

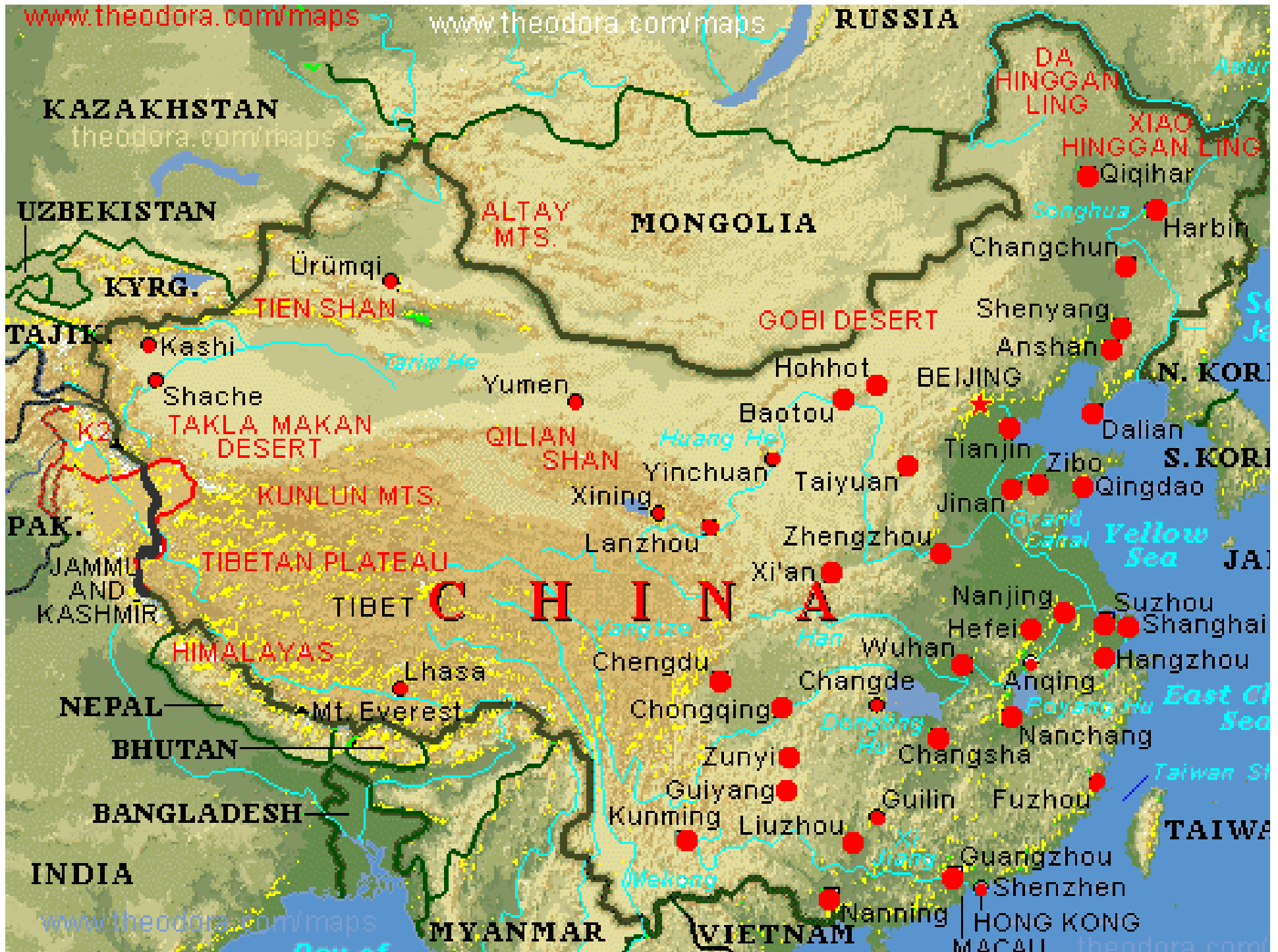
China's Forest and Forest Land Tenure



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Geography





General Socio-Information



❖ Capital

- Beijing : area:16,800 square kilometers;
Population: 13.82 million

❖ Population

- Total Population: 1.26 billion (1999)
- About 22% of total population in the world.

❖ Nationality

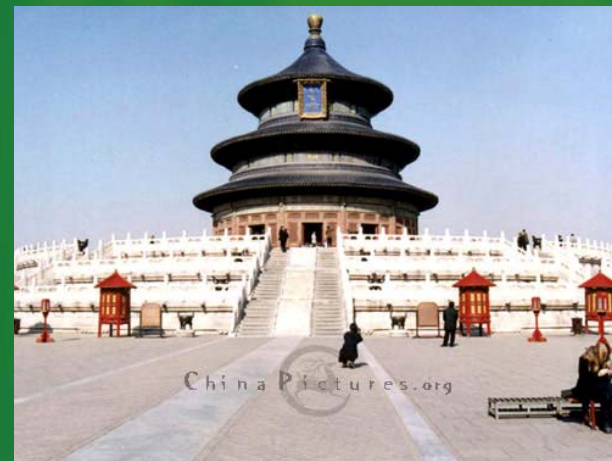
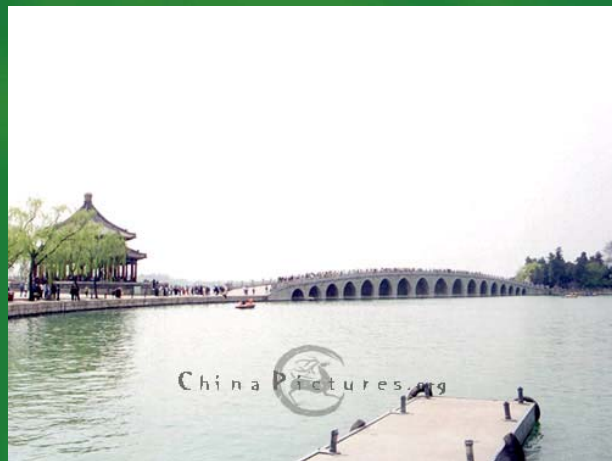
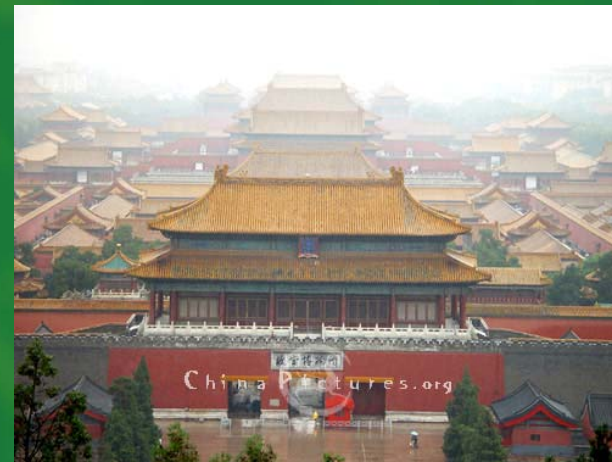
- unified, **multi-national country, housing 56 nationalities.**

❖ **Language:**The national language is Chinese: Putonghua (the common speech) or Mandarin. Spoken dialects vary, but written Chinese is the same throughout China.

❖ Economic system

- **Public ownership**
- **Economic Growth**
 - ❖ GDP \$7.262 trillion
 - ❖ **GDP per capita \$5600**
 - ❖ growth rate: 9.1% (2004)

Old Beijing

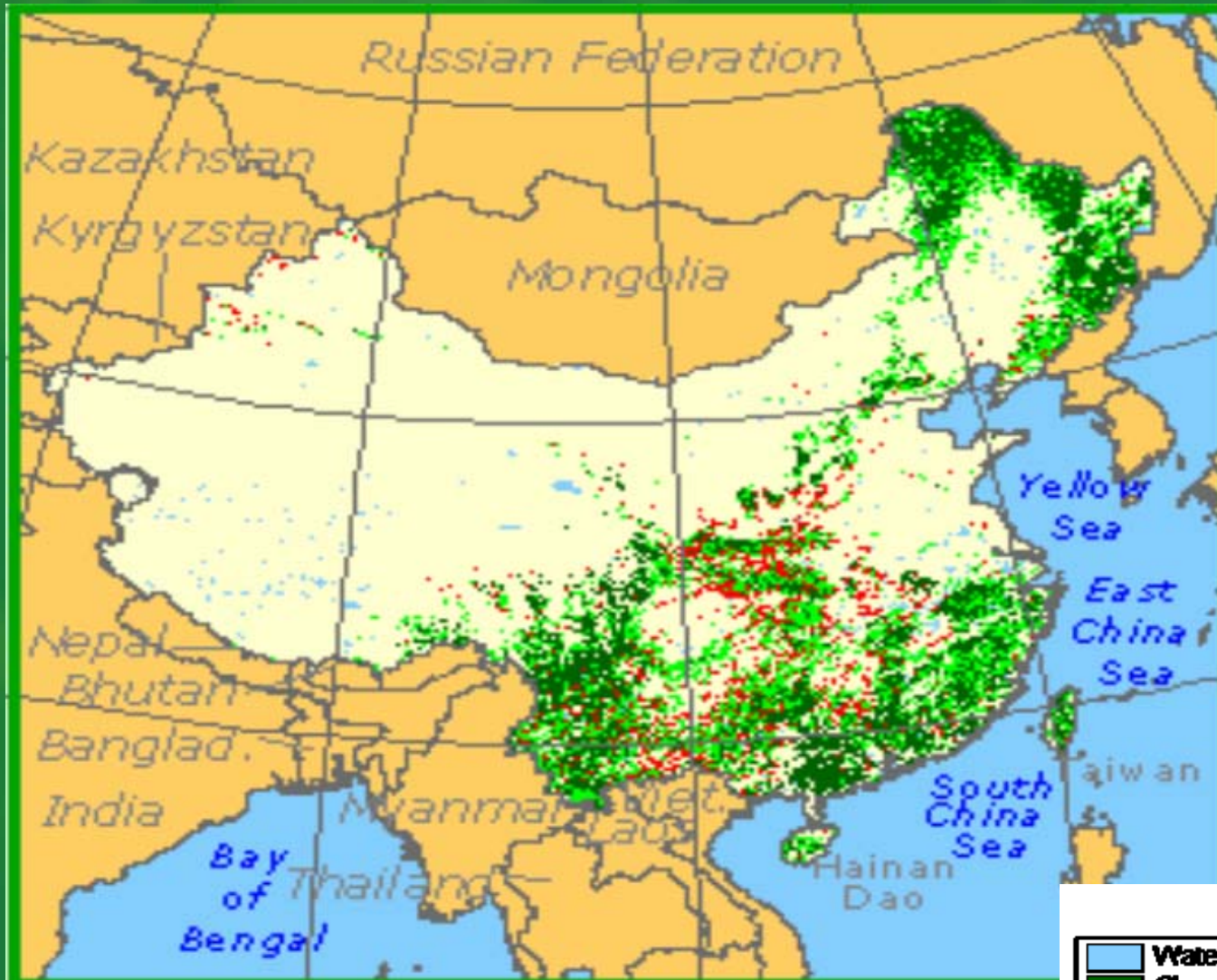








Shanghai



Distribution of China's Forest Resources



Legend

	Water
	Closed Forests
	Open/Fragmented Forest
	Other Wooded Lands
	Other land cover

Some Brief Forest Facts...



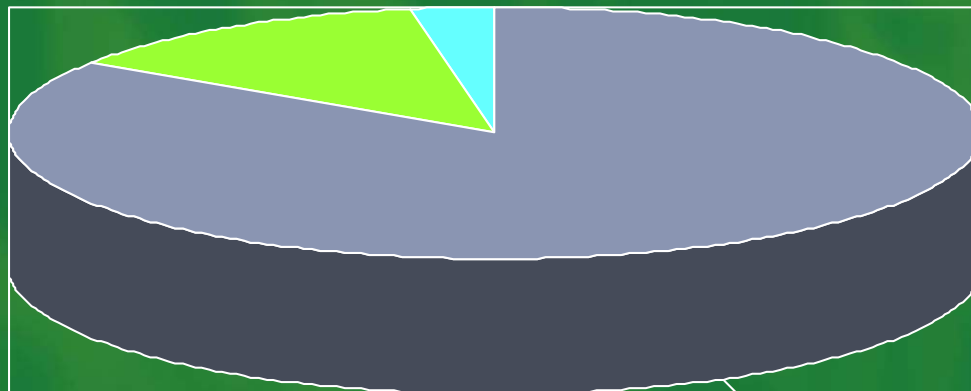
❖ Forest as a % of Land Area	18.21%
❖ Forest land area	284.91 million hectares (704.03m acres)
❖ Total Forest Area	174.91 million hectares (426.97m acres)
❖ Forested land area	169.02 million hectares (417.66m acres)
❖ Forest per Capita	0.128 hectares (Aus8.3 ha, USA 0.84 ha)
❖ Natural Forest Area	115.8 million hectares
❖ Plantation Forest Area	53.3 million hectares

Composition of Forested Land (% Forest Area)



Economic forest
12.66%

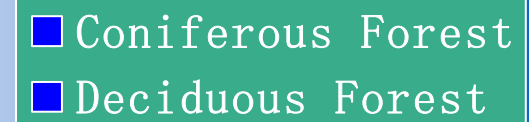
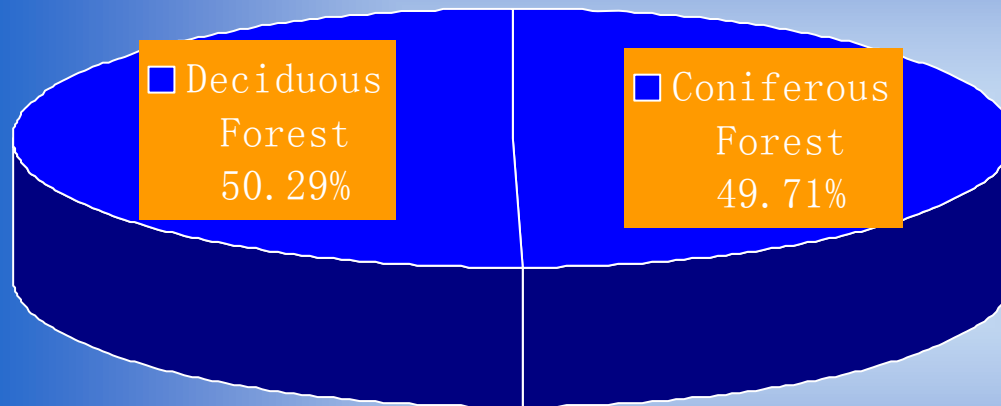
Bamboo forest
2.86%



■ forest stand
■ Economic forest
■ Bamboo forest

forest stand
84.48%

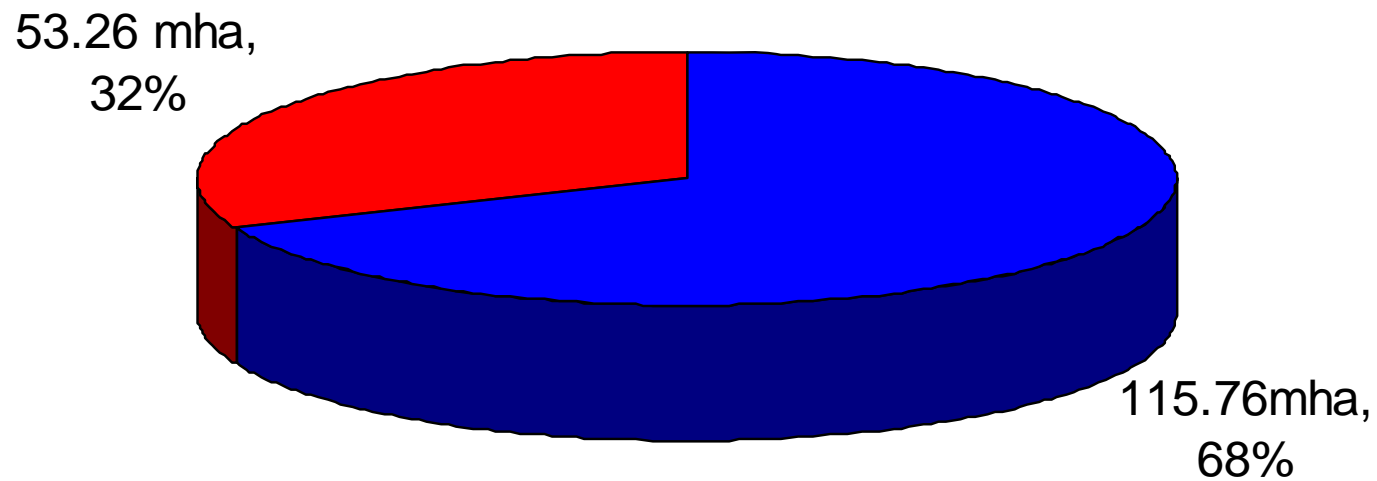
Forest Type



Forest Type



Forest Type

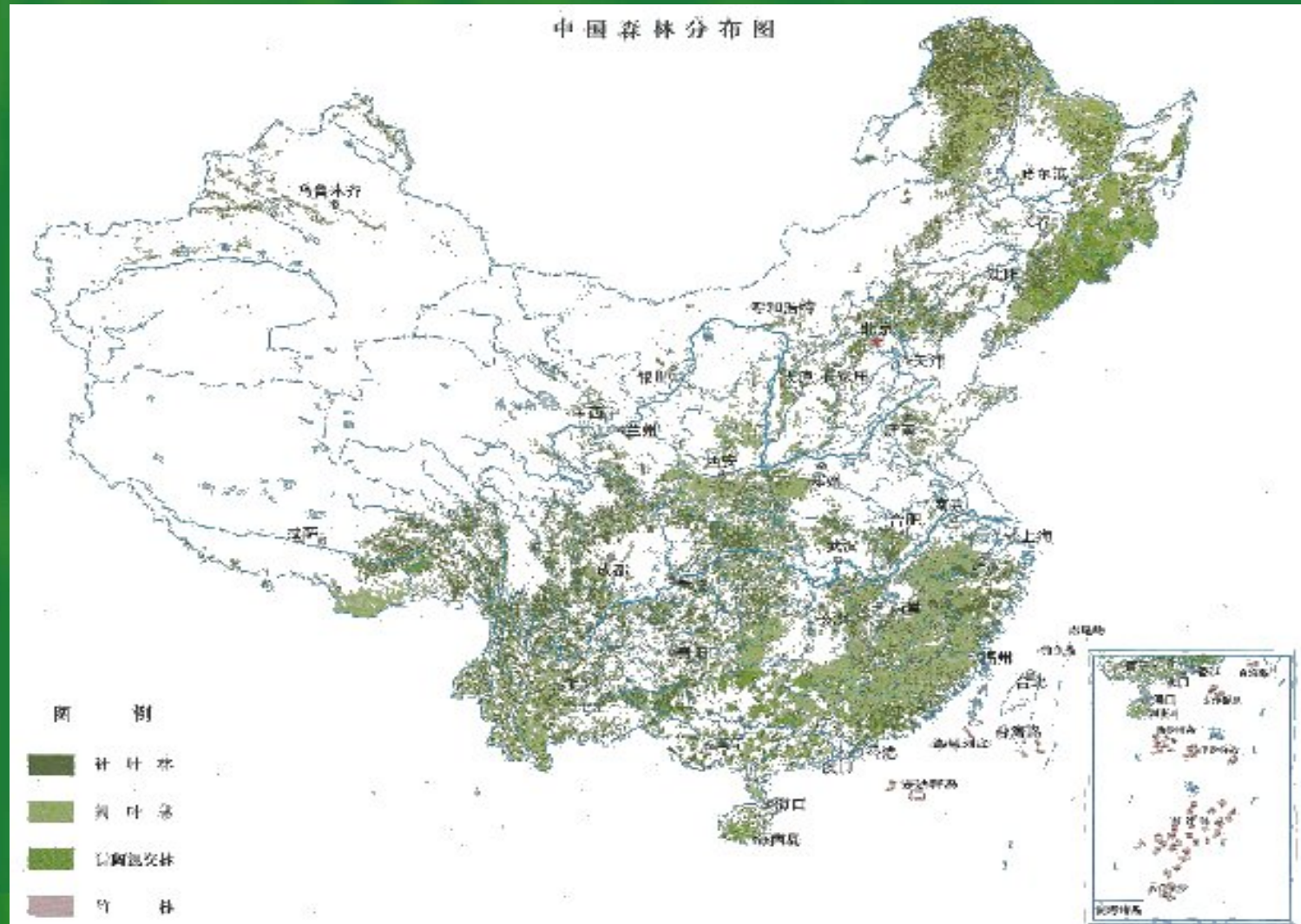


■ natural forest (million ha.) ■ plantation (million ha.)

Some more facts about China's forest



- ❖ Current forest resources cover 18% of China. **The target goal is to achieve 26% by 2050.**



Current Forest Policies



- ❖ Major Policy Changes Since 1998:
 - Ecosystem restoration became the **priority**
 - Forest **management strategy changed** fundamentally
 - ❖ Classification forest management
 - Ecological forests (EBCS)
 - Commercial forests
 - ❖ less restricted harvest policy applied
 - ❖ Land lease term was prolonged
 - **Funds from the government increased dramatically**
 - Several **huge forest programs** initiated
 - Forest taxes and fees are being reduced.

Six Key Forestry Projects



- ❖ Six key programs were established in 2000 to restore, conserve, expand and commercially develop China's forests:

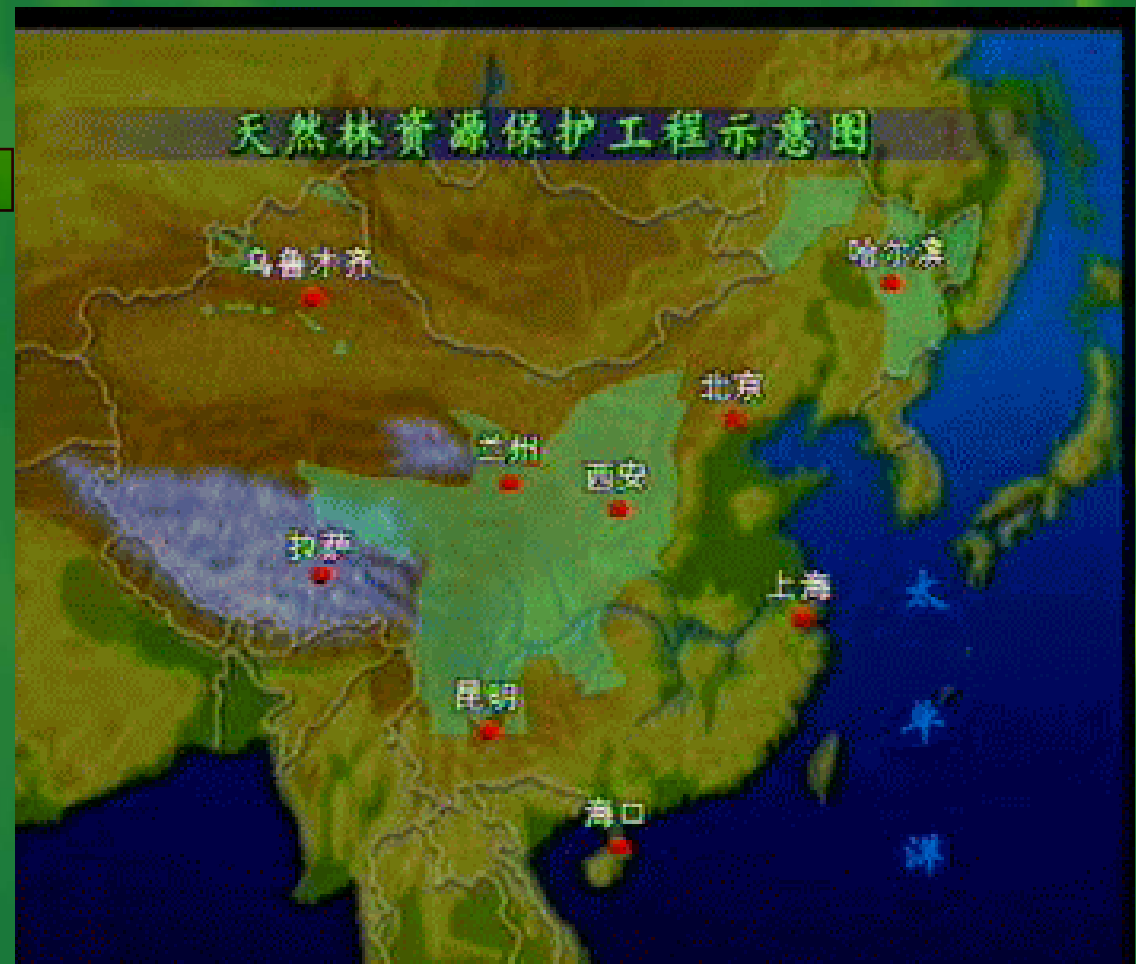
- Nature Forest Protection Program
- Fragile Farmland Conversion Program
- Forest Shelterbelt Program
- Desertification Control Program
- Wildlife Conservation and Natural Reserves Development Program
- Fast-growing and High-yielding Timber Plantations Program

Six Key Forestry Programs



❖ Natural Forest Protection Program

- ❖ Period: 2000-10
- ❖ Scope: 17 provinces
- ❖ Objectives: Implement **logging ban** along the upper reaches of Yangtze and Yellow rivers.
- ❖ Investment: \$7.657billion, 85% from central government
- ❖ Benefit: **1.096 million forestry workers** joined the basic insurance for pension. The debt of the state-owned forest industry bureau was reduced or forgiven.

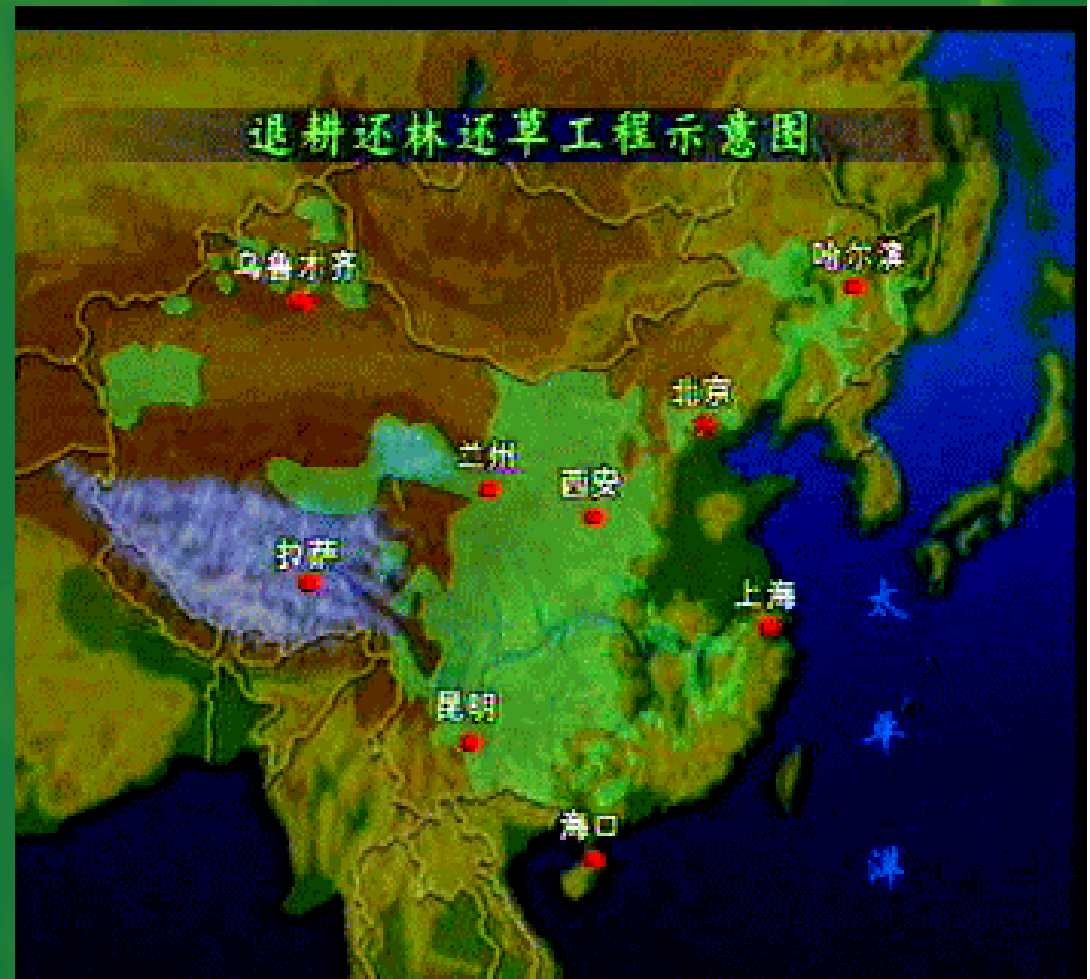


Six Key Forestry Programs



❖ Conversion of Fragile Farmland to Forest Program

- ❖ Period: 2000 –10
- ❖ Scope: in 25 provinces which have suffered farmland erosion from tillage on slopes or grassland.
- ❖ Objectives: Recover cultivated slope land and fragile grain land and turn them into forests or grassland.
- ❖ Investment: Total cost of \$273 million, of which the central government contributed 66.26%.
- ❖ Benefits for farmers (18.85 million families): The ownership of the plantation, subsidy for grain, seeds and seedlings, as well as cash.

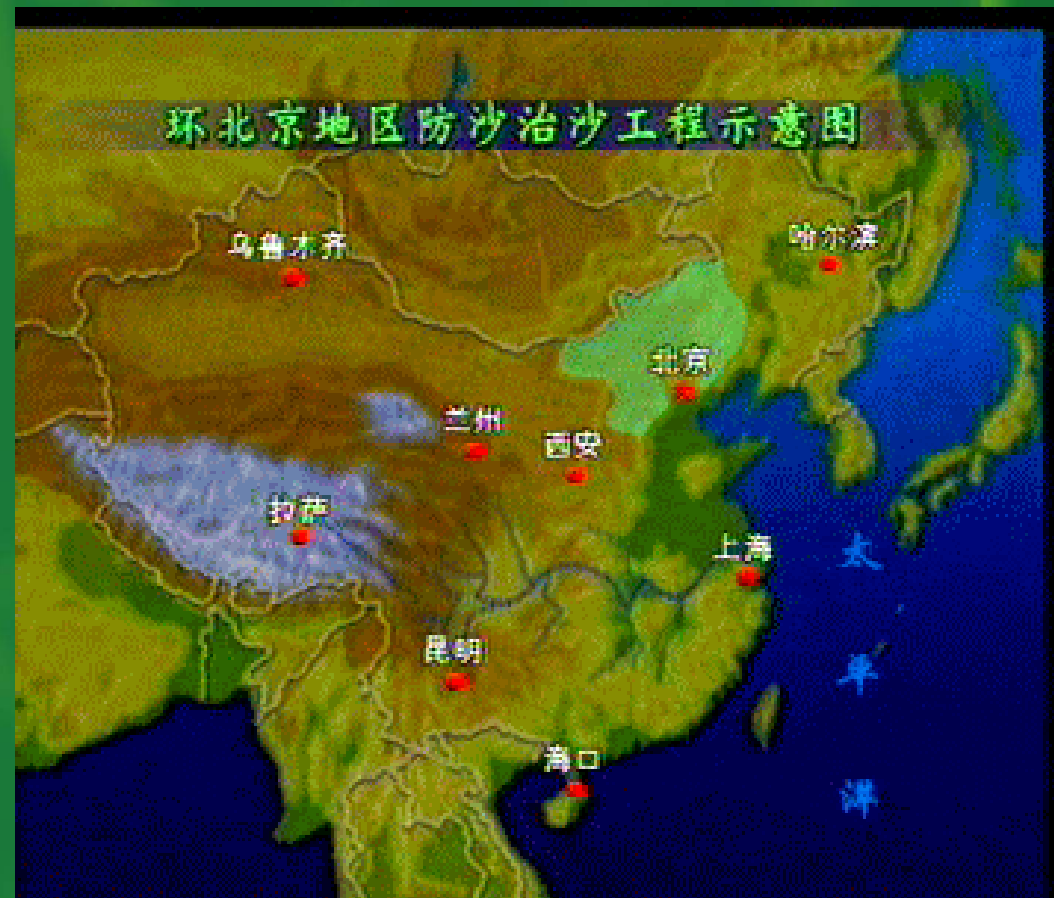


Six Key Forestry Programs



❖ Desertification Control Program (For Areas in the Vicinity of Beijing and Tianjin)

- ❖ Period: 2000-10
- ❖ Scope: Including Inner Mongolia, Hebei, Shanxi, Beijing, Tianjin
- ❖ Objectives: Increase grass, shrubs and trees by 5.2 mha to stop and **reverse conversion to desert.**
- ❖ Investment: \$0.32billion, with national input of 92.54%.
- ❖ Benefit: Ecological environment in the project area has been dramatically improved with the increasing forest vegetation cover; **the income of the farmers is steadily increasing.**



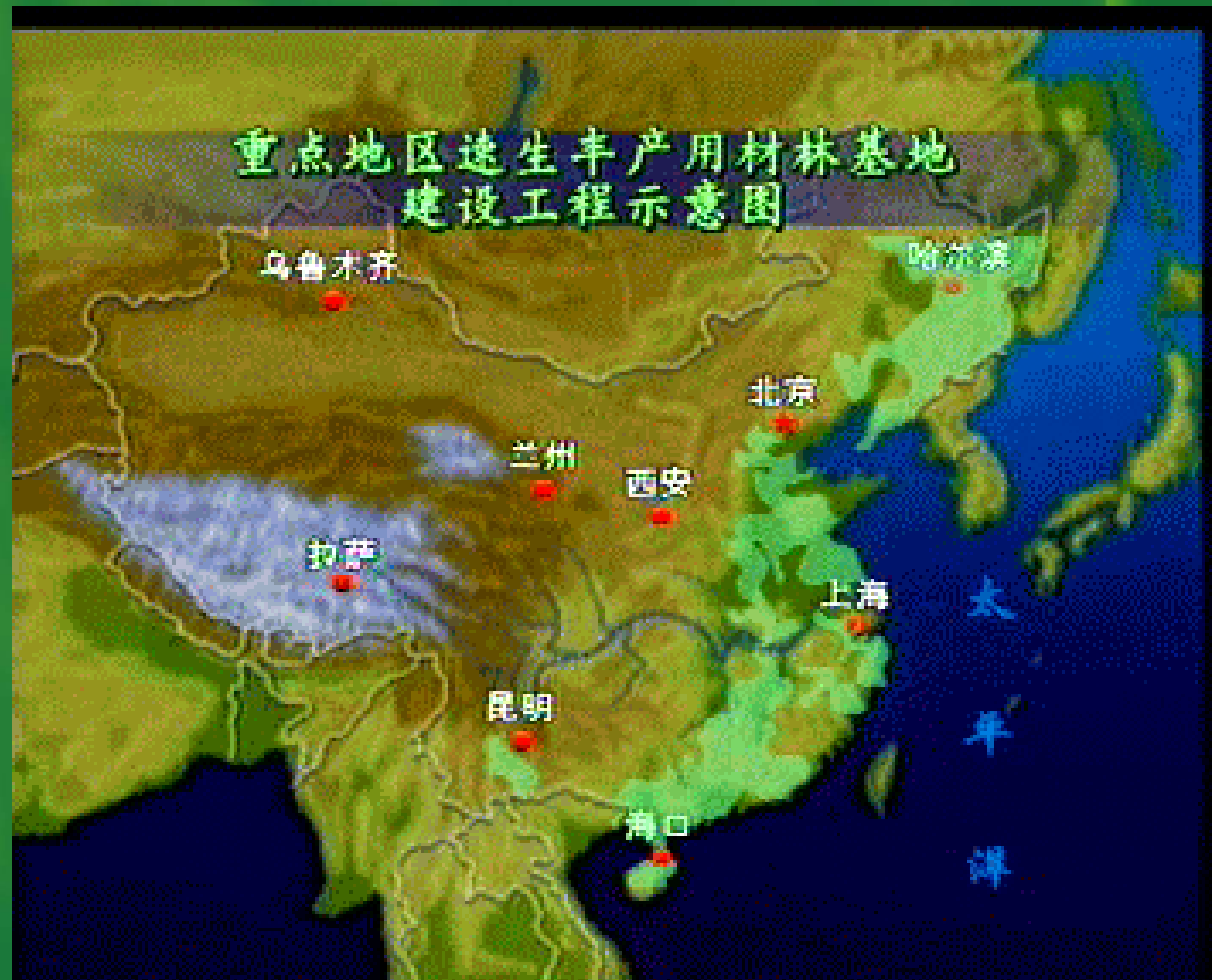


Six Key Forestry Programs



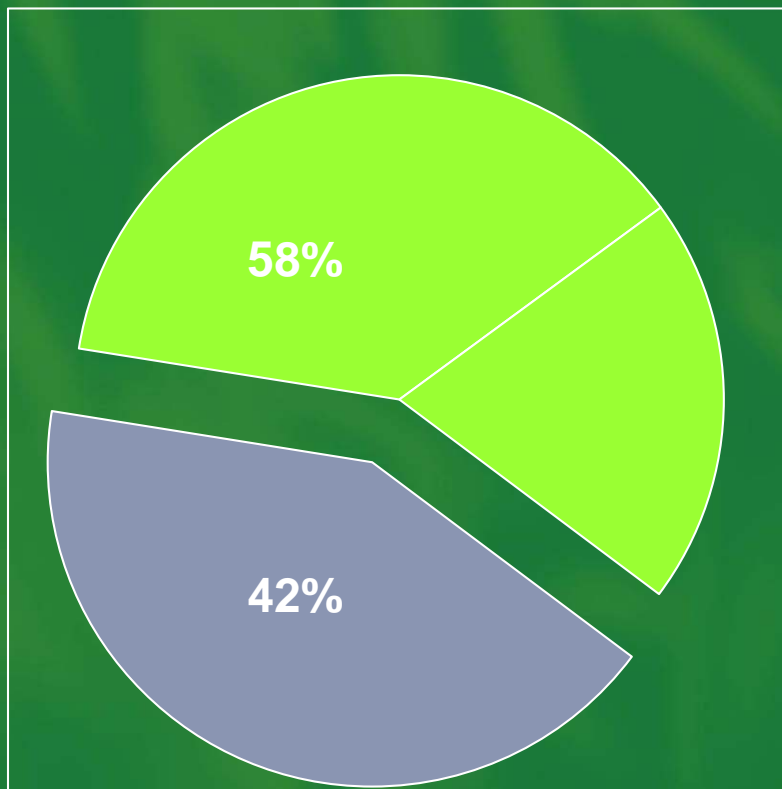
❖ Fast-Growing Commercial Plantation Program

- ❖ Period: 2001-15
- ❖ Scope: Government designates suitable areas for plantation establishment in 18 eastern and southwestern provinces
- ❖ Objective: Increase the domestic timber supply and provide sustainable rural economic development
- ❖ Investment: > \$38.7 mil
Mostly from individual investors, farmers and corporations.





Forest Ownership Structure



■ state-owned

■ collective-owned

Collective-owned forestland:
Local townships and villages own collective forest land on behalf of the members of the township or the village.

34% of collective forestland is allocated to individual households

State
(CHINA)

Government Jurisdictions



Province (= Oregon)

Big City 1

County 1

Townships

Village2

Village

Sub-villages

County 2

County 3

Small City 2

Small City 3

The Evolution of Forest Land Tenure

The struggle for land security and productivity



- ❖ Since 1949, with the founding of the People's Republic of China, forest land ownership has undergone **dramatic changes.**
- ❖ Tenure security is critical because **China's farmer population is 1 billion (out of pop. 1.5 billion)**



Confiscation and Redistribution



1950-1952

Forests owned by landlords, forest enterprises, the wealthy, or occupied by special groups such as temples were confiscated and redistributed to **poor farmers.**

Forest land owned by **ordinary farmers and small forest owners** was not taken.



Collectivization

1953-1956



All private forestlands were merged into small scale cooperatives.

Everyone is assigned a job

Forest owners were provided with a fixed compensation

payment, regardless of input



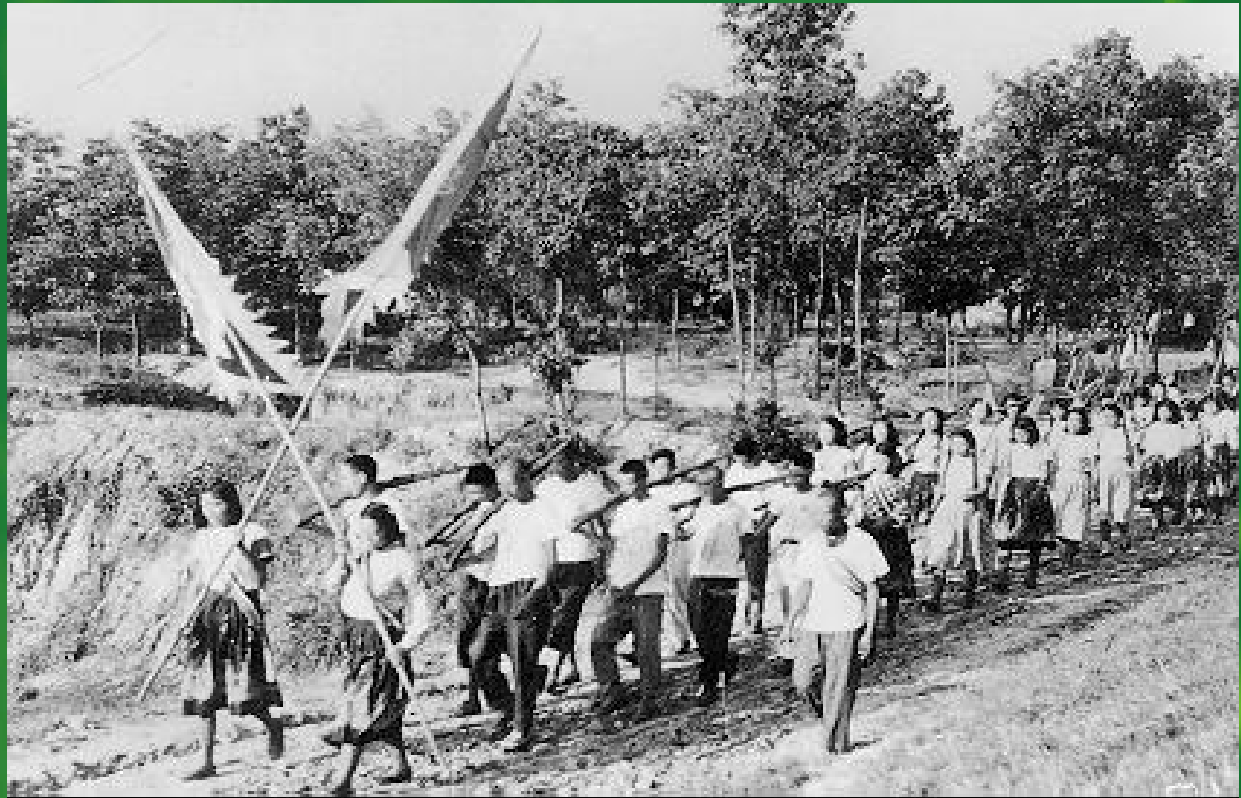
Communization 1957-1980



Small-scale cooperatives were organized into large-scale communes.

All private production was banned, all the land and equipment was taken by the communes.

Farmers received allocated output based the amount they labored.



有一种说法，人民公社是未来共产主义社会的基本单位，所以人民公社准军事化，列队下地生产。

Decollectivisation: 1980 – 1987



Rural land reform: Household responsibility system established.

Collectives redistributed their land to each member, equally.

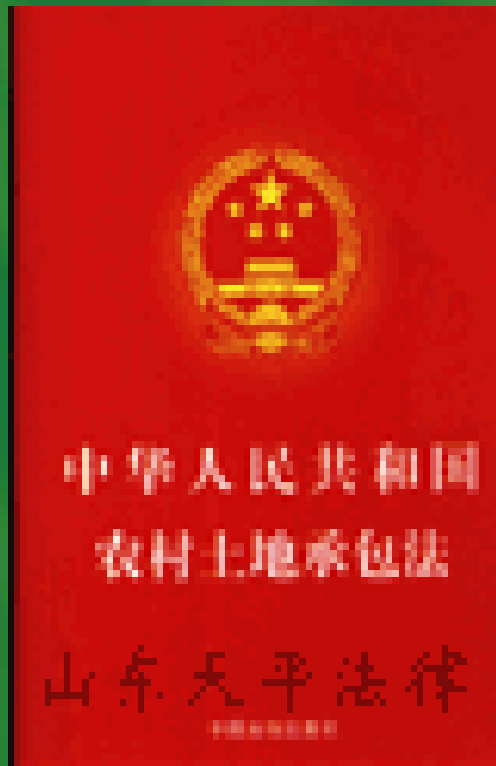
Farmers regained rural land user rights-issued user right certificates.

Forest land was allocated to the farmers in the form of “self-keep plots” and “responsible forest land.” i.e.

farmers could keep any produce in excess of their quota



1998—present: Introduction of **Market Mechanisms**



Introduction of **land leasing rights and transferability of leases**. Forest land transfer became active among collectives, farmers, individuals, forest industries.

Some wastelands could even be **auctioned off to the highest bidders**, improving resource and **capital allocation**.

Rules on Leasing Forestland



❖ Q: Who can own user right certificates (titles)?

A: Collectives, individuals, and state-owned companies

Q: Who can lease land out?

A: Collectives and farmers can lease out their land, under certain restrictions.

State-owned forestland cannot be leased (this may change in future)

❖ Q: What are the restrictions?

A: For Collectives, they should first allocate suitable arable land to farmers, before any land is leased out to non-collective members. The remaining land is often barren and remote—difficult to be managed by farmers. This is the land leased out to individuals or non-collective members.

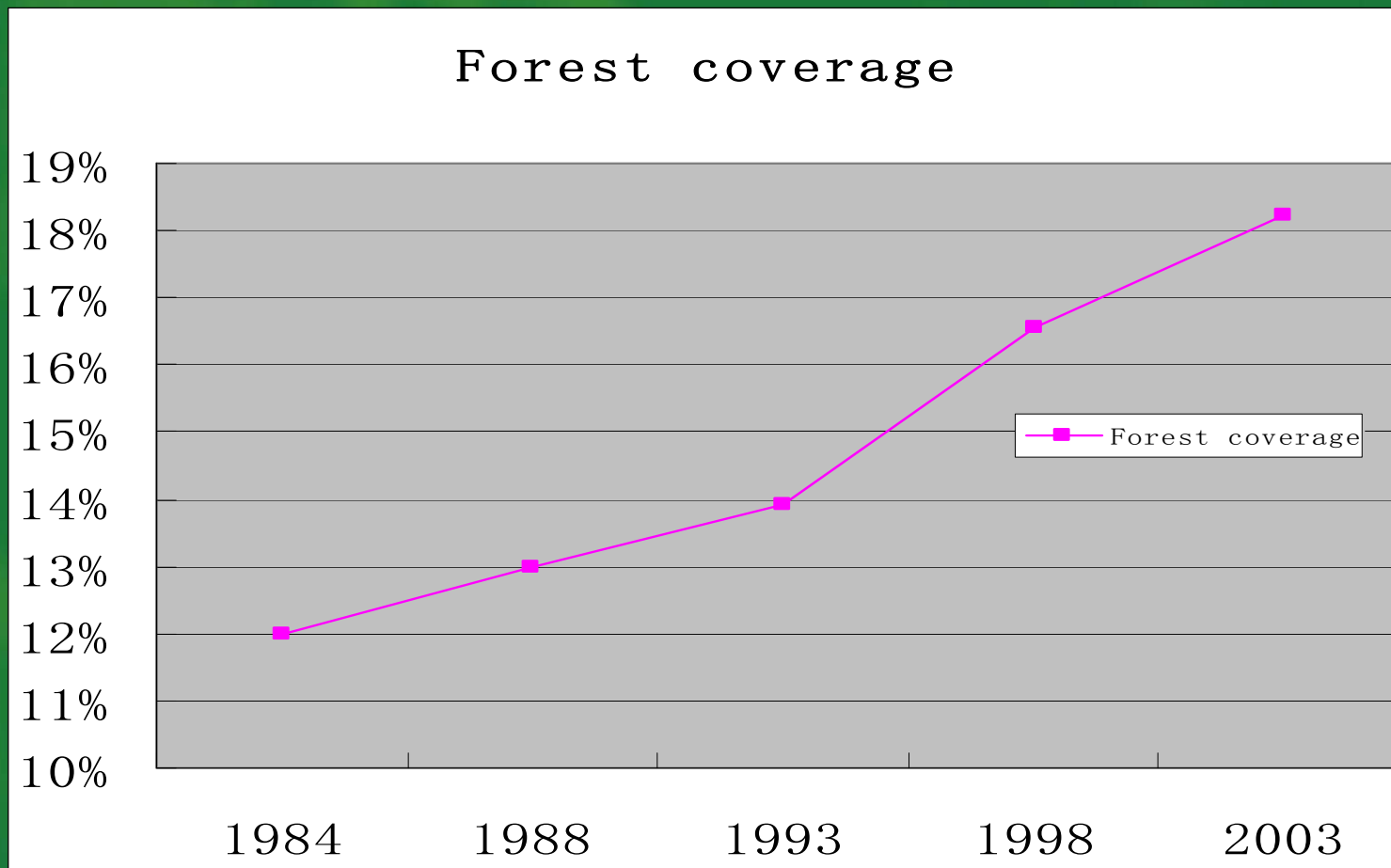
For Farmers, they can transfer the user rights to their land to the other collective members if they can prove they have other non-agriculture occupation with stable income. Even though they are not allowed to transfer the use rights of their land to the non-collective members, they can subcontract and lease out their land to non-collective number.

Success: Benefits from **forest tenure reform**



- Forest area increased dramatically, and the quality of the forest improved.
- Collective organizations have more income to put into rural education and welfare of the collective.
- Farmers work harder and make more money than before, because they can keep excess production
- Forest technical research and sustainable forest management were improved
- More efficient allocation of capital, technology and labor to forestlands, because farmers can lease or sub-contract out their land use rights to investors, private companies, state companies, and others.

Forest Cover increases, especially after Decollectivization



Reality Check: **Problems** on the ground



- **Inequalities** exist during the reallocation of collective forest land-no due process
- Forest tax structure needs reform
- **Shortage of funding** for establishing and managing privately managed forest land
- **Lack of technical support in managing the forest**



➤ Lack of Transparency and Enforcement

- ❖ Lack of participation of all stakeholders, especially those most affected by the policy
- ❖ **Lack of public access to forestry law** – farmers do not know their rights under the law
- ❖ Lack of market information about low interest loans or no interest loans.
- ❖ **Corruption and cronyism** - secret deals made between the head of collectives and the non-collective investors without the agreement from the collective members (required by law)
- ❖ **Law enforcement lack funding, training, manpower.**

➤ Problems with **Dispute over the land tenure**



- ❖ Procedures are unclear, so land arrangements are often incorrect or inconsistently handled
- ❖ Lack of detailed procedures and imprecise mapping -sows the seeds of **dispute**
- ❖ **Poor supervision** of land allocation process-often rushed and **mistakes made**
- ❖ Corporations and village heads can easily take advantage of farmers (**tense relationship between corporations/ village heads and villagers**)
- ❖ As a result of no clear rules and the lack of supervision of political power, forest tenure reallocation actually increases opportunities for **misappropriation**.



➤ Difficulty Obtaining Harvest Permits

- ❖ Harvesting permits apply to all sorts of harvesting (other than scattered trees on private plots of croplands and around homesteads.)
- ❖ Farmers have **difficulty** obtaining harvest permits:
 - Long distance to the permit issuing agency
 - **Inability** to produce the necessary documentation (logging plan)
 - Due to the Annual Allowable Cut, harvest permits are **limited** (once the **quota** is filled, no harvesting permits will be issued)
- ❖ Permit process **discourages** investment in forestland
- ❖ Permit process is **too rigid** to respond quickly to market signals
- ❖ The government now recognizes that there should be different harvesting policies for natural forests and plantations--recent reforms do make it easier to obtain harvest permits for fast-growing plantations



➤ **Insecurity** of land tenure

- ❖ After decades of tenure “reforms”, farmers and investors are **uncertain** about longevity of policies.
 - Quickly harvesting the trees on the land allocated to them
 - Giving priority to planting trees (can generate fruit, nut, herb medicine, oil) where no harvesting permit is needed

Encouraging Private Investment



"Whether it is a black cat or a white cat, as long as it can catch the rat, it is a good cat." (Deng Xiao Ping)

- ❖ Government believes that **private** co.s and individuals have more funding and access to **expertise to manage forests better**, so they are trying to stimulate private investments
- ❖ Favorable policy
 - Amendments of Forest Law (1998);
 - Law on leasing rural land (2003)
- ❖ Harvest tax reform

Harvest Tax abolished (tax=16% of sale revenue, paid to govt)
(although 20% national reforestation fee remains payable at harvest; largely based on self-reporting)
- ❖ Urbanization

As the younger generation moves to cities to earn their living, many are leasing their farm/forestland to others
- ❖ Private investment

Urban people—**believing that forestland investments are profitable**—lease forestland in nearby rural area

Rules on **Foreign Investment**



- ❖ Nationally, there are no explicit laws either granting foreigners the right to lease forestland, or excluding them from obtaining user rights to forestland.
- ❖ Only one province-Guangdong-explicitly regulates foreign investment in forestland:
 - Limited to the foreign corporations in paper, pulp or other wood business
 - Requires approval from the provincial government
- ❖ Commerce ministry in charge of foreign investment
 - Policies encourage establishment of plantation
 - Paper and pulp corporation are limited to joint-venture corporations
- ❖ Challenge and opportunity for foreign investment
 - Obtaining land to establish plantation supply base will be competitive, as there is not many available land after land allocation in collective forest region
 - Options include:
 - ❖ Obtain user rights to barren land
 - ❖ Contract with farmers to raise timber on their lands
 - ❖ Form a joint-venture with locals who can lease land

Taxes



- ❖ China does not have property tax
- ❖ Corporate income tax = 33% (same for domestic and foreign co.s)
- ❖ Other taxes exist for forest product:
Domestic consumption tax, Business tax, Value added tax, Supplementary Education tax, Urban Maintenance and Construction tax;
- ❖ Individual income tax:

Income per month(1USD=8RMB)	
< RMB \$1600RMB	Tax bracket
> RMB \$1600	15%
> RMB \$20000-RMB40000	25%
> RMB \$100000	45%

Special Agricultural products tax- (including timber-- Harvest Taxes) –abolished as they were too heavy a burden on farmers



Conclusion

- ❖ **Lots of ups and downs,** but recent reforms are more rational and successful
- ❖ Priority will be on:
 - ❖ improving environmental sustainability
 - ❖ improving rural livelihoods
 - ❖ Raising productivity



Thank You!

Ms. Xiaoli Wang is currently a Fellow at the World Forest Institute 2005-2006. China. She is on sabbatical from the State Forestry Administration in Beijing, in the Forest Resources Management Department. Ms. Wang can be reached at xwang@worldforestry.org.

The opinions and views expressed in this presentation are Ms. Wang's and are not official statements from the State Forestry Administration.