

# **Agricultural Development Region (農業振興地域制度) in Korea**

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## **1. Changes in policies regarding agricultural perpetuation**

The progress of urbanization and industrialization due to economic development in the 1960s increased the demand of non-agricultural uses on farmlands. This led farmlands to quickly transform from agricultural to urban use. This is especially evident, in the peripheral area of megacities and industrial cities, where problems such as sprawling of farmlands due to the expansion of town centers, and weakening of agricultural production environment and disorder of original land use began to rise.

In order to address the above problems, the Government evaluated various policies to preserve farmlands at the end of farmland reform in the 1960s. The Government began to seek enactment of the Farmland Act in order to prepare mechanisms for land-to-the-tiller principle from farmland reform and for preserving high quality farmlands. At the time, the Ministry of Agriculture and Forestry prepared for decrease of farmland and reviewed the proposed bill on the Act on Increase in Use of Arable Land in October of 1965. As a result, the proposed bill of the said Farmland Act as submitted in the National Assembly in 1968 which had an article on “prohibition of non-agricultural use of farmland” was included. In early 1969, directive of the Ministry of Agriculture and Forestry enacted 「Transition to Arable Land and Management Tact for Abandoned Farmland」 and regulated the transition to arable land and required verification of farmland purchase when a person is acquiring farmland for farm management. On December 1971, 「Main Points for Protection of Arable Land」 was created which restricted other uses of arable lands and enhanced prevention of abandonment farmland. The background in which the Ministry of Agriculture and Forestry attempted to enact the Farmland Act in the 1970s was targeted at preservation of arable land to contain a decline of high quality farmlands. However, the attempts continued to fail and there rose a need to quickly enact the Farmland Preservation Act. Despite such efforts, it was getting difficult to effectively execute farmland preservation by directives of the Ministry of Agriculture and Forestry. Therefore, a legal basis for farmland preservation was created on December 18, 1972 by the enactment of Farmland Preservation and Utilization Act (‘Farmland Preservation Act’). On December 27, 1972, the Constitution was amended and article 119 which stipulated that restriction and duties may be imposed by law on effective use, development and preservation of farmland, was added.

After the implementation of Farmland Preservation Act, there was a continuing decrease in the area of high quality farmland. After the mid-1970s, farmland preservation policy for increase in food production was enhanced. On December 31, 1975, the Farmland Preservation Act was wholly revised to stipulate absolute farmland (絕對農地), to introduce evaluation by the Cabinet Council when converting farmland which are larger than certain

area, and to enforce farmland creation fee policy for farmland conversion. In 1981, the farmland fund was created by farmland development cost and regulated by a competent authority, the Agriculture Promotion Agency, to develop the substituted farmland.

In the late 1980s, improvement plans for farmland preservation as a part of farmland policy were being examined. The policy improvement was broadly discussed: the original system of Farmland Preservation Act had methodical limits of preserving a piece of land (筆地 保全) and it was supplemented with the discussion of development policy. Since the late 1960s, the Government tried to enact the Farmland Act to replace the Farmland Innovation Act but the efforts went in vain. In 1987, the 「Act on the Management of Farmland Rent」 was enacted. In 1988, measures to prevent speculative investments on farmlands such as the amendment of Enforcement Decree of the Farmland Innovation Act was imposed to enhance the farmland transaction proof system. The 「Comprehensive Plan for Agricultural and Fishery Area Development」 was established on April 1989 in order to respond to the market opening and improve the agricultural industry's structure. Following the above plan, agricultural development region was announced in order to transfer from the original 'preservation of pieces of farmland' to 'regional preservation'. Follow-up legislations were planned.

On April 7, 1990, an 「Act on the Special Measures for Development of Agricultural and Fishing Villages」 was enacted and promulgated. Chapter Six of the above Act regulated 'Designation and Management of the agricultural development region'. Concerning the matters of the agricultural development region, the following is stipulated in the Act: the Designation of the Agricultural development region (Article 40), Subjects of Designation (Article 41), Procedure of Designation (Article 42), Modification of Region (Article 43), Restriction of Activities within the Designated Area (Article 44), Expansion of Investment for Development in the Region (Article 45), Water Plans for Agricultural and Fishery Villages (Article 46), Special Treatment of Usage and Transition of Farmland (Article 47). The Enforcement Decree of the same Act went into force on August 27, 1990. The Enforcement Rule went into force on December 31. The Designation of agricultural development region was announced on December 1992. On November 1991, 「Act on the Special Measures for Development of Agricultural and Fishing Villages」 was amended and formulated a new policy which charges certain amount for farmland conversion when farmland was converted to land for other usages.

## **2. Main contents of the agricultural development region**

The main purposes of the agricultural development region are as follows: (1) securing high quality farmlands by effective usage and preservation of farmlands; (2) enhancing the productivity of agriculture; (3) responding flexibly to non-agricultural usage of farmland such as factory sites. Collectivized high quality farmland will be designated as development region and investment on production infrastructure will be concentrated and protected from environmental pollution, thus preserving it as headquarter of agricultural production. Further, farmland outside the agricultural development region will be applied with relaxed regulations to flexibly respond to the demands of non-agricultural usage.

The subjects of the agricultural development region are regulated in the National Land

Planning and Utilization Act. They are: Urban areas (Greenbelt), Managed Area, Agricultural Area, and Natural Environment Conservation Area. The Greenbelt in the Special Metropolitan City is an exception. The agricultural development region promotes the development of agriculture by collectivizing farmlands for agricultural purpose. Further, it designates farmland per region, thereby include forest land, miscellaneous land and graveyard and other non-agricultural lands.

The agricultural development region is classified as the agricultural development zone and the agricultural protection zone. The standard of classification is as follows. Agricultural development region is a region in which development of agriculture is required and in which it should be collectivized as designated by the Ministry of Agriculture and Forestry to be used as agricultural purposes. Agricultural Protection Region is a region in which protection of agricultural environment is needed such as securing of water source and water quality.

Agricultural development region is selected based on the level of collectivization of farmland and productivity of land. To be designated as the agricultural development region, the size of collectivization should be more than 10 ha for plain region<sup>1</sup>, for middle region<sup>2</sup>- more than 7 ha and for hilly region<sup>3</sup>- more than 3 ha. Moreover, in case of determining the productivity of land, the following standard which is set up by the Rural Development Administration (RDA) according the land aptitude grade and inclination, should be applied. In the area wherein soil improvement is possible through maintenance of foundation of agricultural production, it is included in the agricultural development region although it is below the standard.

Table 1. Standard in designating agricultural development area based on productivity of land

According to the region	Paddy Field		Upland		Orchard	
	Degree of slope	Land-suitability level	Degree of slope	Land-suitability level	Degree of slope	Land-suitability level
Plain Region	Less than 5%	Higher than level 2	Less than 7%	Higher than level 2	Less than 15%	Higher than level 3
Middle Region	Less than 5%	Higher than level 3	"	"	"	"
Hilly Region	Less than 7%	"	"	"	"	"

Further, standard on Table 2 applies to the area in which the community wishes to be included in the agricultural development region, regardless of agricultural region classification. Additionally, in case of an area which the community wishes to be included in the agricultural development region, the area may be designated as the agricultural

<sup>1</sup> Plain region: The region whose ratio of flat farmland among farmlands in the farming area is more than 25%.

<sup>2</sup> Middle region: The region whose ratio of flat farmland among farmlands in the farming area is less than 25% and whose ratio of alluvial fan is more than 45%.

<sup>3</sup> Hilly region: The region whose ratio of flat farmland among farmlands in the farming area is less than 25% and whose ratio of alluvial fan is less than 45%.

development region regardless of the standard on slope: the land is collectivized in large scale; the land is available for long-term use on agricultural purposes; concerns over investment purpose acquisition do not exist; the area needs expansion on management considering the type of cultivated trees and the type of farm management; investment on land planning, development on agricultural irrigation and other production-based infrastructure and considerable level of mechanical farming is possible.

Table 2. Standard in designating the area that the community wish to be included in the agricultural development region

Degree of collectivization of farmland	Productivity of Land					
	Paddy field		Upland		Orchard	
	Degree of slope	Land-suitability level	Degree of slope	Land-suitability level	Degree of slope	Land-suitability level
More than 3ha	Less than 7%	Higher than level 3	Less than 15%	Higher than level 3	Less than 15%	Higher than level 3

Agricultural protection zone may be designated when there is a need to secure water source for agricultural development region, a need to preserve water quality and other needs to protect agricultural environment.

The designation of agricultural development region is done by the head of city or province with the approval of the Minister of Agriculture and Forestry. Alteration and cancellation procedures are the same. Alteration and cancellation of the agricultural development region can be categorized as following: ① when changing the zoning usage- in other words, when ‘agricultural region’ is changed to ‘urban region’ or ‘management region’ according to urban management planning, ② the case in which farmland is included when designating residential area, commercial area, industrial area within ‘urban area’ or when determining urban planning facilities, ③ when cancelling the designation on remainder of small-sized land (less than 2ha) because of separation of collectivized land by changes in surroundings such as establishment of new roads and industrial complex.

However, among the above cases for cancellation, for ① and ②, another region with the same area can be designated for new agricultural development region (article 33, paragraph 2, the Enforcement Decree of the Farmland Act). In other words, designation of substitute farmland of the agricultural development region is aimed at obligating the same amount of land for farming when a certain area of the agricultural development region is used for other purposes. However, as the above ‘substitute’ policy was abolished in 2008, the agricultural development region rapidly decreased. The abolishment was a realistic result arising out of the request from local governments and private companies to relax farmland regulations and the difficulty to designate new substitute for the agricultural development region.

The purpose of the agricultural development region is to effectively preserve farmland to select a group of farmland as a single region. Thus, a strict restriction on land use is being applied.

Farmlands, according to the Farmland Act, are classified as farmlands within the

agricultural development region and those within non-agricultural development region. Moreover, farmlands with the agricultural development region are again classified as farmlands within the agricultural development zone and farmlands within agricultural protection zone. The Farmland Act further regulates acts allowed within the farmland and transition of usage in detail.

In the agricultural development region, acts that are directly related to agricultural production or farmland amelioration are allowed. Other acts allowed within the area are: ① installation of manufacturing and processing facilities of agricultural and fishery products (agricultural, forestry, livestock, fishery products) stated in the Presidential Decree and installation of testing and researching facilities of agriculture and fishery (agricultural, forestry, livestock, fishery industry); ② installation of children's playground, town hall and other accommodations as stated in the Presidential Decree for agricultural community; ③ installation of houses for farmers and other facilities for agricultural and livestock purposes as stated in the Presidential Decree; ④ installation of national defense and military facilities; ⑤ installation of land preserving facilities such as streams, banks and other facilities amounting to them; ⑥ repair, restoration and moving of cultural assets, excavation of buried cultural assets, or installation of structures similar to tombstone or monument; ⑦ installation of road, railroad, facilities for electricity and other public facilities stated in the Presidential Decree; ⑧ using the region for exploring underground resources, mining underground minerals, selecting and placing ores; ⑨ installation of facilities for developing agricultural village income and other facilities necessary for the improvement of agricultural villages as stated in the Presidential Decree.

Various benefits are available for the agricultural development region since it is aimed for long-term success in agricultural policy. According to Article 31 of the Enforcement Decree of Farmland Act, the State and local governments should provide necessary support such as prioritized investment and financial support to the agricultural development region and farmers in the area concerning the following projects.

1. Project for ameliorating farmland and agricultural facilities
2. Project for developing water source for agriculture
3. Project for expanding roads in agricultural and fishery villages
4. Projects for expediting mechanization of agriculture
5. Projects for expanding management size of famers or agricultural companies
6. Businesses for raising next-generation farmers according to the "Act on Fostering and Supporting Agricultural and Fisheries Enterprises" and professional farmers according to "Framework Act on Agriculture, Rural Community and Food Industry"
7. Projects for expanding collection places of loads of agricultural products and fruit packing house and other facilities for agricultural product distribution
8. Projects for improving lifestyle of farmers

Table 3. Favors provided at the beginning of the agricultural development region (Region)

Name of project	Major points
Priority on the amount of government purchase	Farmers within the region is allocated with a greater amount than those outside the region
Maintenance of foundation of production 1. Arable land arrangement 2. Rural road maintenance 3. Wide use of paddy field and upland 4. Development of water source for agriculture, development of water supply 5. Improvement of land quality, priority on soil dressing	<ul style="list-style-type: none"> <li>- Arable land arrangement is carried out based on the region</li> <li>- For the Region, 10% of expenses will be supported by the Government</li> <li>- Arable Land Rearrangement Project is carried out only in the Region</li> <li>- Rural Road Maintenance, Wide Use of Paddy Field and Upland are carried out only in the Region</li> <li>- By 2001, 100 percent of irrigated paddy field achieved</li> <li>- Expansion of Ratio of Subsidy within the Region (20% →30%)</li> <li>- Relaxation of loan condition for soil dressing with in the region and realization of actual cost</li> </ul>
Raising professional farmers 1. Raising professional farmers 2. Supporting the mechanization of professional farmers	<ul style="list-style-type: none"> <li>- Prioritizing the farm households within the Region</li> <li>- Support for mechanization will be limited to the farm households within the Region</li> <li>- Rate of Support will be expanded (10% → 20%)</li> </ul>
Support on the farmland purchase	- Supporting purchase fund will be limited to the farmland within the Region
Priority on distribution and processing facilities	- Facilities will be firstly allocated in the area with higher ratio of the region (Raising distribution facilities in mountainous region and processing industry in mountainous region, Supporting development of rice processing plant, refrigerated storage for export, traditional food)
Concentrated support on agricultural production	- Enhanced support to the area with higher ratio of the Region (Support on pesticides, Model complex for growing crops, Model complex for greenhouse vegetable, Support on water culture, modernization of fruit facilities)
Priority on the development of agricultural and fishery village life style improvement	- The project will be firstly carried out in the area with higher ratio of the Region (Development of life zone of agricultural villages, installation of streetlights in agricultural and fishery villages)

Concerning the details of compensation in cash, it was distributed based on the location- inside or outside of the agricultural development region- at the time of direct payment. When direct payment policy was first introduced in 2001, compensation of KRW (Korean Won) 250,000 per ha was allocated to the area within the agricultural development region, whereas only KRW 200,000 per ha was allocated to the area outside the agricultural development region. Later, the size of direct payment became larger and the difference between the payment of area within or outside the region became greater. In 2014, KRW 970,187 is given to the area within the region whereas KRW 727,640 is given to the area outside the region.

Table 4. Unit cost of direct payment for rice farming within or outside the agricultural development region

Year	Within the Agricultural Development Region	Outside the Agricultural Development Region
2001	250,000	200,000
2002	500,000	400,000
2003 ~ 2004	532,000	432,000
2005	640,000	512,000
2006 ~ 2012	746,000	597,000
2013	850,127	680,102
2014	970,187	727,640

Unit: KRW/ha

Note: 2001~2004: Direct Payment for Paddy Farming, After 2005: Direct Payment for Rice Cropping

Before the introduction of the agricultural development region policy, farmlands were categorized as absolute farmland and relative farmland (상대농지). Most of lands that were designated as the agricultural development region were designated as absolute farmland in the past. As the agricultural development region policy was introduced, the Government announced that production-based infrastructure project will be supported only to agricultural development region- thus there was not a strong resistance from the farmers' side. Moreover, at the beginning of the policy introduction, the price of farmland was not as high as that of today and the price difference between regions was not large. It can be said that the introduction of the agricultural development region was possible because farmers were not much aware of the policy in the 1990s. At present, the demand for development of farmland is high and may have been difficult for the policy to be introduced.

### 3. The reality of the agricultural development region

The total area of farmland has been decreasing since 1969. In contrast, the area of designated agricultural development region increased since 1992 to 2004 and the tendency was stagnated between 2004 and 2006. In 2007~2008, the designation was cancelled and the area sharply decreased after the abolishment of designation of agricultural development region in 2008 (refer to <Table 5>). The cancellation in 2007 was focused on agricultural development region, but the cancellation in 2008 was concentrated in the agricultural protection region.

On the price of farmland, it is reported that the average price of farmland outside the agricultural development region was within the region (refer to <Table 6>). Further, the difference of price of farmland was biggest in Gyeonggi-do, which is considered as metropolitan region. The price difference was low in Jeonnam area in which there is a high demand for development. This shows that the difference of farmland price is related to the possibility of development and its opportunity cost.

Table 5. Current status of agricultural development area designation

Unit: 1,000 ha, %

Year	Area of farmland (B)	Area of agricultural development region	Paddy field	Upland
1992	2,070	867	723	144
1993	2,055	883	735	148
1994	2,033	884	735	149
1995	1,985	893	744	149
1996	1,945	895	746	149
1997	1,924	890	745	148
1998	1,910	890	742	148
1999	1,899	901	754	147
2000	1,889	919	768	151
2001	1,876	920	770	150
2002	1,863	921	771	150
2003	1,846	919	770	149
2004	1,836	922	773	149
2005	1,824	919	771	148
2006	1,801	917	769	148
2007	1,782	882	751	131
2008	1,759	815	716	99
2009	1,737	811	713	98
2010	1,715	807	710	97
2011	1,698	807	710	97
2012	1,730	809	712	97
2013	1,711	808	711	97



Table 6. Price of farmland within or outside the agricultural development region

Year	Within the agricultural development region		Outside the agricultural development region	
	Paddy field	Upland	Paddy field	Upland
1996	6,968	8,773	9,019	11,570
1997	8,641	10,179	10,661	13,208
1998	9,880	11,292	10,872	13,811
1999	10,767	12,216	11,757	14,669
2000	11,365	12,802	12,262	15,216
2001	10,905	12,350	11,542	14,701
2002	10,899	12,237	11,411	14,879
2003	11,404	13,439	12,488	15,779
2004	14,186	18,597	15,665	20,951
2005	18,829	25,095	21,236	28,280
2006	19,579	25,280	23,640	30,068
2007	21,698	26,501	28,398	32,944
2008	22,378	26,686	29,201	34,384

#### 4. The significance of the agricultural development region

The agricultural development region is a transition of policy from preserving a piece of land to preserving a zone of land. Further, it is aimed at relaxing regulations on areas that transition of usage is inevitable due to the industrial growth and at land protection that needs to be preserved on a long-term basis. It is not merely preventing the transition of land usage itself.

The following are the main points regarding the significance of zone-type preservation of farmlands.

First, an effective preservation of farmland based on regional characteristic is possible. There are many reasons for the transition of usage of high quality farmlands. Some important factors are: preservation of a piece of land has an exceptional clause in other statutes and it is difficult to recognize the land with human eye according to topographic maps. Transition of usage due to urbanization and industrialization is mostly done in great scale and it is difficult to pin point high quality farmlands during this process. Therefore, zone-based preservation of farmland facilitates the confirmation of certain space and flexible preservation based on the regional characteristics. This minimizes the conflict between departments and makes effective preservation possible.

Second, this makes unification of land planning and preservation of land possible. Land planning designates the agricultural and forestry zone. However, in practice, land planning firstly alters the specific use area, basic plans are established and then the agreement on transition of usage begins. Therefore, since land planning is superior, as long as the specific use area is adjusted and the lines are drawn, the regulation on transition of high quality farmland is weakened although there exists an agreement between departments. Since zone-

based land preservation connects with the subjected region of land planning, it is easier to preserve high quality farmlands.

Third, this makes comprehensive organization on long-term preservation of farmlands possible. Zone-based farmland preservation designates preserved zone and organizes colonies, roads, streams and agricultural production basis, ameliorating the effectiveness of land usage. Furthermore, since villages in rural areas, farmlands act as both area for production, thus making it reasonable for colonies and arable land to be controlled as a whole.

Fourth, the policy makes development plans corresponding to the regional characteristics. As the local autonomy begins, local governments can establish long term plans for rural areas. In order for such plan to settle down as one that fits to regional characteristics and demands of the people within the region, land planning is crucial. Especially, a comprehensive and reasonable use of farmland is possible when farmlands are categorized according to their usages and after detailed plans have been formulated.

Table 7. Pros and cons of preservation based on a piece of land and preservation based on zone

Preservation Based on a Piece of Land	Preservation Based on Zone
(Pros) - Investment-purpose purchase or possession of assets on farmlands may be prevented - Transition of usage in small scale is possible if the land is used for citizens' living	(Pros) - Effective usage of land is possible by categorizing the usage - The management of land is easier in administrative perspective and intentional farmland management is possible.
(Cons) - Sprawlization of farmlands due to uncontrolled usage may occur	(Cons) - Since it is applied based on a zone, individual or local usage of farmland may be inhibited

However, there are downsides to the zone-based land preservation. In other words, it may inhibit the individual or local usage of farmland. However, zone-based land preservation is significant because it complements the usage of prior preservation method based on a piece of land. Further, the zone-based land preservation policy makes rural areas to establish land planning and contributes to the reasonable usage of farmland and the development of the region. Such planning will be the basis for regional development.

Date submitted: May 17, 2015

Reviewed, edited and uploaded: May 21, 2015