



Recovery and Development of the Poultry Industry by Increasing Credit Support

Zhen Zhong

Assistant Professor

School of Agricultural Economics and Rural Development

Renmin University of China

INTRODUCTION

Ever since the first case of human detection of the H7N9 disease, the poultry industry has suffered huge losses and potential troubles have been inlaid for the market supply and pricing of poultry products in the future. Therefore, it is urgent that the poultry industry take the necessary steps in order to recover .

The financial institutions in the banking industry and the competent departments in charge of agriculture shall diligently implement the relevant requirements of the State Council, enhance their awareness, work in close coordination, actively adopt measures and strengthen credit support and support the recovery and development of the poultry industry.

The relevant requirements are hereby notified as follows:

I. Have accurate knowledge of the loan demand in the poultry industry and increase the credit funds granted.

The production of the poultry industry involves multiple links of cultivation, from the breeding of poultry, feed supply, poultry cultivation, product processing, to marketing and storage, etc. as well as multiple market participants, including scattered poultry farmers, large-scale poultry farms, leading enterprises, and so on, and is of extensive influence. The financial institutions in the banking industry shall strengthen research work in joint efforts with the agriculture departments and its allied industries, obtain detailed knowledge of the actual difficulties of all relevant parties in production and marketing, properly grasp the credit demand, and effectively improve the pertinence of the credit support. Priorities shall be given to increasing the credit support of large-scale farms and key enterprises of breeding and processing, stabilizing the production capacity and promoting the sustainable development of large-scale breeding. Preference shall be given to the enterprises taking initiatives in

increasing the commercialized storage in terms of loans for purchasing and storage. For enterprises with sound production management rules, good credit records and big development potentials but facing temporary cash flow difficulties, the loan contract should be renewed to appropriately extend the loan term and increase the loan amount so as to help the enterprises to resume production. Small and medium-sized financial institutions in rural areas shall do a good job in providing microfinance support for farmers of scattered breeding and owners of small-scale farms in rural areas, and support the development of the farmer cooperatives of poultry breeding and its members by actively extending the micro credit loans, joint guarantee loans for farmer households, and so on.

II. Actively innovate credit products and service modes, and guarantee the effective receipt of credit funds.

Financial institutions in the banking industry shall: innovate the modes of mortgage and guarantee, actively explore and expand the scope of property provided by borrowers as security, and create various types of orders, policies, warehouse warrants, and so on, of poultry products as well as loan types with production equipment, machinery etc. as property mortgage (guarantee) which conform to laws and regulations and meet the actual needs; strengthen cooperation with the insurance institutions and the guarantee institutions funded and formed by the government, actively expand the scope of guaranties for loans in poultry production, and increase the availability of loans for the poultry production enterprises and the poultry breeding farmers. The loan term shall be properly determined according to the characteristics of poultry production and marketing. Actively seek and implement interest subsidy policies for loans granted to the poultry industry, and increase working capital loans to enterprises receiving fiscal interest subsidies from the government with preferential arrangements for the enterprises in credit extension and fund availability under the premise of commercial sustainability and keeping risks under control. Alleviate as much as possible the interest burden of the enterprises, and appropriately apply preferential interest rates to the breeding poultry production enterprises, the poultry processing enterprises, the purchase and storage enterprises, etc. which are of comparatively lower risks (including vaccination in place, purchasing poultry policies, and so on)

III. Simplify loan examination and approval formalities and expedite the granting of credit funds for production recovery and development.

Financial institutions in the banking industry shall adopt priority measures to accept, investigate, examine and approve, and grant loans to the poultry industry, and simplify the examination and approval formalities as much as possible on the condition that the loan elements are complete. Actively launch the “green channels” for loans to the poultry industry, shorten the waiting time for examination and approval of loans, ensure the availability of funds as soon as possible, promote the poultry industry to pull through the difficult time smoothly, and accelerate the recovery and development of the industry. For loans that have been approved but not granted to the poultry industry, they shall be granted in time without delay. For enterprises and breeding farmers with cash flow difficulties, as long as a mortgage guarantee is arranged, credit shall be increased in time. For enterprises with financial difficulties, the means of examination and approval for individual cases shall be discussed and specific credit support shall be arranged. Small and medium-sized financial institutions in rural areas shall carry out their work in combination of the “three big projects” in agricultural

support services, adhere to the transparency of the loan conditions and procedures, intensify social supervision, grant loans immediately to the farmers who apply for micro credit loans and joint guarantee loans, and support the farmers of scattered breeding in production development.

IV. Paying attention to the prevention and control of the credit risks of the industry and to guarantee the safety of credit funds.

Financial institutions in the banking industry shall take into consideration both supporting the recovery and development of the poultry industry and the requirements for the prevention and control of credit risks, strengthen investigation and research in credit risks of the poultry industry, be highly concerned with the risk prevention and control of the industry, and effectively guarantee the safe and effective granting of credit funds. While strictly observing the conditions for granting loans and continuously increasing credit support, financial institutions in the banking industry shall effectively strengthen and improve the “three examinations” on loans, strengthen the supervision as well as process management and control of industrial risks, specify the detailed measures for risk identification, measurement and control, effectively increase the capacity and level of risk prevention, and guarantee the safety of credit funds. Regulatory authorities shall intensify the investigation and punishment on irregular loan granting behaviors and forbid strictly any behavior of acquiring personal gains through loan granting in any form.

V. Intensify the communication and coordination efforts and promote effective implementation of the credit support measures.

Banking regulatory authorities at all levels shall communicate closely with the agricultural departments, intensify information exchange, seek policy support in various aspects and form a resultant working force. The agricultural departments of all levels shall pay close attention to the changes in the current poultry production and the poultry products market, have a full understanding of the damages and need for loans in various links of the poultry industry chain due to the disaster, and report in time to the local banking regulatory authorities and the agriculture-related financial institutions in the banking industry. Banking regulatory authorities shall do a good job in investigation, statistics, monitoring and analysis of loans granted for supporting the poultry industry, study and solve in joint efforts with the agricultural departments the actual difficulties in loan granting, follow and urge effective granting of loans, ensure the effective implementation of the credit support policies, effectively help the various market participants in the poultry industry to pull through the difficulties and promote stable development of the poultry industry.

Issued by China Banking Regulatory Commission and Ministry of Agriculture at 2013

Date submitted: July 7, 2015

Reviewed, edited and uploaded: July 8, 2015