



## **China Moderate-scale Agriculture Development**

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### **BACKGROUND**

After the general office of the Communist Party of China (CPC) Central Committee and the State Council issued the Guiding Opinions of the State Council on the Orderly Circulation of Rural Land Contracted Management Rights and the Development of Moderate scale Agriculture Operations, the No.1 document in 2015 pointed out: maintain the principal position of farmers' family operations, lead an orderly circulation of land management right, innovate new ways of land circulation and management, promote various forms of moderate-scale agriculture, and improve farmers' level of organizations. Encourage the development of moderate-scale family farms, and improve the supporting and service system for food producing scale operations. In April 2015, Ministry of Agriculture (MoA), the Office of the Central Rural Work Leadership Group, the State Administration for Industry & Commerce published the Opinions on Strengthening the Supervision over and Risk Prevention for Leasing of Rural Land with Industrial and Commercial Capital, and raised the requirements for inviting industrial and commercial resources to develop appropriate, industrialized modern animal and crop farming, regulating and managing rural land leasing for industrial and commercial agricultural use and improving risk prevention mechanism for rural land leasing for industrial and commercial purposes.

### **POLICY MAIN CONTENT**

- 1) Strictly regulated rural land circulation. The contracted management rights of rural land belong to the farmers' family. Whether the land is being circulated, how the cost is decided, and the forms of circulation and payment should be solely dependent on the contracted farmers, and the benefits from land circulation belong to the farmers as well. Both parties should negotiate the duration of land circulation by law, and without written authorization letter, local governments have no rights to circulate the contracted rural land by any means. The local governments also have no right to subordinate the minority to the majority, and lease the villages' contracted rural land for commercial use. Underhand dealings among local leaders must be prevented. To promote rural land circulation through wrongful means, such as assigning circulation tasks, setting quotas or including circulation ratio as part of the evaluations, should be strictly forbidden.
- 2) Improved land circulation management and service. With the help of rural operation and management institutions, improved land circulation service and services and management

network for counties, townships and villages, established land circulation monitoring system in order to provide information, policy consultation for both parties. The service entities can inform and communicate with both parties and authorize land circulation, but the service entities are not allowed to contract the work and benefit from it. Efforts were also made to encourage land contractors to sign written circulation contracts with the other party, and to use standardized provincial-level sample contracts.

- 3) Determined the scale of operation appropriately. Local government should consider their local natural environment, economics, labor transfer and agricultural technology situations and development when deciding the appropriate scale operations. Unrealistic, shortsighted large-scale operations that violate the intentions of the farmers should be prevented. Currently special support should be awarded to those who contracted rural land 10 to 15 times larger than the local averages and those whose farming incomes are on the same level as those who work in secondary and tertiary industry.
- 4) Set limitations on how circulated land could be used. Using land circulation as an excuse to establish non-agricultural businesses is illegal and strictly forbidden. Using circulated land to construct resorts, golf courses, houses or private clubs are forbidden. Digging ponds, planting trees, or any other activities that may destroy the cultivation potential of the land are forbidden. Activities that destroy, pollute or enclose unused, cultivated land are also forbidden. To rent land in order to expropriate, and to use the land for non-agricultural purposes illegally, or “non-agriculturization” of the cultivated land without permission should be punished. Take advantages of the established planning and standards and lead facility agriculture development, and strengthen facility agricultural land’s usages and monitoring.
- 5) Enhanced monitoring and risk prevention for leasing rural lands for industrial and commercial use. Five regulations were established and focused on. First, established an upper limit for leasing rural land. The industrial and commercial leases should not be longer than the remaining length of the second land contract. Local governments can also set an upper limit for the ratio of leased land in a village, or set an upper limit for how much land one farmer, household or entity could lease. Second, established hierarchical archiving system. Industrial and commercial leases should be archived in villages and townships (counties). Major leases should be archived in cities as well. Extraordinarily major leases should be recorded in provinces. Third, established supervising and review System. Local governments should establish multi-party supervising system for rural land circulation, and review on the qualification of the industrial or commercial lessees, their operation capability and their projects. Fourth, established risk security fund system. A comprehensive rural land leasing risk guarantee fund system should be established mainly relying on the lessees’ contribution, and partly dependent on government subsidy. Fifth, established a supervising system that monitors activities before, during and after the lease. Liability should be perused in accordance with the law if someone change the agricultural purpose of the leased land without permission, severely destroy or pollute cultivated land.

## **POLICY IMPLEMENTATION AND PERFORMANCE EVALUATION**

- 1) Efforts were vigorously made to promote the No.61 document issued by the general office of the CPC Central Committee. In early 2015, MoA hosted video conferences among provinces, cities and counties to promote and implement the No. 61 document. Training sessions were also held for local leaders who were in charge of agriculture, and cooperated with the Organization Department of the CPC Central Committee, and hosted special seminars for local party secretaries. Local party committees also hosted special seminars to study and implement the No. 61 document. According to statistics, more than

316 special training sessions have been hosted by different provinces, and more than 29 000 people attended. In early December, MoA and other four ministries went to 8 provinces (autonomous regions), including Sichuan, Fujian and Guangxi, to evaluate the implementation of No. 61 document. Through promotions, trainings, supervisions and evaluations, local leaders, especially county-level leaders, further reached consensus views and had clear goals for reform.

- 2) Land circulation was regulated gradually. Local governments worked hard in carrying out plans and suggestions to implement the No. 61 document. Currently, implementation plans and suggestions have been made in 23 provinces including Jiangsu, Fujian, Yunnan, Sichuan and Shanxi. Local governments exercised the spirits from the central government, and conducted self-examinations under the guidance of MoA, and uncovered illegal land circulation documents. Some 57 of them were adjusted, and 35 of them were abolished, and 611 land circulation cases that violated rules and regulations were also corrected. Through these efforts, the trend to blindly pursue circulation rate in some areas was stopped, and a smooth and orderly circulation of land was guaranteed.
- 3) Appropriately determined the land operation scale. In accordance with requirements of the central government, local governments developed their own scale operation standards in line with local conditions. For example, Jiangsu province proposed to provide special help for farmers with land between 6.67 to 20 hectares, and Guangxi focused on those with land of 3.33 to 6.67 hectares. Until the end of 2015, some 3.414 million households of farmers had operation scale of more than 50 mu, with more than 23333300 hectares operated nationally, and the average operation area was more than 6.67 hectares per household.
- 4) The non-agricultural issue of land transfer was effectively prevented. In May 2015, the Ministry of Land and Resources, MoA, the Office of the Central Rural Work Leadership Group hosted a national video conference to thoroughly implement the instructions and spirits from the central government and from related documents, and explicated requirements in order to enhance cultivated land protection, regulate rural land circulation, strengthen the management of rural land use. At the same time, MoA cooperated with the Ministry of Land and Resources and intensified the supervision and law enforcement for illegal cases related to rural land, and provided guidance for local governments on intensifying the investigation of illegal rural land cases. According to statistics illegal rural land occupation decreased by 14.25 percent, and illegal facility agricultural land Use decreased by 30 percent from the year of 2014. These efforts had a positive impact on preventing rural land transfer from going non-agricultural.
- 5) The management and service for land circulation were improved. According to preliminary data, until the end of 2015, some 29533300 hectares of rural land were family contracted and managed, and 33.3 percent of the rural land was circulated. Local governments actively implemented the requirements from the central government, thoroughly carried out activities to standardize rural land circulation and to service rural land circulation, in order to increase rural land circulation rate, and resolve rural land circulation disputes, and protect the rights of both parties. Currently, 1324 counties (cities) and 17268 townships nationwide have already built rural land circulation service center, and the rate for signing rural land circulation contracts increased by 5.9 percent and reached 72.6 percent. Some 2476 arbitration committees have been formed at each region. These committees resolved most of the contracted land disputes appropriately.
- 6) Efforts were made to improve supervision and risk prevention for rural lands' industrial and commercial leases. Local governments strove to design specific implementation measures to improve supervision and risk prevention for rural lands' industrial and commercial leases. Sichuan province required county and township level review for

circulated land between 2 to 6.67 hectares and lands larger than 6.67 hectares. Currently, there are 12 provinces (autonomous regions and municipalities), 65 prefectural-level cities (prefectures) and 271 counties (cities, districts and banners) nationwide have published specific implementation suggestions, and 442 counties (cities and districts) have already launched reviewing and archiving, as 198 million yuan have been collected for risk prevention, and the risk prevention system is being built.

- 7) Promoted healthy development for family farms. New-type business entities, such as family farms, have been playing an increasingly important role in developing moderate-scale operations and modern agriculture. In 2015, MoA hosted 50 training sessions focused on family farms, and trained about 4000 people. Until the end of 2015, some 24 provinces had issued special suggestions to support family farms, and 18 provinces started building provincial-level exemplar family farms. Some 877 000 family farms nationwide have been built, with an average of about 9.33 hectares per farm. Family farms have become a strong driving force for agriculture production.
- 8) Enhanced financial and monetary support for grain scale operation entities. MoA actively cooperated with related ministries and took effective measures to strengthen financial and monetary support for agriculture. MoA also cooperated with the Ministry of Finance actively to adjust and improve agricultural subsidy policies and pilot programs, and arranged 22.8 billion yuan to support scale-operations, including family farms to enhance agricultural production. MoA published Financial Support for New-Type Agricultural Business Entities Collective Action Plan, which explicated the arrangements for providing for large-scale, intensive pilot programs. MoA worked with People's Bank of China, and drafted the Guiding Opinions of the State Council on Implementing Pilot Program of Mortgage and Loans on Pledge of the Contracted Land Rights and Housing and Property Rights. The Guiding Opinions (cities and districts) to conduct the pilot programs. MoA worked with Ministry of Finance and the China Banking Regulatory Commission, and issued the Guiding Opinions on Financial Support for the Construction of a Rural Credit Guarantee System, actively and smoothly promoted the financial support for the construction of a rural credit guarantee system. At the same time, MoA arranged special fund to support "Internet Finance + brand pledged loan" and "P2P + secured loan" pilot programs for regional new business entities.

## **REMARK**

Moderate scale of operation will balance the contradiction between agricultural resource constraints and production efficiency, and guide the Chinese agriculture out of a road with Chinese characteristics. It will be different from the United States, Australia and other new continent countries, but will also be different from Japan, South Korea and other agricultural resources of the country, and most likely become a new model which is well worth the wait.

## **REFERENCE**

The general office of the CPC Central Committee and the State Council issued the Guiding Opinions of the State Council on the Orderly Circulation of Rural Land Contracted Management Rights and the Development of Moderate scale Agriculture Operations, 中共中央办公厅、国务院办公厅《关于引导农村土地经营权有序流转发展农业适度规模经营的意见》(中办发[2014]61号), [http://www.gov.cn/xinwen/2014-11/20/content\\_2781544.htm](http://www.gov.cn/xinwen/2014-11/20/content_2781544.htm)

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Leasing of Rural Land with Industrial and Commercial Capital,农业部、中央农办、国土资源部、国家工商总局印发《关于加强对工商资本租赁农地监管和风险防范的意见》(农经发[2015]3号),[http://www.ndrc.gov.cn/fzgggz/ncjj/nczc/201504/t20150429\\_689988.html](http://www.ndrc.gov.cn/fzgggz/ncjj/nczc/201504/t20150429_689988.html)

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MoA published Financial Support for New-Type Agricultural Business Entities Collective Action Plan,农业部发布了《金融支持新型农业经营主体共同行动计划》,[http://www.moa.gov.cn/zwl/m/zwdt/201502/t20150227\\_4418720.htm](http://www.moa.gov.cn/zwl/m/zwdt/201502/t20150227_4418720.htm)

MoA worked with People's Bank of China, and drafted the Guiding Opinions of the State Council on Implementing Pilot Program of Mortgage and Loans on Pledge of the Contracted Land Rights and Housing and Property Rights,农业部配合人民银行起草了《国务院关于开展农村承包土地的经营权和农民住房财产权抵押贷款试点的指导意见》,[http://www.gov.cn/zhengce/content/2015-08/24/content\\_10121.htm](http://www.gov.cn/zhengce/content/2015-08/24/content_10121.htm)

MoA worked with Ministry of Finance and the China Banking Regulatory Commission, and issued the Guiding Opinions on Financial Support for the Construction of a Rural Credit Guarantee System,农业部会同财政部、银监会制定了《关于财政支持建立农业信贷担保体系的指导意见》,[http://nys.mof.gov.cn/zhengfuxinxi/czpjZhengCeFaBu\\_2\\_2/201508/t20150804\\_1402397.html](http://nys.mof.gov.cn/zhengfuxinxi/czpjZhengCeFaBu_2_2/201508/t20150804_1402397.html)

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