarkets", in which 312 farmers' cooperatives held talks with 10 supermarkets of nationwide presence and 209 local-level supermarkets and reached many long-term cooperation intents. During the activities, agreements were signed for the purchase of 360,000 tons of fresh farm products worth 2 billion yuan. At the ninth international farm produce trade fair, exhibition booths dedicated to farmers' cooperatives were set up for the first time, attracting the participation of 347 farmers' cooperatives.

With regard to the development of talent, the training of personnel for farmers' cooperatives was included in the Mid- and Long-term National Program for the Development of Talented People, and the Program for the Development of Talented as Support for Modern Agriculture. Training of personnel for farmers' cooperatives was held under the "Sunshine Project" and agricultural departments at various levels trained more than 200,000 managers of farmers' cooperatives.

The MoA and the Central Committee of the Communist Youth League reached a framework agreement on a joint initiative to boost employment and self-employment of rural youths, under which rural talented youths were encouraged to form farmers' cooperatives.

### **3) Guidance was enhanced on the development of farmers' cooperatives.**

The MoA carried forward the development of model farmers' cooperatives in a deep-going way. It formulated and released opinions on the enhancement of standardized financial management of farmers' cooperatives, in a bid to push for the standardization of the development of farmers' cooperatives.

Efforts were made to strengthen the development of instructors for farmers' cooperatives. The MoA released rules to govern work concerning instructors for farmers' cooperatives. Training was enhanced. Up to 196 training bases for farmers' cooperatives were recognized and 60,000 instructors for farmers' cooperatives had received training by the end of 2011.

## **Implementation of policy and evaluation**

The number of farmers' cooperatives registered rapid growth in recent years. At the end of the 2011, the total number of farmers' cooperatives registered with the industry and commerce administration stood at 521,700, an increase of 37.6% compared with the end of the previous year. Total investment of farmers' cooperatives amounted to 724.5 billion yuan, up 59.4%. A total of 41 million rural households joined farmers' cooperatives, accounting for 16.4% of China's total rural households.

### **1) A group of large-scale model farmers' cooperatives with fairly standardized operations saw rapid growth and were becoming modern agricultural management organizations that led farmers in domestic and overseas competition.**

The initiative to develop model farmers' cooperatives' greatly promoted farmers' cooperatives' standardized management and production and marketing with own brands. There were more than 50,000 model farmers' cooperatives above county level across the country.

The first batch of 6,663 model farmers' cooperatives had on average an annual surplus of 257,400 yuan, 289% higher than the national average. Farmers accounted for 96.5% of their members, with each grouping having 165 rural households on average. Their members invested 16.208 billion yuan, or 2.433 million yuan per cooperative on average, 289% higher than the national average. Those farmers cooperatives bought 80% or more of means of production and services, and sold 80% or more of products on behalf of their members.

### **2) Farmers' cooperatives promoted the application of high technology and practical agri-technology and had become an important platform for the transformation of achievements in agricultural science and technology into production and for the popularization and propagation of practical agri-technologies.**

Farmers' cooperatives applied new achievements in agricultural science and technology to production activities. And through the provision of socialized services to their members, they introduced unified technologies for production and for the prevention and control of diseases.

More than 95% of farmers' cooperatives could provide much-needed and effective technologies and services for their members, solving the problems of "the last mile" in the delivery of technologies to rural households.

### **3) Giving play to functions of internal supervision, farmers' cooperatives had become the vehicle of promotion of farm product quality and safety.**

Members of farmers' cooperatives carried out production in an honest manner in accordance with production standards and technical regulations set up by farmers' cooperatives and used the same goods to be put in agricultural production such as fertilizers, pesticides and feed. More than 40,000 farmers' cooperatives across the country put into place quality and safety standards; over 24,000 farmers' cooperatives passed farm product quality attestation and 25,600 farmers' cooperatives had their own registered trademarks.

### **4) Expansion of models and scope of cooperation added vitality to farmers' cooperatives.**

Building on production cooperation and marketing cooperation, farmers' cooperatives explored ways of internal credit cooperation to solve the problem of short-term shortages of production funds of its members, thus enhancing their cohesion. More than 10,000 farmers' cooperatives had carried out internal credit cooperation by 2011.

### **CONCLUSION**

As farmers' cooperatives were encouraged to forge alliances or to cooperate, to establish processing-marketing business, to share resources, and to take advantage of each other's strength, farmers' cooperatives saw their organizational capacity and competitiveness improved. They were also playing an increasingly important role in leading the most industries in agriculture and forming links with farmers. In the future, more farmers' cooperatives will establish long-term stable production-marketing relations between farmers and supermarkets, communities, restaurants, staff canteens, etc.

Date submitted: April 11, 2014

Received, edited and uploaded: April 14, 2014