

NEW PROGRESS IN PRIVATIZATION OF THE COLLECTIVE FOREST LAND IN CHINA: EVIDENCE FROM 9 VILLAGES

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Abstract

China started forest land tenure reform in the early 1980s. The household responsibility system (HRS) was usually referred to as reform even though various forms of reforms have been developed from region to region. More importantly, the approaches to reform have been evolving through time. A trend toward privatization became more apparent when the Central Government started a pilot experiment called new stage of forestland tenure reform recently. While this paper compares the various roads toward privatization and adopting market mechanisms, special attention is paid to new reforms by examining and comparing 9 villages (330 households) in 3 provinces in Southeast China where collective forest ownership is dominant. The impacts, public attitudes and response to the new reform are investigated, and some challenging questions are analyzed.

Keywords: land tenure, economic reform, farmers, forestland markets, privatization

Introduction

In the People's Republic of China, forestland ownership in the southern China had experienced land reform and economic recovery (1950-1952), primary collectivization (1953-55), advanced collectivization (1956-1958), and the People's Commune system (1958-1981). While not as early as farm land reform starting in 1978, forestland reform was initiated in 1981 when the Central

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Government proclaimed the policy document titled “The Decisions on the Issues of Forest Conservation and Forestry Development”. Unlike the agriculture sector, forestland reform adopted various forms largely because a large amount of people still believed that public ownership was superior to private ownership for forestry. In addition, the policy was more ambiguous at that time. There was wide concern about the potential of large-scale deforestation if collective land was distributed to household levels. The latter outbreak of forest destruction and deforestation at the early stage of reforms confirmed that the concern was right. Consequently, growing support was given to keep collective forestland intact with adoption of the so-called shareholding system that was practiced in Sanming, Fujian. Various forest management responsibilities were contracted to holding members in this system (for more details, see Song et al.1997 and Zhang et al. 1999).

After 20 years of forestland reform, a new stage of reform was called by the Central Government in the early 2000s. Like many other economic reforms, it was always implemented on a pilot scale in China. In 2003, Fujian and Jiangxi Provinces initiated a pilot experiment with a new round of reforms which indicated the start of new reform in forestry. The new reform essentially is full-scale of privatization of the forestland from many aspects. Not many reports about the new reforms have been made. This is the major motivation of this study and investigation.

Examining the 30 years of forestland reform, we can see that the roads were not so straight and more than one. More importantly, the approaches to forestland reform have been evolving. It is interesting to see that they are gradually heading to privatization even though “privatization” is still not used officially (instead, “non-public forestland ownership” is used). The so-called new reform has been promoted by the Central Government probably because it is believed further reform is necessary to promote the development and farmers’ income in rural and poor regions to catch up with the urban residents’ income (the ratio of average household income of the rural to the urban was from 2.71 in 1995 to 3.33 in 2007).

This paper compares the various roads toward privatization and market mechanisms by examining and comparing 9 villages (330 households) in 3 provinces in the Southeast China where the collective forest ownership is dominant. The impacts, attitudes and response to the new reform are reported, and some challenging questions are analyzed. Our findings reflect a general picture of forest land reform in the southern China.

First we will describe data collection, especially village selection. Then the characteristics, processes and types of the new reforms and households’ responses to the reform are compared among the villages. Finally, conclusions and suggestions for future policy are discussed.

Methods

Collective forest ownership (accounting for 57% of the total forestland) is concentrated in 10 provinces, especially in Zhejiang, Fujian and Jiangxi. In each province, we selected 3 counties considering their geography, forest resource condition, economic development level and forestry dependence. In each county, one village was selected. The selection of villages also took full consideration of location, household economic level, forest resource condition, types and impact

of collective forestry property rights after consulting the county (municipality) forestry bureau. The general information of the 9 villages is given in Table 1.

Table 1. The 9 selected villages (2005)

Province	Village/ County	Area (ha)	Forestland (ha) (%)	Forestland per capita (ha)	Population (persons)	Income per capita (yuan)
Zhejiang	Xikou/Longyou	943	895 (95%)	0.70	1280	5539
	Junjian/Lin'an	555	446 (80%)	1.36	328	5462
	Niaoxi/Pujiang	598	584 (98%)	0.51	1150	5024
Fujian	Yangcuo/Nanping	854	683 (80%)	0.44	1565	3620
	Hongtian/Yong'an	1548	1261(81%)	2.10	877	5269
	Gaonan/Shawu	1579	1372(87%)	1.73	792	3500
Jiangxi	Yongfeng/Tonggu	1600	915 (57%)	1.52	602	2870
	Shangyuan/Suichuan	1406	1353(96%)	1.30	1040	2220
	Longgui/Chongyi	1000	868 (87%)	1.96	442	2900

Sources: Authors' collection from various statistical sources.

General economic and forestry data were collected from the forestry and statistical departments. Our data collection about the history of the reform, especially the new reforms, was conducted through participatory discussions with representatives from the local government, especially forestry department and local forest enterprises. We organized 36 focus group meetings. During the participatory group interview, 4 groups of village officials, women, elders and adults were selected to conduct participatory group interviews.

A separate questionnaire was used to collect the data on characteristics, social and economic variables of households, such as household size and ration of labor, education of the household head, gender distribution, forestland holdings and household income and ration of non-agriculture, the willingness to accept the new reforms. A total of 330 households as a random sample were investigated with 101 from Zhejiang, 106 from Fujian, and 123 from Jiangxi.

Roads toward Privatization

Our results and evidence from the 9 villages further showed that current reform is essentially toward privatization especially for the new stage reform of collective forestland tenure. However, while China is continuing privatization and adopting market mechanisms in general, the similarities and variances of the reforms among the villages as well as household response to the new reforms still exist.

To summarize the roads toward privatization among the 9 villages in 3 provinces, we can identify some similarities and variances of the roads toward privatization. Based on our survey and information gathered from the 9 villages, the various roads to privatization can be distinguished.

Zhejiang

Zhejiang distributed the collective forestland to local farmers during the HRS in the early 1980s. About 76% of the collective forestland was managed by households in 1986. Such a policy has been kept comparatively consistent. The scale and intensity of privatization in Zhejiang has been higher than in other provinces. Largely influenced by the more developed market economy and market awareness and perception in Zhejiang, forestland use rights were allowed to be traded and transferred much earlier. For example, in Xikou and Niaoxi villages local farmers started to contract with and buy collective forestland use rights as early as the mid-1980s. Household forestland use rights were traded among households, and collective forestland invited public bidding in the early and mid-1990s. The household forestland use right was extended by 50 years to 2055. Only in Junjian village were the household owned timber-production oriented forest lands taken back to village ownership in the early 1990s.

In 2001, Junjian village was assigned as a pilot experiment for new reform in Zhejiang Province probably because Junjian had withdrawn some household forestland to the village in the 1990s. Xikou and Niaoxi villages, like most other villages in Zhejiang, maintained private use rights since the beginning of the reform. Therefore, the new reform in these two villages was extended use rights for another 50 years to 2055 and gave more formal forestland use certificates that further confirmed the legal use right of collective forestland.

The government takes additional measures in the new reform, such as reducing taxes and adjusting logging policies. In Zhejiang province, the agriculture special product tax was removed in 2003.

Fujian

Fujian province has taken a very different road toward privatization. Only very small amounts of collective forestland were distributed to the households in the early 1980s. Gaonan and Hongtian villages also followed the Share Holding System model (or so-called Sanming Model) in the mid-1980s. In the mid-1990's Hongtian village had not started to distribute the collective forestland to households. The reform adopted was first allocating land to small groups, then from small groups to households. Joint forest management (combining multiple households' forestland) was encouraged and widely practiced.

Gaonan village adopted leasing and cooperative management among the households or between households and forest industry by pooling different resources (the households contribute the land and labor, while the forestry industry provided the capital). In addition, Gaonan village initiated a different system in which the villages contracted out the forestland to only a few households by casting lots in 2000. It was proposed that a new run of contracting will be conducted at the end of first round. Yangcuo village distributed forestland to small groups or farmers but combined them

again into joint forest management in the mid-1990s. Hongtian village, as the pilot experimental village in Fujian, began to distribute forestland to households and carried out some other complementary reforms in 2003.

Since Fujian Province had not distributed collective forestland to households in the early 1980s, the new reforms since 2001 essentially made up the missing step of distribution (transferred the collective forestland to households) that was completed earlier in other regions, or issued more formal, legal certificates of use rights if the distribution was carried out earlier. For example, Yangcuo village distributed 400 ha of commercial forestland to households. Gaonan village allocated 530 ha of collective forestland to households. Hongtian village evaluated the existing collective forest and granted 787 ha with 1001 m³ of forest to local farmers.

Another big change in the new reform is rent collection. For example, Hongtian village collected 100,000 Yuan per year from contracting out village-owned forestland in recent years. The rent shows an increasing trend over time. The rent is primarily used for public infrastructure such as roads and electricity access. Table 2 is an example of rent collected in Hongtian village. Apart from forestland tenure change, the tax and fee imposed on timber products have been dramatically reduced, e.g., from 40-50% to 26% in Hongtian.

Table 2. Forest income distribution in Hongtian village

Resources	Village share	Farmer's share
Initial Volume	70%	30%
Increment volume	20%	80%
Second generation or newly planted forest		
Classes I and II land	1.2 m ³	<i>The remaining part</i>
Class III land	1 m ³	<i>The remaining part</i>
Classes IV and above	0.8 m ³	<i>The remaining Part</i>

Jiangxi

Jiangxi, like Zhejiang, also distributed collective forestland to households in the early 1980s. More than 60% of total collective forestland area was managed by household in 1983. But the villages took back most of the distributed forestland and applied village share-holding integrated management, like in Sanming, Fujian. However, Longgui village allowed trading forestland among households in the early 1990s.

In Jiangxi, the three villages (Yongfeng, Longgui and Shangyuan) restarted new reforms in 2004, adjusting forestland allocations based on the initial HRS conditions and changing situations. They further clarified the share of the benefit from the transfer of forestland. The principle of fairness was strongly emphasized by distributing or redistributed the forestland equally. For example, three villages in Jiangxi have adjusted forestland allocations according to the willingness of local farmers. The tax reduction is another important aspect of the reform like in

many other provinces. Due to the reducing the tax, the average tax and fee on timber have decreased from 56% to 15% in Jiangxi.

Impacts by and Attitudes to the Privatization

The new reforms are essentially a further privatization of forestland tenure. Unlike the early HRS in forestry that had mixed impacts and attitudes, the new reform has more consistent impacts and received greater support and confidence of farmers based on the survey of the 9 villages (Table 3).

Table 3. The impacts of income and investment by the new reform

Village	#	Total income per household (yuan)			Forest income per household (yuan)			Forest Investment per household		
		2000	2005	Change	2000	2005	Change	2000	2005	Change
Zhejiang										
Xikou	33	16579	29333	77%	4462	5481	23%	596	1495	151%
Junjian	33	21256	23094	9%	2565	3303	29%	1181	1763	49%
Niaoxi	35	19506	25005	28%	1096	971	-11%	131	171	31%
Fujian										
Yangcuo	37	17830	25219	41%	1755	4731	170%	2071	3017	46%
Hongtian	38	38747	55882	44%	4203	20325	384%	2983	10574	254%
Jiangxi										
Yongfeng	39	11636	18113	56%	3581	10457	192%	4480	7555	69%
Shangyuan	50	12105	14698	21%	1496	2400	60%	1580	3660	132%
Longgui	34	11715	15342	31%	5582	9080	63%	3000	3020	1%

In all villages except Gaonan village (where the data were not available) our results indicated that the reforms increased income from forestry and its share of the total income from 2000 to 2005. The villages from Fujian and Jiangxi have higher rates than those from Zhejiang. From 2000 to 2005, the forest income as a percentage of the 6 villages showed an increasing trend.

The two villages from Zhejiang showed a decreasing trend probably because there are rich bamboo resources and many bamboo enterprises in Xikou village. The income from these enterprises was not included in the forest income. In Niaoxi village, the percentage of income from working outside is 88.9%. Overall, the reform improved total income.

Data from the 8 villages showed that the investment in forestland was increased from 2000 to 2005. For example, the farmers in Hongtian village have reforested 67 ha of logged-over land from their own financial sources. The villages in Fujian and Jiangxi indicated a higher growth rate in Zhejiang, probably because the investment was promoted by the new reform in Fujian and Jiangxi, while in Zhejiang the reform was implemented in the early 1980s because of less dependence on forestry with a smaller land area per capita.

Unlike the early forestland tenure reform in the early 1980s, the results from our survey indicate the new reform received great support from farmers (Table 4). All farmers in 5 villages from Fujian and Jiangxi support the new reform. However, the farmers from Zhejiang comparatively show some variety probably because the farmers might have some negative lessons after experiencing longer reform with more than 20 years. But as a whole, more than 90% support the reform, indicating the success of privatization of collective forestland tenure after 20 years of practice.

Table 4. Attitudes to the new reform

Villages	households (#)	Having confidence in the use rights (%)	Supporting the new reforms (%)
Zhejiang			
Xikou	33	100	100
Junjian	33	79	78.8
Niaoxi	35	91	62.9
Fujian			
Yangcuo	37	87	100
Gaonan	31	90	81
Hongtian	38	90	100
Jiangxi			
Yongfeng	39	82	100
Shangyuan	50	84	100
Longgui	34	97	100

The destruction or deforestation which occurred in the early 1980s was largely due to doubt and uncertainty the farmers had when they received forestland use rights. However, our results show this would not be the case now. About 90% the farmers felt they have confidence in their right to forestland.

Our findings also showed that the reforms accelerated democracy development in mountainous rural regions. The scheme of the reforms in all villages, such as whether to reform or not, how to

reform, was made by representative farmers which improved the traditional decision-making ways, namely from “top to bottom” to “bottom to top”. Our results from the questionnaire indicate that an average of 88.2% farmers think they participated in the process of reforms and their opinions were considered. Therefore, to some extent, the reforms are a kind of collective action.

Challenges

The evidence clearly demonstrates that collective forestland has been greatly transitioned toward privatization. However, there are still a few challenging aspects indicating unfinished business.

Logging quota system

The logging quota system which was initiated in 1987 has been adjusted many times, but it is still a restricting factor on household forest management. For example, “Regulations of plantation forests development in Fujian Province” issued in December, 2002 allows newly planted forests (beginning in 1998) to be self-determined for the harvesting plan, but there is still the need to apply for harvesting permits from the local government. Only households having more than 66.7 ha of plantation area or more than 1,333 ha of forests used to supply industrial materials can be exempted from the quota. Therefore for small households, it is still an important restriction, especially for villagers who still produce timber as their major management objective.

Our survey results indicated that 44.3% of farmers regarded logging quota systems as obstacles to forestry development. Comparing three Provinces, the farmers in Fujian and Jiangxi regarded it as the biggest obstacle. This is not a surprise since Fujian and Jiangxi have a much larger proportion of forestland used for timber production. Only for those villages where timber is not their major output, is the quota system not a big issue. For example, the energy source has changed from firewood to natural gas after economic development in Zhejiang. So, the farmers have shifted to non-timber products with higher market values. Hence, the logging quota system has little effect on local farmers.

Taxes and Fees

Prior to the new reform, the forestry tax and fee accounted for 30-50% of timber income in southern collective forest areas. The new reform has largely reduced the tax and fees in forestry. However, it is still an issue. Our results from the survey indicated that 12.5% of farmers still regarded heavy forestry tax burdens as obstacles to forestry development. In order to increase the farmers’ income, government has removed the agriculture and forestry special product tax. In spite of that, the forestry tax and fee on the timber products is higher than other agriculture and forestry products.

Production Forest vs. Ecological Forest

In some villages, especially in Zhejiang and Jiangxi, the collective forestland was distributed to households in the early 1980s when the two kinds of forests were not clearly specified. Due to increasing concerns and awareness of the ecological function of forests, the Central Government

started to specify ecological forests that would not be used for timber production in 11 Provinces in 2001. The specification of ecological forests was implemented in Zhejiang in 2001 and in Jiangxi in 2002. Consequently, conflict emerged. The results from our survey show that 27.3% of forestland in Junjian village from Zhejiang and 62% of household forests in Longgui village from Jiangxi was destined for ecological forests. Even though the governments provide compensation, but amount of compensation for ecological forests is much lower than profits generated from production uses.

Discussion and Conclusions

China's forestland reform has existed more than three decades. Some general conclusions can be drawn from our investigation of 9 villages in 3 provinces.

First, the reform is not straightforward. Zhejiang province largely allocated the collective forestland to households in the early 1980s and has kept land tenure constant since then. Fujian primarily adopted a quite different approach, i.e., a share-holding system for about 15 years before allocating forestland to households. Jiangxi initially distributed the forestland to households, but returned it to the villages after experiencing wide-spread deforestation. It eventually redistributed to households again. The recently initiated new reforms show more similarities, indicating a trend in privatization of collective forestland. Moreover, the trading of use rights of collective forestland is similar from region to region. Differences in stages of development lead to differences in the impacts and households' response to the reforms that could be found in Zhejiang, Fujian and Jiangxi.

Secondly, there is no clear line between collective-owned or managed and private owned or managed forests. It is more continuous, from share-holding land to responsibility-land, contracted-land to allocated-lands if we try to arrange them by the order of degree of privatization. Even for the allocated-land, households still only have use rights not land ownership. The beauty of the China's economic reform in general and land reform in particular is that the reform is so pragmatic. Various names were created to avoid some controversy in ideology in which many people were and are still not willing to accept capitalism as the social and political institutions. Officials in China are still reluctant to use private forestland. Instead, non-public forestry is found in various official documents and encouraged. That does not matter: property rights essentially are the rights to receive the flow of the benefits or economic rights. When the use right is long enough and tradable, it is your ownership in practice (Zhang and Kant 2005).

Third, economic reform must consider public perception and political willingness. The problems of the share-holding system, such as unnecessary bureaucracy and lack of incentive were obvious, but it had its merits at the time. Its evolution into a more market-oriented system is unavoidable when the socio-economic environments change. However, the governments should follow and study the situation and make timely adjustments along the process to privatization.

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