

Overview of China's Industrialized Operations in Agriculture

Zhen Zhong

Assistant Professor

School of Agricultural Economics and Rural Development

Renmin University of China

In 2012, the number of organizations involved in industrialized agricultural operations increased steadily, with their economic strength enjoying steady growth and the linkage of interests gradually improved. Meanwhile, the driving force they provided increased steadily, and the cluster effect they demonstrated became increasingly remarkable.

The leading enterprises of industrialized operations of agriculture were growing stronger and effectively improved the capacity of ensuring supply of agricultural products

The organizations involved in industrialized operations with leading enterprises as the main part were developing rapidly. These enterprises have optimized the organizational forms of agricultural production and injected modern factors into the production. They have become important agricultural producers and market suppliers of agricultural products and played a significant role in ensuring the national food security and the effective supply of major agricultural products. By the end of 2012, the number of organizations involved in industrialized agricultural operations exceeded 300,000, drawing 40% of China's rural households to engage in related business. Leading enterprises numbered 118,000, with their agricultural products and processed products accounting for one-third of the total supply on the farm-produce market and more than two-thirds of the "Vegetable Basket" supplies in major cities.

The industrial chain was constantly improved, providing a strong impetus to the development and construction of the industrial system of modern agriculture

Leading enterprises made efforts to constantly strengthen traction of upstream raw materials bases and expanded to downstream industries by engaging and deep processing, storage, and distribution. They strove to cover the whole industry chain and promote the construction industrial system of modern agriculture, and have effectively improved the quality of agricultural industries. By the end of 2012, leading circulation enterprises had total sales of over 2 000 billion yuan, and the ratio of the output value of farm product processing by the leading enterprises to the value of raw materials they bought was 2 : 1. Agro-processing had become a pillar industry in local areas of Inner Mongolia, Jilin, Liaoning, Shandong, Henan, Hunan, etc.

With constantly enhanced leading role and positive influence, leading enterprises effectively promoted the growth of farmers' income

Various organizations involved in industrialized operations formed closer links of economic interests with farmers through various means. They adopted measures such as purchase of farm products at protective prices or even higher prices, the return of profit and the distribution of dividends, organized farmer households for agricultural production and helped farmers find jobs. At the same time, they provided production services for the farmer households working in the production bases and constantly enhanced the links of economic interests with farmers to help them get more income and share with, other farmers their achievements in the development of industrialized operation in agriculture.

Currently, the number of organizations involved in industrialized operations of agriculture with mechanisms closely linking to farmers' interests such as cooperation and joint-stock cooperative partnerships has increased sharply, for nearly 40% of the total. Thanks to these organizations, 118 million farmer households participated in industrialized agricultural operations, each bringing home an additional income of 2,800 yuan on average.

The improving capacity for innovation effectively promoted the scientific and technological innovation and application in agriculture

Leading enterprises of industrial operation increased investments in research and development, established R & D institutions, actively developed new products and speed up the promotion and introduction of applicable technologies. These efforts provided material guarantee and basic conditions for the technological progress in agriculture and an effective platform for the transformation of scientific and technological achievements into productivity in agriculture. During the 11th Five-year Plan period, leading enterprises of industrialized operation at national level invested 77.2 billion yuan in scientific research, representing an annual increase of 18.7%.

Currently more than 90% of leading enterprises at the national level have established R&D centers. More than 60% of the research results of these enterprises were recognized and/or rewarded by the authorities at provincial level or above. The leading enterprises have attracted a great number of agricultural technicians engaging in technology R&D and dissemination.

The dusters of leading enterprises kept growing, effectively promoting the development of the regional advantageous industries and local economy of counties

Local governments guided the leading enterprises to concentrate in the advantageous industries and areas with consideration of their actual conditions and by relying on the resources and location advantages. As a result, a group of highly organic clusters of leading enterprises with distinct dominant industries and significant economies of scale emerged. The clusters not only developed agro-processing, but also drove the development of the supportive industries such as storage, packaging and transportation, fostering the driving force for counties' economic growth.

In 2012, the first 76 national demonstration bases for industrialized operations of agriculture were established, basically covering grains and other major agricultural products

as well as the “vegetable basket” products. The bases brought together more than 4,000 leading enterprises above designated size, which reached 17.16 million farmers households, provided 1.36 million jobs and fostered an important pillar for the economic development at county level.

With stronger support from the state, the environment for the development of the leading enterprises was further improved

First, support was provided for the construction of the production bases and infrastructures of the leading enterprises. Qualified leading enterprises were supported in the projects of transforming medium- and low-yielding fields, constructing high standard basic farmland, land remediation, grain production bases and standardized scale breeding bases. The national ecological environment building projects for agriculture and rural areas should provide appropriate support for the qualified raw material production bases of the leading enterprises.

Second, support was provided for the leading enterprises to grow bigger and stronger. The leading enterprises were supporting in forming large conglomerates by means of mergers, restructuring, acquisition, share-holding, etc. Qualified key leading enterprises at national level were supported in enhancing the strength for development by listing for financing, issuing bonds or listing overseas.

Third, support was provided for the leading enterprises to develop modern logistics. The leading enterprises were supported in improving the cold-chain facilities and equipment for the storage, processing, transport and distribution of agricultural products and were given preferences in land use. Railway and transport gave priorities to the transport of the agricultural production such as bulk agricultural products and seeds for the leading enterprises. In addition, the leading enterprises supported and appropriately rewarded for applying for and promoting well-known traded brand products, marks of origin and geographical indications of agricultural products.

Fourth, support was provided for the leading enterprises to strengthen talents developing. University graduates were encouraged and guided to join the leading enterprises, and those meeting the conditions for working at grassroots level can receive subsidies for tuition fees and national student loans according to the relevant policies. The leading enterprises were encouraged to develop key professionals among their employees in various forms and actively attract high-end talents by offering them the preferential policies for talent introduction issued by the local governments.

Fifth, support was provided for the leading enterprises to carry out scientific and technological innovation. The leading enterprises were supported in the research and development of the key and common technologies in agro-processing through the National Science and Technology Program and other special projects. The leading enterprises were also encouraged to engage the research and development of new products, techniques and processes, with various tax preferential policies for independent innovation concretely implemented for them.

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