

Specialized Farmers' Cooperatives Development in China

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Background and main content of policy

In order to guide and promote the sound development of specialized farmers' cooperatives, in accordance with the CPC Central Committee's requirements, all regions and all departments concerned took effective measures to improve the support policies and strengthen the guidance service so as to provide a good environment for fast growth of professional cooperatives.

1) Regulations and institutions were improved. In order to promote the implementation of laws on specialized farmers' cooperatives, the State Council issued regulations on administration of registration of specialized farmers' cooperatives and local regulations were also issued in 16 provinces (autonomous regions and municipalities). The MoA, the Ministry of Finance and the State Administration of Industry and Commerce developed the standard charter and the management system of financial accounting and registration for professional cooperatives. Those efforts put specialized farmers' cooperatives on a track of development in accordance with laws.

2) Policy support was enhanced. A special notice issued by the Ministry of Finance and the State Administration of Taxation made clear the preferential policies for value-added tax and stamp tax for cooperatives. The China Banking Regulatory Commission and the MoA developed measures for financially supporting professional cooperatives in aspects of credit rating, credit aid, credit cooperation, product innovation and service modes. Seven departments, including the National Development and Reform Commission, the Ministry of Finance and others, jointly issued their opinions on supporting well-qualified specialized farmers' cooperatives to undertake relevant agriculture-related projects.

Since 2007, the central finances have increased the investments every year with accumulated 3.15 billion yuan allocated for special funds. According to statistics, financial support at various levels amounted to 5.48 billion yuan, covering a total of 32,000 cooperatives. In 2012, national subsidies for purchase of agricultural machinery and tools amounted to 21.5 billion yuan, of which 30% was used to support cooperatives in purchasing machinery. Governments of all provinces (autonomous regions and municipalities) issued policies and measures for supporting and the development of cooperatives.

3) Standardization of farmer's professional cooperatives was enhanced. The National Development and Reform Commission, the Ministry of Finance and other departments carried out the construction of demonstration cooperatives jointly, including creating a set of standards for establishing a cooperative and guiding professional cooperatives to strengthen

rules and regulations, improve the operation mechanism and standardize the management. 6,663 demonstration cooperatives were evaluated and 600 were named the nation's excellent demonstration cooperatives.

Activities like “four haves” and “five goods” were carried out to build demonstration cooperatives in the light of local conditions in all regions. Guidelines on standardization of professional cooperatives were drawn up in most provinces, making clear the criteria for standardization and recognizing a large number of demonstration cooperatives.

As of the end of 2012, demonstration cooperatives at various levels nationwide had exceeded 100,000, forming a development pattern with national cooperatives as the flagship, province-level cooperatives as the backbone, and county-level cooperatives as the base.

4) Personnel trainings were carried out. The Outline for National Medium & Long-term Program for Talent Development (2010-2020) asked to accelerate the cultivation of role models in specialized farmers’ cooperatives. The MoA included the personnel training for farmers’ professional cooperatives in the Mid- and Long-term Program for the Development of Talented People with Practical Knowledge and Talented People in Agricultural Science and Technology (2010-2020) and designated 196 bases for practical training of personnel for farmers’ professional cooperatives.

Under projects like the “Sunshine Project” and the cultivation of new-type of farmers, agricultural authorities at various levels trained leaders, managers and instructors for professional cooperatives by ways of special training, academic education, communication and investigation. Since 2007, a total of 1.5 million person-times of training have been supplied.

5) Production was linked with marketing. Departments concerned took preferential measures, like project support, subsidy and fee remission, to encourage professional cooperatives to attend various activities of linking production with marketing, such as “linking villages with communities”, “linking villages with supermarkets”, “linking villages with colleges” and “linking villages with enterprises”. Those activities helped professional cooperatives expand marketing channels. Various forms of activities with rich contents were also organized to promote cooperatives, products.

In 2012, the MoA carried out pilot programs on linking villages with communities in 63 relatively large cities, covering 11,428 communities, or 64.96 million consumers, or 7,612 professional cooperatives. 12,176 outlets were built with annual sales reaching 16.75 billion yuan. Prices of products in those outlets were 10% or more, even 30~40% in some cases, lower than market prices.

1. Implementation of policy and evaluation

In 2012, specialized farmers, cooperatives witnessed sustainable and healthy development.

1) The number of farmers’ professional cooperatives was growing fast. At the end of 2012, the total number of farmers’ professional cooperatives registered with the industry and commerce administration stood at 689 000, rising by 32.1% on year-to-year basis. Total investment of farmers professional cooperatives amounted to 1 101.8 billion yuan, up 52.1%.

A total of 53 million rural households joined farmers, professional cooperatives, accounting for 20.3% of all rural households in China.

2) Industries covered by specialized farmers' cooperatives were increasing gradually. Farming, processing and farming industries were involved. Among them, the crop farming accounts for 45.8% and the livestock, poultry and aquatic farming accounts for 28.5%, covering main farm products like grain, cotton, oil, meat, eggs, milk, fruits, vegetables and tea. A number of other fields like farm machineries, plant protection, folk arts and agricultural tourism were also exploited.

According to statistics reported by all regions, as of the end of 2012, 55,900 grains production cooperatives managed 4.812 million hectares of farmland, with the grains output of 48.55 billion kg. They produced 8.2% of the national grains output with 4% of the nation's total farmland and had become a vital force in grains production.

3) The capacity was enhanced constantly. More and more professional cooperatives were extending their businesses from simple technical and information services to the supply of goods used in agricultural production and the coordinated prevention and control of pests and diseases from services before and during agricultural production to services after production, including packaging, storage, processing and circulation. Some cooperatives set up their internal financing.

Nearly 50% of professional cooperatives provided members with integrated services of production, processing and marketing. About 50,000 professional cooperatives had their brands registered and products from over 30,000 cooperatives were certified as pollution-free, green or organic products. In 2012, procurement and sales services and products provided by professional cooperatives to members were worth 722.8 billion yuan, with 62.5 billion yuan of distributable surplus for 2012 and 90,700 yuan on average for each cooperative.

Currently, Chinese specialized farmers' cooperatives are going through transformations from the sole quantitative expansion to laying equal stress on improvement of their quantity and quality, from combined production to integrated management of production, processing and marketing, from cooperation in a single field to cooperation in multiple fields like labor, technology, finance and land. They are playing an increasingly significant role in building a new-type agricultural management system, developing the modern agriculture, promoting increases in farmers' earnings, and building a new socialist countryside.

4) A key approach for stabilizing and improving the basic rural management system. Based on sticking to the household contract and management system, development of professional cooperatives enlarged association and cooperation between rural households and a diversified system with multiple levels and forms was formed gradually to provide services to farms before, during and after production. Problems that can be solved, or can't be well solved, or can't be economically solved by a single family were settled. The basic management system was further stabilized and improved in rural areas.

5) An important method to lift the restriction of human resource on development of modern agriculture. Rapid development of professional cooperatives brought forth low-cost, convenient and specialized production and management services for rural households and solved their difficulties in aspects of work force, technology and marketing. At the same time, it provided a platform for rural young farmers with literacy and skills to develop their careers

in the countryside and vigorously carried forward the development of modern agriculture.

6) A crucial channel for increasing farmers' earnings constantly. Development of professional cooperatives raised farmers' status in market negotiations and realized the practices of high price for high quality and cutting down expenditures and increasing earnings. Development of the processing and circulation of agro-products through bringing professional cooperatives together prolonged the industrial chain so as to make farmers keep benefited. Promotion of transfer of surplus labor force increased farmers' wage-equivalent income, promotion of maintenance and appreciation of collective assets enlarged farmers' property income.

7) An important vehicle to stabilizing the markets and prices of agro-products. Professional cooperatives guided farmers to adjust production scale and product mix and they reduced the intermediate links in circulation and decreased circulation costs through various forms of direct supply and selling, such as linking villages with communities and supermarkets. As a result, they were playing a vital role in balancing supply of agro-products, keeping prices stable, and improving product quality and safety.

8) A vital organization to strengthen and innovate in the rural social management. Holding to the values of helping each other, democracy and equality, justice and solidarity, professional cooperatives guided farmers to take part in managing rural social affairs and enhanced farmers' senses of cooperation, democracy and duty. They promoted the social customs of helping each other and solidarity, honesty and friendliness, and harmony between neighbors so as to become a channel to reflect farmer' complaints, a tool for settling contradictions, and a bridge for promoting a harmonious society.

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