

Rural Land Tenure and Land Transfer Policies in China

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Keywords: Rural Land, transfer, policies.

Abstract. This paper reviewed the changes of the rural land tenure in China, summarized rural land transfer policies and the change of cultivated land sizes, analyzed the effect of rural land system on agricultural development in China.

China has a large amount of population but limited resources per capita as well as insufficient reserves. China needs to feed 22% of the world's population with only 7% of global arable land. Land is the most basic factors affecting agricultural production, fundamental guarantee of the rural resident for survive. Land system is closely related to the farmer's interests, national development and long-term stability impacted by the interests of farmers. During the long-standing agricultural civilization, it formed small-scale management patterns characterized by household with Chinese characteristics.

Rural land tenure system

Since 1949, land system in china has been experienced an institutional transition: farmers owned land ownership and management right—farmers owned land ownership, rural collectives owned management right—rural collectives owned land ownership and management right—rural collectives owned land ownership, farmers owned management right. Under China's rural land contract law at present, rural collectives owned rural land. The collective often refer to a village committee, which distribute land management right to households on 30-year contracts. Farmers are allowed to contract, rent, and exchange or transfer their land management right.

Land system from 1949-1978

The period of agrarian Revolution (1949-1953)-abolish feudal land ownership and establish land private ownership

The People's Republic of China was founded in 1949. "Agrarian Reform Law of the People's Republic of China" was released on July 30, 1950. The outcome of land reform was to end the feudal land ownership and to distribute the land to the farmers. During this period, farmers not only got land and also held the rights for land disposal, trading and leasing. 300 millions of landless farmers (2/3 of the population) acquired land without paying after the land reform completed in 1952. The direct positive effects during 1949 to 1952, the average annual growth of food output was 13%. The average annual growth rate of cotton was 61%.

The period of elementary agricultural producers' cooperative (1953-1956)-from land private ownership transfer to land collective ownership

"Resolution of agricultural producer's cooperative improvement" was released on Dec, 1953. In this period, the agricultural land is private-owned land and farmers were self-financing and assistance with

each other. For cooperatives, the agricultural land is classified as collective owned land. Farmers were working together with income distribution. The cooperatives were autonomies and cooperation economic organizations with village-based.

The period of advanced cooperatives and people's commune (1956-1978)-from land private ownership and collective management transfer to land ownership and management right owned by collective

Advanced cooperatives are completely socialist collective economic organizations from 1956 to 1958. The people's communes developed based on the advanced cooperatives since 1958. Communalization and communal ownership of land and other production materials had been generally realized in rural areas at the end of 1958. Hundreds of millions of farmers were allocated to 5 millions production teams in the communalization movement. People's Commune System has some special features, first is the scope was large. There were more than ten thousands people in a same commune representing a village or town. The second is almost all the production materials and rural land were belonged to the commune. The third is the distribution of life necessities was equal and fair according to the numbers of people per household.

Household responsibility system (1978-Present)

Economic reform in China started in 1978. The reformation in rural area was to eliminate the people's commune and to implement the household contract management system of land. Collective-owned land were divided according to the numbers of people in the collective and contracted to farmers for cultivating and managing. Part of foods outputs were collected by government as national ordering food, the rest could be kept by farmers themselves and could be sell out. Household contract management system had been carried out in 1978 in few areas, it became widespread in 1983.

In November 1978, the farmers from Xiao gang Village, Feng li Commune, Feng yang County, Anhui Province were unwilling to tolerate the "iron rice bowl" mode of production and started to carry out an all-round responsibility system, fix farm output quotas for each household and work contracted to households, which was namely "the household responsibility system (HRS)".

1982-1986, the first round five "No. 1 Documents"¹ of China's rural reform issued and implemented. Preliminarily constructed the "land system framework" about rural collectives owned rural land, the household contract management, long-term stable contract right, legitimate land circulation.

1987-1992, the rural reform has reached the climax. The government issued "Resolution of the deepening rural reform". The contracted land system reform was on the period of experimental exploration and popularization stage with more than 30 experimental areas all of the countries.

1993-1999, this period was new time of contracted land system. The government issued "The central committee and State Council several policy measures of current agricultural and rural economic development" in 1993, stated that "After the original contract expired, contract period prolonged 30 years". The contract period of development production such as Land reclamation, construction forest land, and soil amelioration can be longer. "Land management law" issued in August 1998, stated that "land contract period is 30 years".

2000-2003, It marked new land system formally established with a series of laws and regulations issued and implemented, such as "Rural Land Contracting Law"(2002), "property law"(2007), "Measures of the Administration of the Certificates of the Right to Contracted Management of Rural

¹ The top priority documents called "No. 1 Documents", issued jointly by the Central Committee of the Communist Party of China (CPC) and the State Council concentrated on various aspects of agricultural and rural development issues.

Land” (2003). Rural Land Contracting Law carried out in August 2002, and it provides a long-term and legal protection for farmers and guarantees the contractual and management rights of farmers. It clearly regulated that the contractual and management rights being acquired by family could be transferred in forms of subcontract, lease, exchange and transfer. Farmers needn’t pay agricultural tax any longer after 2005 and till the land for free.

2004-2013, the second round five “No. 1 Documents” of China's rural reform issued and implemented. These documents promoted and deepen land requisition system and rural construction land reformation, involving two aspects of content, the first aspect is to improve and regulate the land contract system, and the second is to explore the land requisition reform, promote rural construction land reform.

In November 2013, the Third plenary Session of the 18th Central Committee’s “Decision” document stated that preliminarily established rural collective construction land use rights and land circulation system in China. Profit allocation proportion is inclined to farmers, the village collective, local government and the central government can only charge a few public services for promoting urban-rural unified land market construction, and approving a breakthrough of new land reform.

Development of rural land transfer

Rural Land transfer policies review

Small-scale, fragmented land has been regarded as an outstanding problems handicapping agricultural modernization. With the development of rural economy, rural investment, the development of the secondary and tertiary industries and agricultural modernization, industrialization, The requirements of rural contracted land circulation has become more and more urgent. The original land circulation appeared in 1999 among individual farmers with small-scale circulation.

For the first time, “No.1 Documents” permitted agricultural land transfer under certain circumstances in 1984. In accordance with the “No.1 Documents”, farmers who was not able to cultivate land by themselves or who turned to other businesses could transfer their land to other farmers after receiving the permission of villagers committee. But the legitimacy of agricultural land transfer was not acknowledged until constitution was amended in the first meeting of the seventh National Peoples Congress convened in April 1988. The amendment stated that the right to use land might be transferred according to law. From then on, the Chinese government gradually issued a series of files to admit the legality of agricultural land transfer.

The Chinese central government issued the “Rural Land Contracting Law” in 2003. According to this law, land contract management right can be transferred through subcontract, rent, exchange, assignment or other means. On March 1, 2005, “Regulations on Transfer of Rural Land Management” was issued by the Chinese Agricultural Ministry, which was more detailed and distinct than previous relevant laws. Afterwards, Chinese local governments established different agricultural land transfer systems pursuant to their respective situations. From then on, the Chinese agricultural land transfer system was established.

The third plenary session of the 17th CPC Central Committee issued “The Decision as to Several Significant Problems in Promoting Rural Reform and Development” in 2008. This document clearly suggested that the supervision and service of land contract management right transfer should be strengthened. The market of land management right transfer should be established and perfected. In order to develop various types of appropriate-scale management, the transfer of the contractual right of land must be conducted according to law and on a voluntary and compensatory basis. Land contract

management right transfer can take the form of rent, exchange, assignment or joint stock partnership. Areas where conditions permit may develop professional investors, family farms, farmers' cooperatives and other professional main-scale operation. Moreover, the document put forward three principles of land contract management right transfer. 1. The collective ownership of agricultural land cannot be changed. 2. The use of agricultural land cannot be changed. 3. Contracting farmers' rights cannot be harmed. The above content shows that the agricultural land transfer system is the core of Chinese new rural reform. (Wang Jinhong, Huang Zhen-hui, 2010).

The change in cultivated land sizes

By the end of 2011, 222 million household-based land contracts were signed while 208 million certificates of rights to manage contracted land were issued to farmer households. The year 2011 also saw the transfer of management right on 15.2 million hectares of contracted land, 17.8% of total contracted arable land. In general, the current relations involved in rural land contracts remained stable and land transfer were conducted in a healthy and well-organized way^[1].

Following the principles of conformity to law, on voluntary basis and with proper compensation, sticking to the requirements of clear ownership, diversified forms, strict regulation and smooth transfer, administration and services for the transfer of management of contracted land were enhanced and markets for the transfer of land were established and appropriate large-scale operations of various forms were developed. The authorities of 12 provinces including Xinjiang, Tianjin, Zhejiang, Inner Mongolia and Henan released opinions in the name of their CPC committees or governments on guiding land transfer for the sake of development of various forms of appropriate large-scale operations. By 2011, more than 800 counties had established physical markets for the transfer of management of contracted land, and more than 13000 townships had set up land transfer service centers. A land transfer service system with service station at village level, service station at township level and transfer markets at county level came into being. Also established a diversified land transfer mechanism with rural households as the source of transfer, with major grain-producing farmer households, household-run farms and farmers' professional cooperatives as target of transfer, with transfer of management of contracted land and leasing of land as the main land transfer models, and with government administration and service as important guarantee. The achievements promoted the standardized and smooth transfer of management of contracted land.

The government supports the creation of larger farms by encouraging the transfer of land from small scale farms and from migrant workers to so-called "major grain-producing farmers households", "household-run farms" and "farmers' professional co-operatives". By 2012, about 18% of land-use rights had reportedly been traded compared to just 4% in the mid-2000s. While it is not officially defined, "large grain farms" are considered those of at least 100 mu (6.7 ha) in Northern provinces and 30 mu (2 ha) in the south.

From the following graph "cultivated land situation by 2011", the numbers of farmers owned 10 acres and below cultivated land are more than 22.66 million households by 86 percent, farmers owned over 10 acres land are 3 million households by 14 percent; the percentage of groups owned 10-30 acres and 30-50 acres land are 10.7% and 2.3%, these two groups scale expand among six groups; 1.94 million households owned 50-100 acres land; 532 thousand households owned 100-200 acres land; 257 thousand households owned over 200 acres land.

Table 1 Cultivated land situation by 2011
Data source: A study on China's Agrarian Institutional Change.2013.

land areas	households	%
≤10 acres	226,593,000	86
10-30 acres	28,193, 000	10.7
30-50 acres	6,114, 000	2.3
50-100 acres	1,941, 000	0.7
100-200 acres	532, 000	0.2
≥200 acres	257, 000	0.1

Land system effect on agricultural development

Since the reform and opening up, China's industrialization and urbanization has obtained the remarkable outstanding achievement. A large number of cultivated land transfers to non-agricultural construction land, providing a platform for all kinds of construction, increasing the local finance income. But arable land has constantly diminished. There are only 118,755.00 million hectares of arable land, only less than 0.1 hectares per inhabitant. China is undergoing rapid industrialization and urbanization, and thus is facing demanding tasks of protecting arable land and ensuring food security. China's cultivated land area showed an obvious decreasing trend. The total area of cultivated land decreased from 130.0392 million hectares in 1996 to 121.8 million hectares in 2006.since 1996 and this trend was not put under control until after 2004.The substantial reduction in cultivated land area was mainly caused by conversion of cultivated land to forests. Facing the severe situation of reduction in cultivated land area and decline of land quality, the State establishes the system of protection for arable land and provides special protection to capital farm land according to law.

Land resources department implemented strictly cultivated land protection system, strengthened the common responsibility of cultivated land protection, and strictly controlled land used by non-agricultural construction, carried out cultivated land balance policy, rural land arrangement, and rural comprehensive improvement including field, road, water, forest, and village.

“General Land Use Planning (2006-2020)”Put forward to stick to the red line of 1.8 billion mu of arable land, cultivated land should maintain 1.818 billion mu and 1.805 billion mu by 2010 and 2020. The red line is China's food security warning line, cultivated land guarantee is the foundation stone of the food security.

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