

Promoting Development of Specialized Farmers' Cooperatives

Zhen Zhong
Assistant Professor
School of Agricultural Economics and Rural Development
Renmin University of China

INTRODUCTION

The 18th National Congress of the CPC nailed down the direction of developing specialized cooperation and shareholding cooperation. In 2013, the CPC Central Committee's Document No.1 included developing farmers' cooperatives as an important measure in the construction of modern agriculture and enhance vitality of the rural countryside and encouraged farmers to set up cooperatives of various types including specialized and shareholding cooperatives. The Third Plenary Session of the 18th CPC Central Committee iterated a series of new requirements, stressing the policy of one "support" and three "permissions". The documents cover both basic requirements and support policies and measures for developing farmers' cooperatives. In accordance with the CPC Central Committee's requirements, all regions and departments concerned took effective measures to improve the support policies and strengthen the guidance service so as to provide a good environment for the fast growth of professional cooperatives.

Main content of policy

1) Innovating and promoting working mechanism for the development of cooperatives. On July 24th, the State Council approved the establishment of the National Farmers Cooperatives Development Conference of the Ministry Level, led by the Agriculture Ministry consisting of the Development and Reform Committee, the Financial Ministry, Water Resources Ministry, the State Administration of Taxation, State Administration for Industry and Commerce, the State Administration of Forestry, the China Banking Regulatory Commission, and the General Supply and Marketing Headquarters. The conference is in charge of research, putting forward advices for policies, coordinating the implementation of support policies, and evaluating and test management measures, among others. The conference has a great system innovation. It helps pool resources for supporting the development of the farmers' cooperatives.

2) Strengthening standardized guidance. Deepening the process of standardization and consolidating the foundation for the sustainable development of farmers' cooperatives. The National Farmers Cooperatives Development Conference issued the Evaluating and Monitoring Measures for Pilot Projects of the National Farmers' Cooperatives, providing institutional guarantee for the selection of national demonstration projects. The State Administration for Industry and Commerce issued Opinions on Registration and Management of Farmers' Specialized Cooperatives, putting forward specific measures on such issues as registration and annual reports, so as to help regional governments launch demonstration projects, help cooperatives to improve policies and systems, improve operation mechanism and strengthen financial management. The policies greatly promote the standardized construction of cooperatives and raised their quality and efficiency. Up to now, the total

number of cooperatives has reached 100,000.

3) Improving support policies. Central finances allocated US\$1.85 billion for the development of farmers' specialized cooperatives, up by 117.6% of 1 billion yuan from last year. According to statistics, support funds from various levels totaled 5.5 billion yuan last year, covering 34,000 farmers' cooperatives. The Finance Ministry and the State Administration of Taxation expanded the scope of the deduction of the agricultural products processing VAT. The China Banking Regulatory Commission adopted measures to encourage small- and medium- sized financial institutions to increase support loans, carry out credit evaluations, lend in a flexible manner and innovate the kinds of credit, in a bid to offer financial support for cooperatives. By the end of 2013, rural financial cooperatives lent a total of 14.6 billion yuan and branded 22 800 cooperatives as farmers' specialized credit cooperatives.

4) Implementing agriculture related projects. Financial projects were directed to cooperatives, injecting vigor to the development of cooperatives. The Reform and Development Committee, in its plans to construct farmlands and the development of related industries, proposed encouraging cooperatives to participate in the project, and support the cooperatives to lead such projects as standardized large-scale farming and winter vegetables and melons production based in Hainan Province. The Finance Ministry, the Ministry of Water Resources, the Administration of Forestry, and the General Supply and Marketing Headquarters support the cooperatives to lead such projects as development of modern agriculture, comprehensive agriculture exploration, the construction of small-sized irrigation infrastructure, forestry subsidies, and the demonstration and promotion of forestry science, among others. Finances allocated 1.507 billion yuan for comprehensive agriculture exploration, supporting 3,000 cooperatives to carry out such projects as large-scale and specialized farming. The Agriculture Ministry subsidized 900 cooperatives in 13 provinces and regions for the construction of 3,000 processing facilities and give financial support to cooperatives for the construction of 900 agriculture science and technology demonstration and pilot projects, accounting for 10% of the total projects.

5) Enhancing personnel training. Enhancing personnel training to provide intellectual support the development of cooperatives. The Agriculture Ministry organized training programs of country, province and county level and support and encourage local agriculture authorities and the society to organize training programs. In 2013, agriculture authorities of various levels trained a total of 437,000 personnel.

6) Strengthening linkages between production and sales. Authorities organized cooperatives to participate in sales via program support, financial support and deduction of fees, in a bid to help cooperatives to expand sales channels. The Agriculture Ministry listed linking production and sales as an important item for serving the farmers for two consecutive years, leading and guiding cooperatives to open store in the cities. As of 2013, 15,100 cooperatives took part in direct sale, setting up 23,500 stores in 28,200 communities of 130 provinces, receiving 31.62 billion yuan in income, and benefiting 78.2 million people. Products sold by cooperatives were 10%, or even 30% to 40% lower than market prices. Authorities in Baoji City of Shaanxi Province convened conference on linking farmlands to society, proposing listing developing stores of various kinds as a major task. The agriculture Ministry, the Education Ministry and the Industry Ministry held a conference in Changsha City of Hunan Province, attracting 140 cooperatives, receiving 4.8 million yuan in sales and signing contracts worth 25 million yuan.

Policy implementation and evaluation

In 2013, farmer's cooperatives enjoyed sound development. As of the end of the year, 982 400 cooperatives registered in commerce and industry department, up to 42.6 year-on-year, lending a total of 1.8934 trillion yuan, up 71.8%, and consisting of 74.12 million farmers, accounting for 28.5 percent of all farmers, up 8.2 percent.

Now the development of farmers' cooperative is shifting its focus from quantity to quality, from production to both production and sale, and from one factor to the collaboration of multiple factors of labor, technique, capital and land. They are playing an ever-greater role in advancing agriculture modernization, increasing farmers' income and the construction of new socialist countryside.

First, the level of organization was raised. The cooperatives got together the farmers via farmers' unions to compete in the market. Agriculture production and sales became more organized. By the end of 2013, 52.4% of the cooperatives provided services on sales and production. Cooperation between various cooperatives was enhanced, so as to increase competitiveness. By the end of 2013, the number of cooperative unions reached 6000. The unions pooled such resources as land, capital and technique, pushing forward the development appropriate large-scale operation. By the end of 2013, a total of 4.6 million hectares of land was transferred from family contract to cooperatives, accounting for 20.4% of total land transfer. The number of mechanized farmers' cooperatives nationwide reached 41,000, consisting of 1.52 million farmer households and covering 8 million hectares of farmlands. They provided services for more than 45 million farmer households, and operated on 50 million hectares of land, which accounted for 13% of the national total acreage of mechanized farming.

Second, the overall quality of agriculture was increased. The development of cooperatives, advanced standardization, specialization, concentration and commercialization of agriculture, and promotion of adjustment, optimization and upgrade of the structure of agriculture production. By the end of 2013, 65,000 cooperatives adopted standardized production, 60,000 cooperatives registered trademarks, and 30,000 cooperatives got harmless, green and organic certification.

Third, farmers' income was increased. For one thing, the cooperatives helped farmers reduce cost by purchasing agriculture inputs and selling products. In 2013, cooperatives offered farmers buying and selling service with a total worth of 913.48 billion yuan. For another, cooperatives opened factories or take a stake in farmers' factories in a bid to increased added value income and return profits to the member. In 2013, cooperative registered total distributive surplus of 76.74 billion yuan.

Fourth, management system of rural society was innovated. The cooperatives, upholding the values of helping each other, democracy, quality, justice and unity, guided farmers to take part in the management of public fairs, and enhanced their consciousness of cooperation, democracy, and the sense of responsibility. They promoted the spirit of unity, sincerity, love and friendship, serving as a channel to solve complaint and disputes and promoting harmony.

Date submitted: April 15, 2016

Reviewed, edited and uploaded: April 19, 2016