

# 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

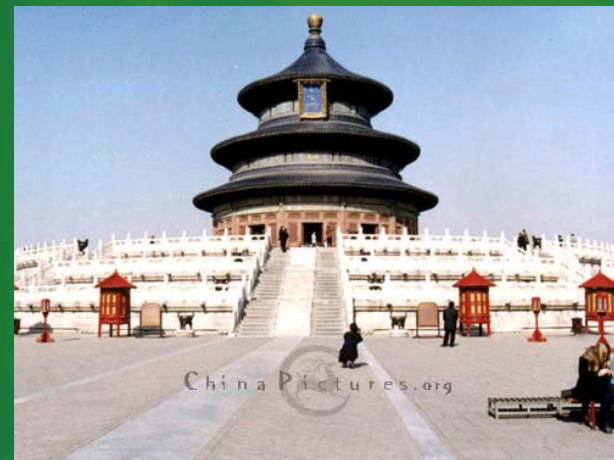
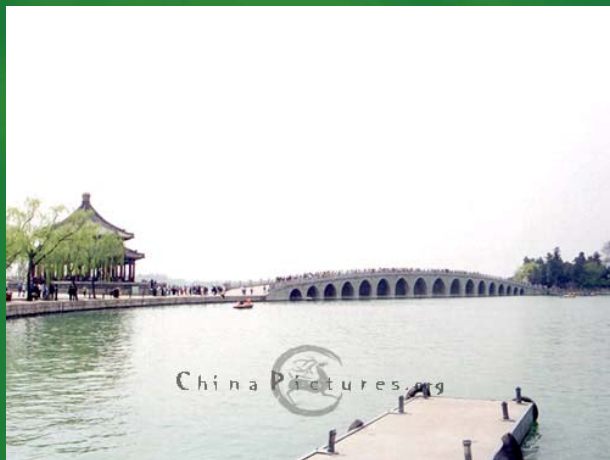
- unified, multi-national country, housing 56 nationalities.

## ❖ 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







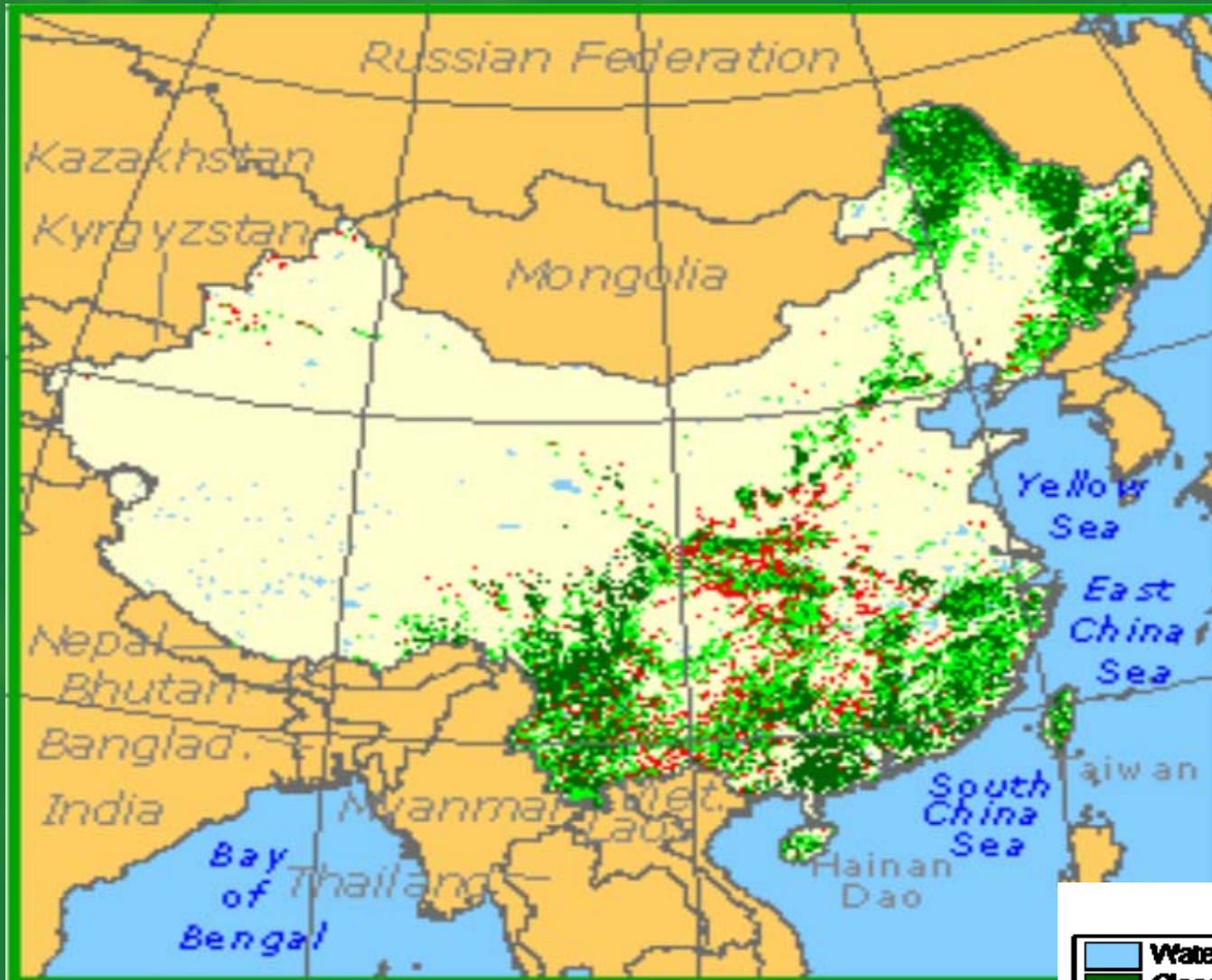


# Shanghai





# Distribution of China's Forest Resources



## Legend

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



## A cartoon illustration of a panda sitting and eating bamboo. The panda is white with black patches on its ears, eyes, and body. It is holding a green bamboo stalk in its mouth and another piece in its paws. The background is a solid green color.

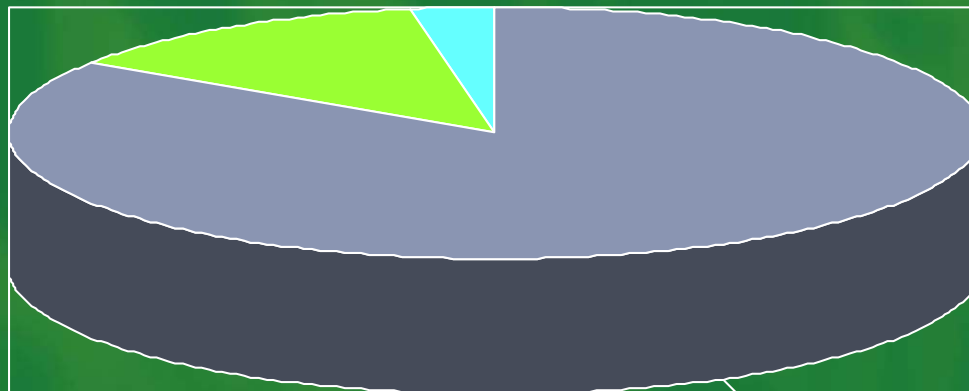
A cartoon illustration of a panda sitting and eating bamboo. The panda is white with black patches on its ears, eyes, and body. It is holding a green bamboo stalk in its mouth and another piece in its paws. The background is a solid green color.

# Composition of Forested Land (% Forest Area)



**Economic  
forest  
12.66%**

**Bamboo  
forest  
2.86%**

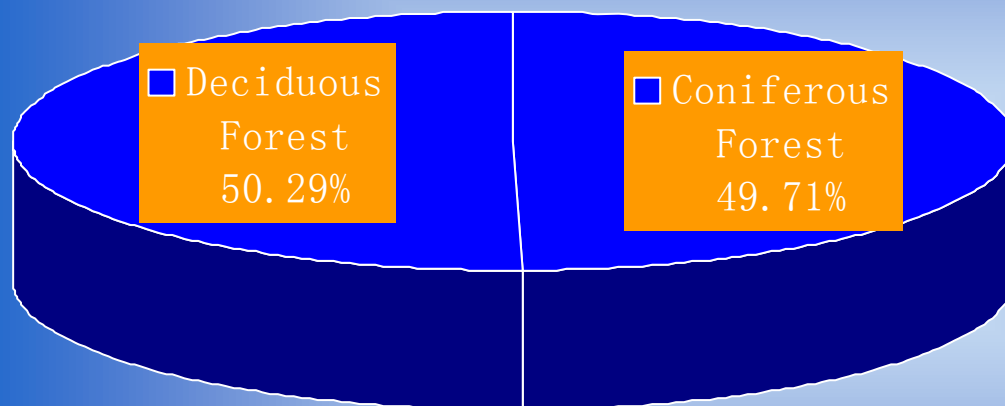


■ forest stand  
■ Economic forest  
■ Bamboo forest

**forest stand  
84.48%**



# Forest Type

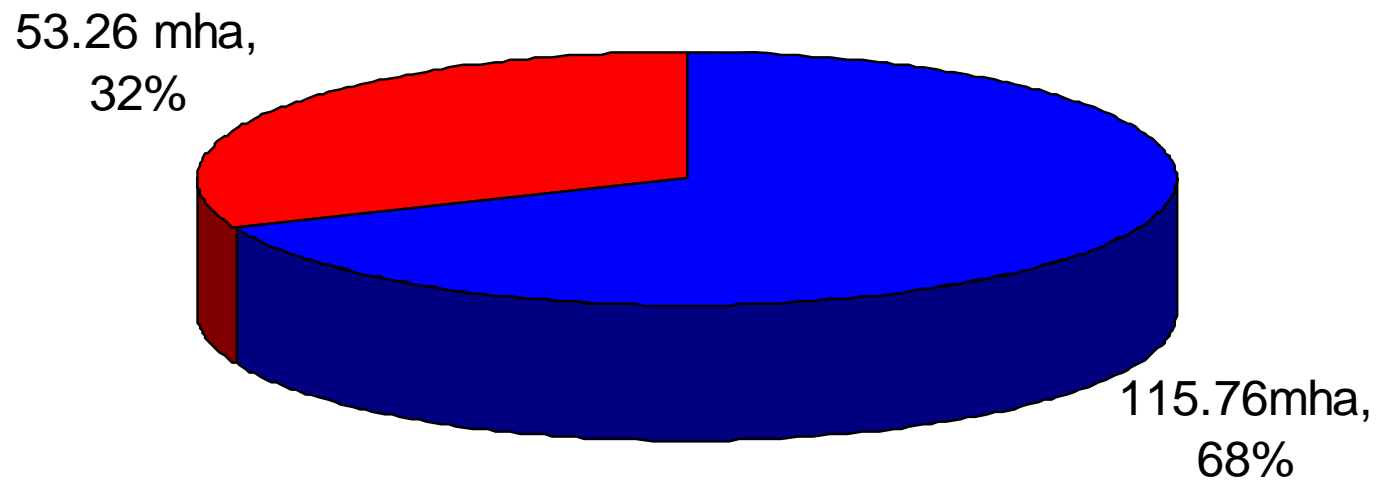


■ Coniferous Forest  
■ Deciduous Forest

# Forest Type



**Forest Type**

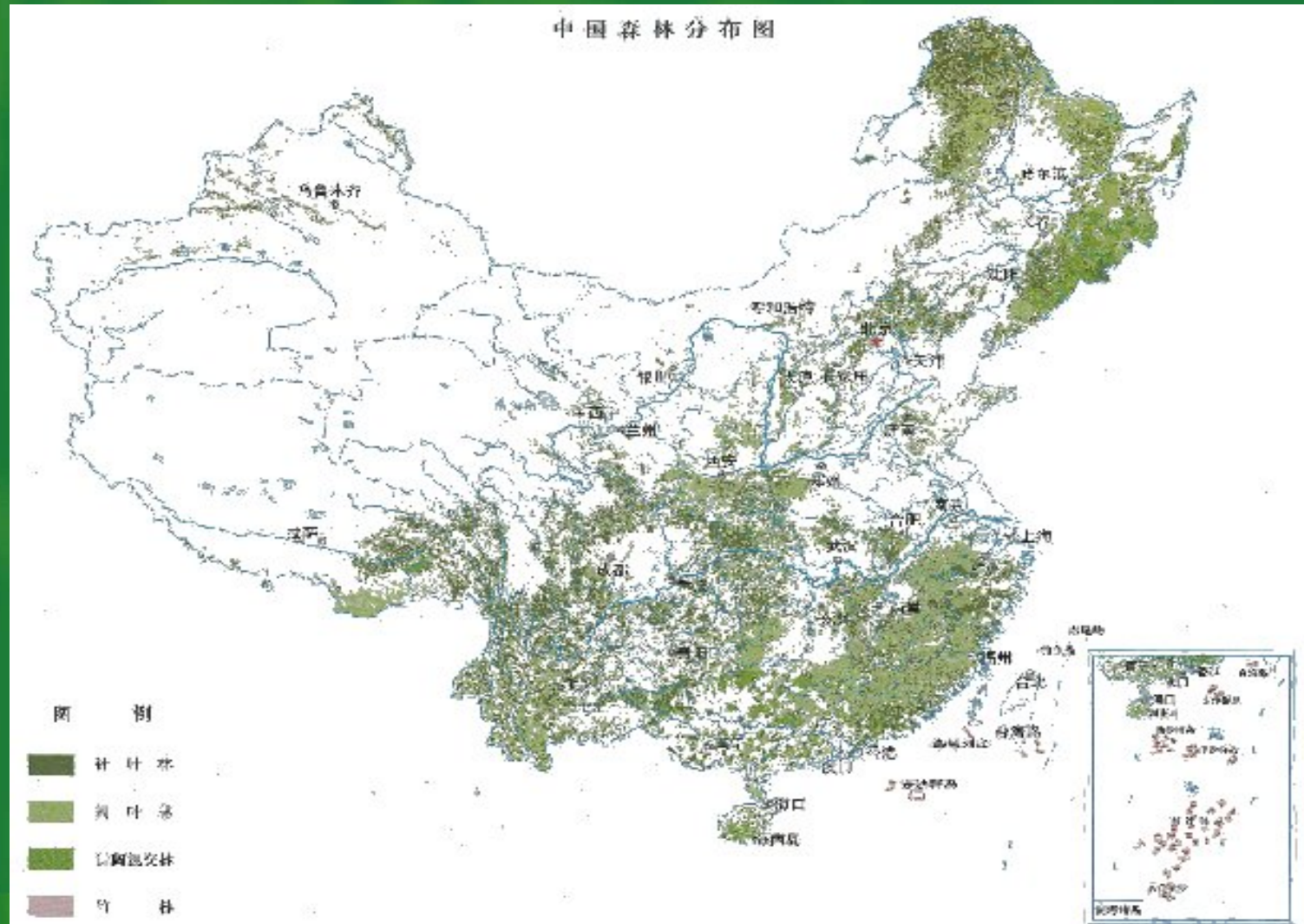


■ natural forest (million ha.) ■ plantation (million ha.)



# 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:

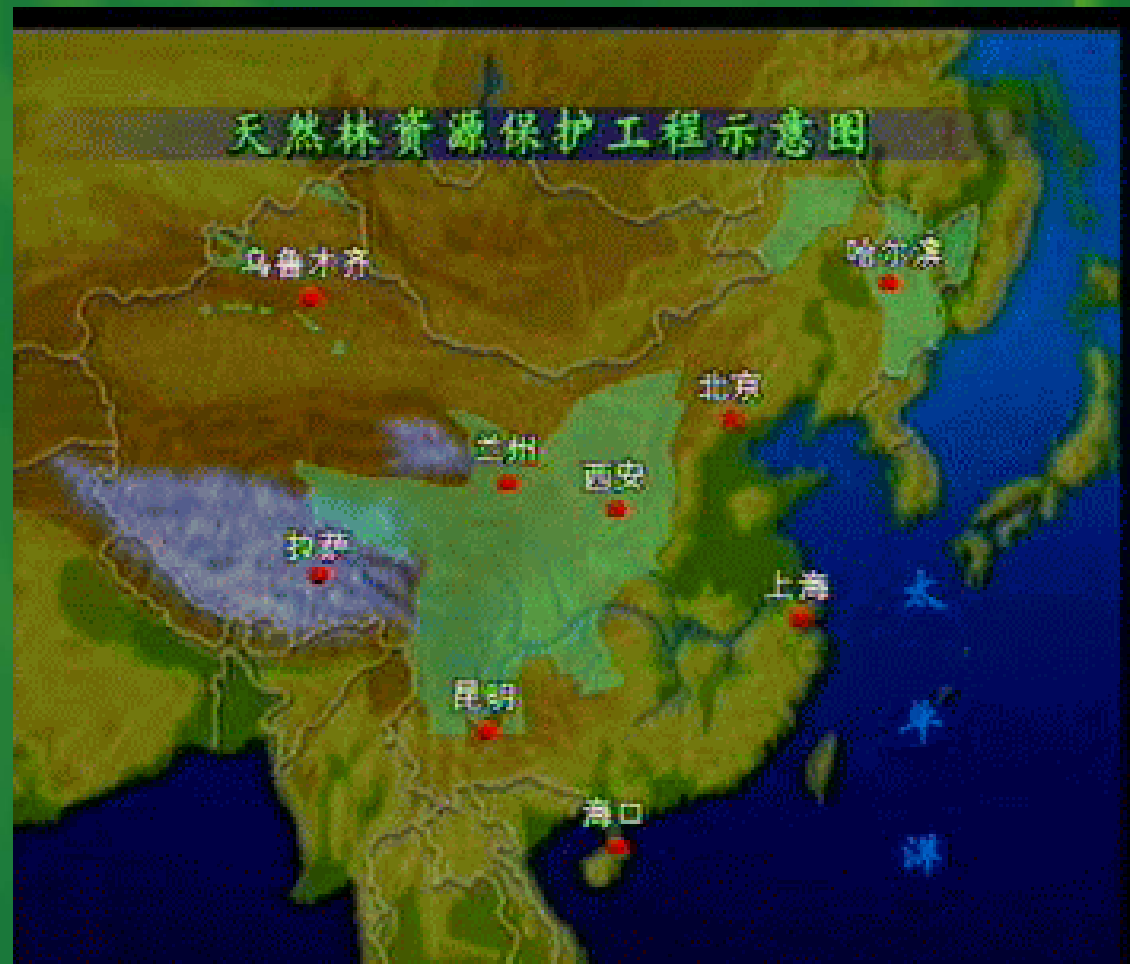
- Nature Forest Protection Program
- Fragile Farmland Conversion Program
- Forest Shelterbelt Program
- Desertification Control Program
- Wildlife Conservation and Natural Reserves Development Program
- Fast-growing and High-yielding Timber Plantations Program

# 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.

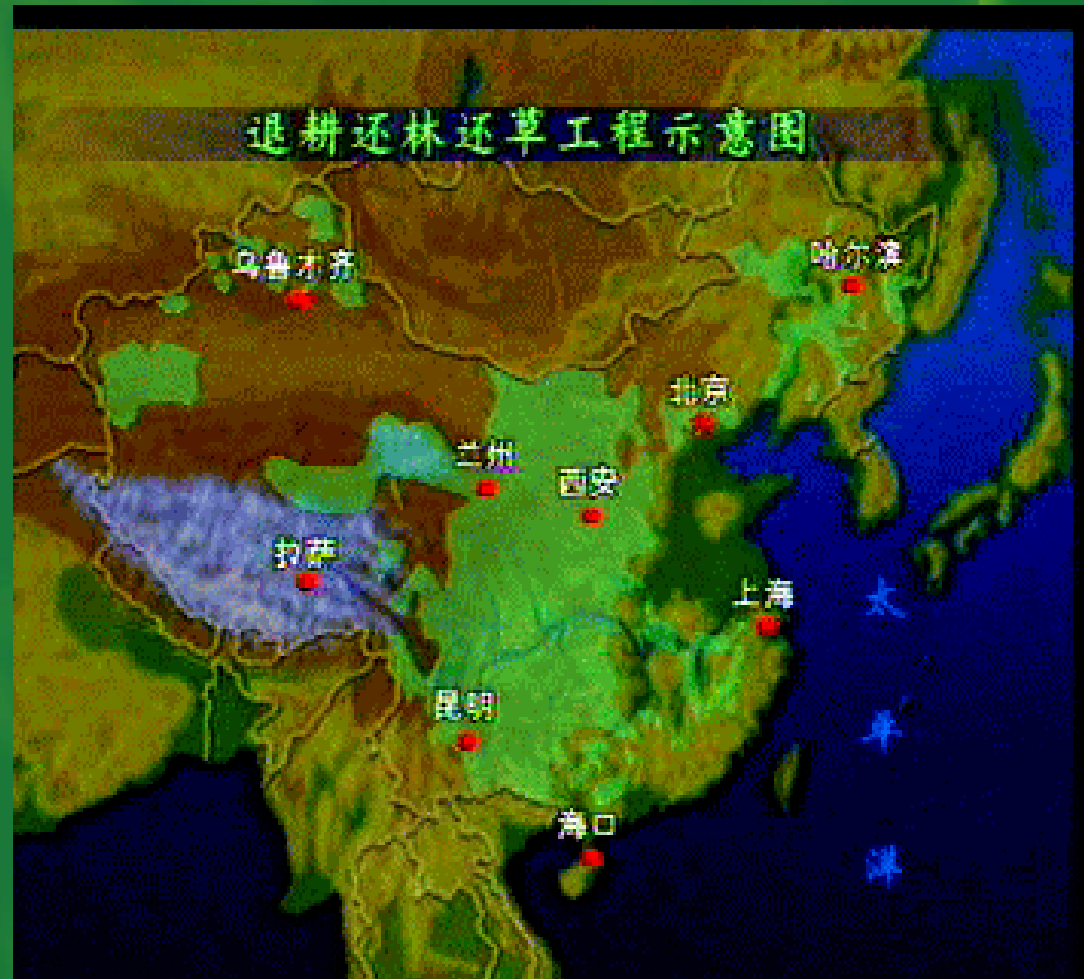


# Six Key Forestry Programs



## ❖ 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.



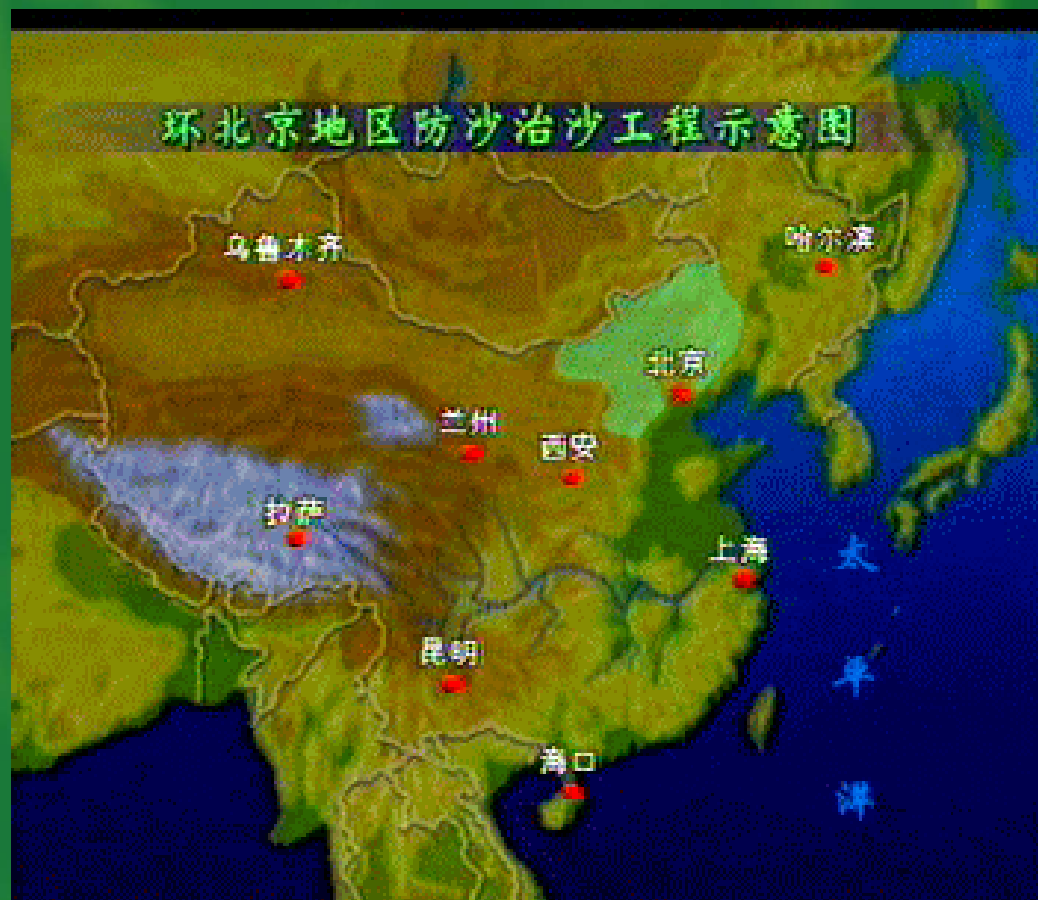


# Six Key Forestry Programs



## ❖ 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.



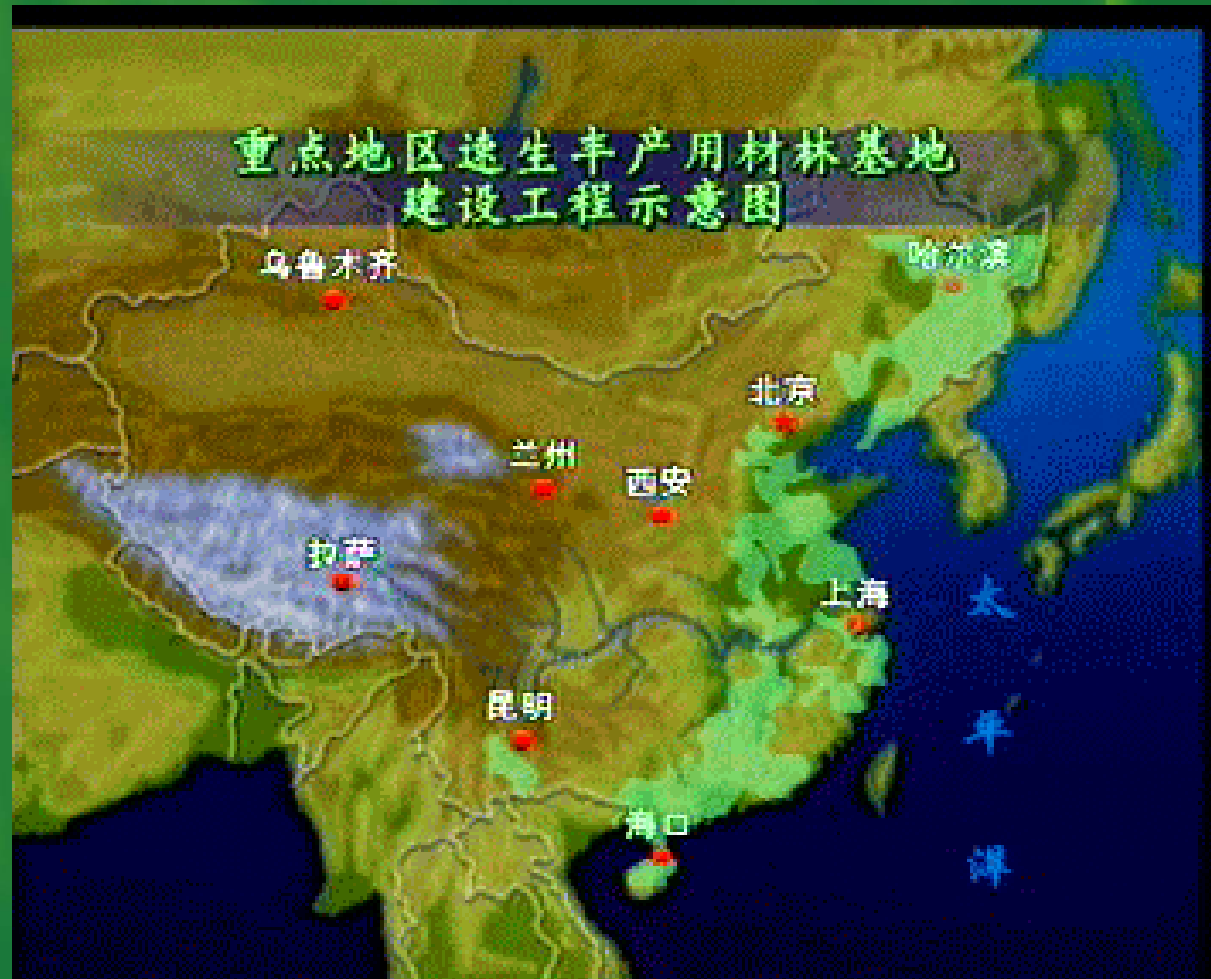


# Six Key Forestry Programs



## ❖ Fast-Growing Commercial Plantation Program

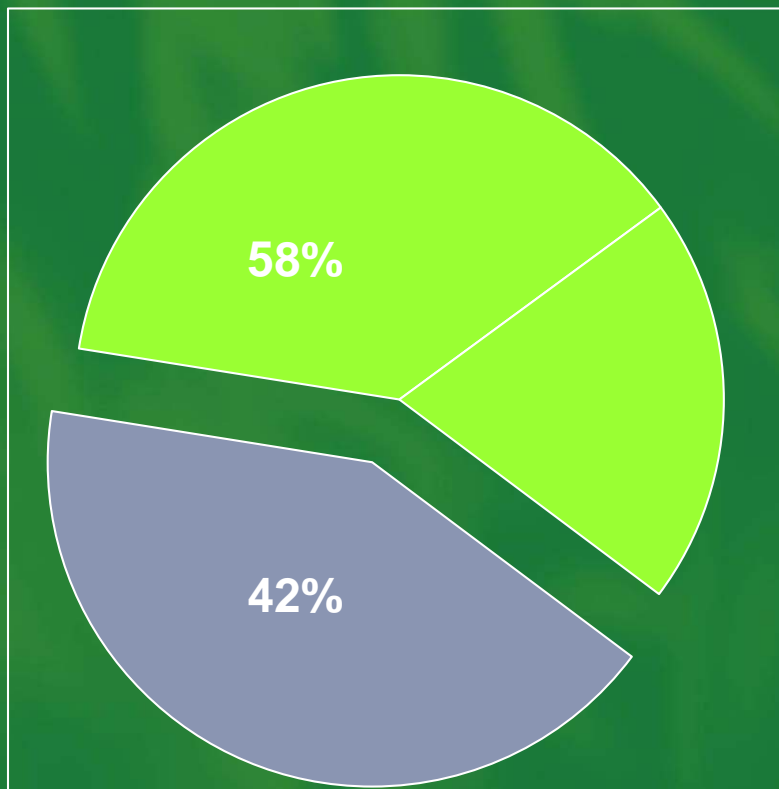
- ❖ Period: 2001-15
- ❖ Scope: Government designates suitable areas for plantation establishment in 18 eastern and southwestern provinces
- ❖ Objective: Increase the domestic timber supply and provide sustainable rural economic development
- ❖ Investment: > \$38.7 mil  
Mostly from individual investors,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





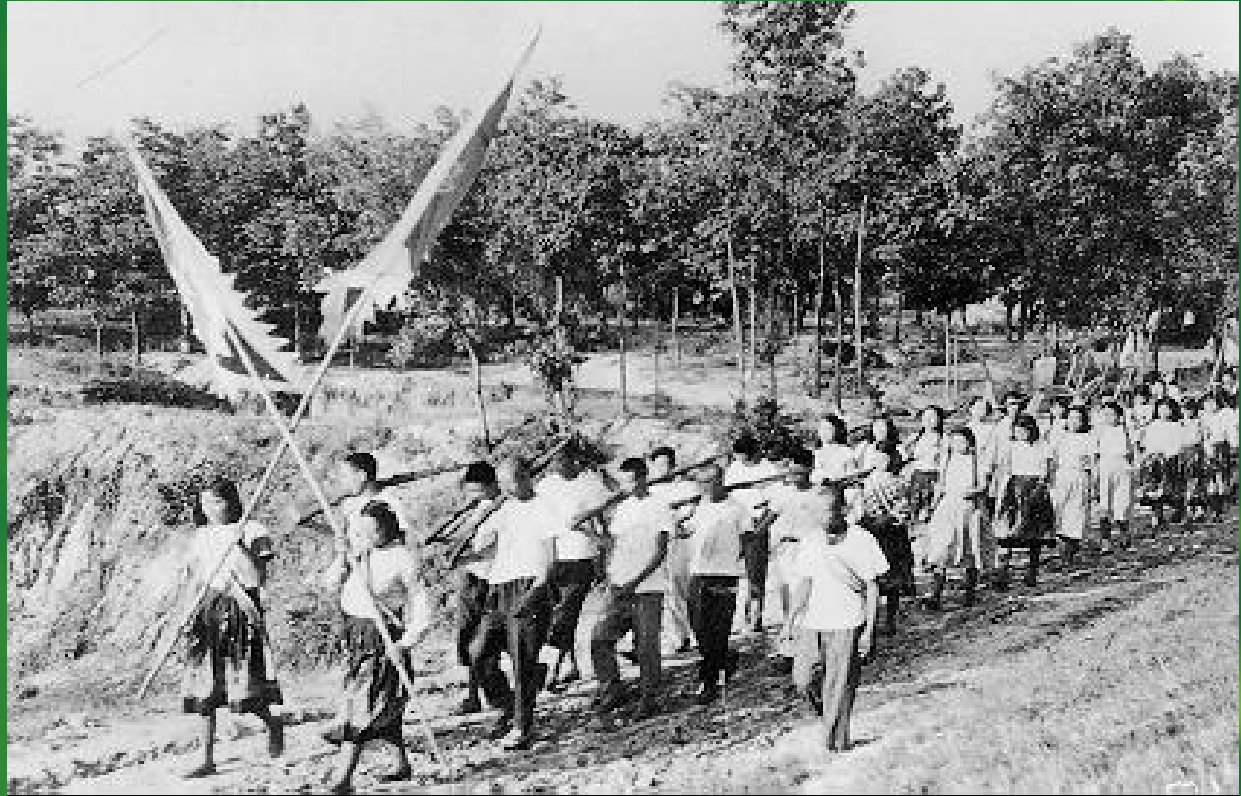
# Communization 1957-1980



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.

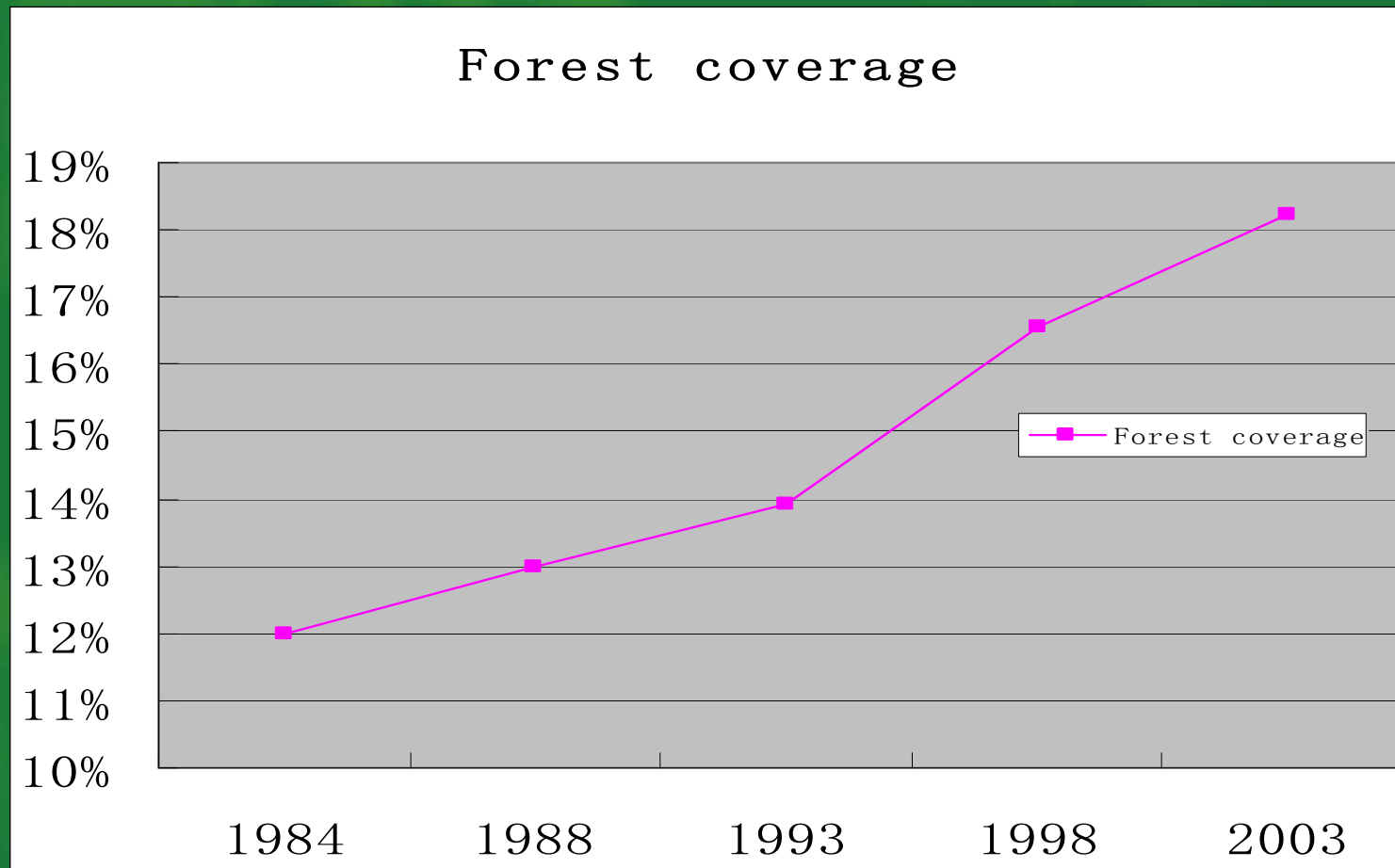
For Farmers, they can transfer the user rights to their land to the other collective members if they can prove they have other non-agriculture occupation with stable income. Even though they are not allowed to transfer the use rights of their land to the non-collective members, they can subcontract and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

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