

Chapter 2

Forest policies in China

Chapter two is divided into four main parts. The first section definite several important concepts. The next section describes the current forest tenure system in China. The third section provides a review of forest policy development in China, especially in Yunnan province. The last section introduces implement of the Reform of Collective Forest Use Rights in the study area.

2.1 Definition of forest tenure

“As legal rights, the purpose of land tenure rights, from the perspective of society, they permit the orderly allocation of valuable resources. From the perspective of the right holder, they confer the necessary security to invest in the resource or activities entailing its use.”(Land and water- the rights interface, S. Hodgson)

A definition of land tenure proposed by FAO seems a logical place to start is “the relationship, whether legally or customarily defined between people, as individuals or groups, with respect to land.” (FAO, 2002).

It is commonly agreed upon that the development of a country or region advances through the practice of suitable land tenure. Some of the best examples of ongoing reforms are those that promote the private property rights. However, leasehold tenure is another important land tenure right, where usually in return for

some type of payment, land is rented from the owner, private or state, for a certain amount of time (FAO, 2002).

In term of forest tenure, it is more complex and confusing. Implementing of forest tenure reforms are more difficult but more important. They have more special significance than normal lands use in ecosystem. They store water recourse, keep biodiversity, fix soil to avoid soil erosion, can be very important habitats for wild animals and ect. Locations of forests usually are in mountain area and place far away urban area where people are low education and environmental awareness.

2.2 Forest tenure system in China

As requirement of public ownership, the first Land Law of China in 1950 provides a fundamental principle is that land property ownerships only divided into the stated ownership and collective ownership, all activities on land can not go against the principle. Forests are same. Forests belonged to state usually are natural forest, large forest and forest which has ecological and national defence functions. ‘Collective forestry’ legally refers to “the production and management of forest resources by village/township collective economic organizations or other entities or individuals who are engaged in cultivation, protection and utilization of forest resources on rural collective land.” (Miao et al. 2004) Forests without stated-owned, especially forest nearby villages and small pieces of forests belong to collectives.

Currently, collective forest tenure has evolved into three overarching forms ----- household managed responsibility hills, family hills and collectively managed plots (H. Weyerhaeuser et.al. 2006). In 1984, the first forest law of China was approved by the Seventh Session of the Standing Committee of the Sixth National People’s

Congress. China officially started to implement forest management strategies based on a five category classification system of forest resources, which included the following: (1) Shelterbelt/Windbreak Forest— forestlands valued and utilized primarily for their protective functions, both ecological and otherwise, such as soil-water conservation, source-water protection, road/riverbank protection, farmland/rangeland shelterbelts, and other protective uses; (2) Timber Forest—timber-producing forestlands, including bamboo forests; (3) Economic Forest— forests producing non-timber products including fruits, edible oils, ingredients of drinks, condiments, and medicinal herbs; (4) Fuel Forest—forests utilized primarily for fuel wood; and (5) Special-Use Forest—forestlands utilized primarily for defence, environmental protection, and scientific experimental purposes (Ross and Silk 1987; Richardson 1990). In 1988, China's forest law was amended to reclassify the five forest categories into two: Commodity Forest (CoF) and Ecological Welfare Forest (EWF) (Cai and Jiang 2005). CoFs usually are used to forestry production on economical purpose. EWFs are meet public welfare and ecological requirement. Forest Law has forbidden using EWFs on economical purpose. Trees in EWFs only can be cut when forests are too dense or some serious diseases. Every year, the Chinese Government will subsidy people who manage EWFs. In Yunnan Province, EWF is 184 million mu, occupied 49.7% of total forest. Every year, the government provides subsidy For EWF, 10 Yuan per mu.

However, according to serious faulty of pure public ownership system in People Commune, so a special land tenure system are implementing in the country --- multiple tenure, which divided property right into a bunch of rights, including usufruct right and property ownership, and then decentralized usage right of collective

forest to individual when property ownership still belong to the state or collectives. Multiple Tenure is the basically concept of the reform of collective forest using right.

2.3 Review of forest tenure change in China from 1949 to 2003

Because most forests are collective forests, and collective ownerships are more complex and confused, management of collective forest is a big issue in China. From 1949, several generations of policy-makers have been keeping explore suitable forest tenure system to achieve win-win objectives on environmental conservation and economics development. Reviewing and learning the whole history of forest tenure policies are really good to improve forest tenure system of China in the future.

Based on Dachang Liu's categories, the whole of forest tenure regime is divided into 3 periods. (Song et al, 1997)

2.3.1 Land reform and initial community (1949 - 1955).

After a long-time of civil war, a new government called People Republic of China was established in 1949. Based on Marxist-Leninist and Maoist theory, the country was classified as socialist, the main characteristic of which is that all citizens share resources equally and ownership is public. Therefore, The Land Reform Law of 1950 called for the expropriation of land held by the landlords. It essentially substantiated the system of private ownership by transferring property to the land-poor and landless, while at the same time confirming the rights of the upper middle-class peasants. Large forests and other types of land were mandated as state ownership for strategic value and management efficiency (Song et al, 1997).

Because in the period of transition, although public ownership was majority, the property rights of some lands still belonged to some individuals. Foresters actually owned whole ownership of land in this period. At beginning, it was useful at primary level of socialism ---- people still need time to accept the new social institution. With development of the country, some new problems appeared. One hand, during a long time of war, low productivity and technology of foresters were very low, labor and capital were also extreme lack, so it is difficult to develop production by farmers themselves. On the other hand, separated lands restricted large scale benefit, unified management and construction of fundamental equipment. Because limits of environmental concept and productive technology, it is venture to wholly occupy natural resource by individuals, particularly forests which has important ecological significant. As many peoples' needs and requirement of characteristic of socialism, china went into period of People's Commune.

2.3.2 Superb mutual-aid team and Peoples' Commune (1955 - 1961)

A central feature of forest management in China at mid-century was the mutual-aid team, which had risen to 51% of total villages in China by 1955, which had risen to 51% of total villages in China by 1955. Generally, three to five households formed a mutual-aid team of a temporary type, sometimes 10-30 households (Song et al, 1997). Through selling by low price or donation, property rights of individuals' lands transferred to collectives (mutual-aid teams) except lands of graves, houses. At the same time, members of mutual-aid teams did production activities together and allocated profit at average. Due to the installation of the People's Commune system (1958- 1978), collectivization proceeded more and more quickly between late 1957

and early 1958. Principle of People's Commune Building of the Central Government (1958) called for that all of individual cultivated lands, forest and productive tools (like farm cattle) were owned by collective (mutual-aid team) including lands of graves, houses. People continued to work together. Allocation was done by quantity and quality of product.

The Great Leap Forward (1959-1961), which was started by Chairman Mao Zedong in 1957, had a big impact on many sectors of society, including Forest management and reforestation (Song et al, 1997). Mao wanted China to become a leading industrial power and proclaimed that China would overtake Britain in production of steel and other products within 15 years. People were mobilized to accomplish the goals of industrialization. They built backyard furnaces for iron and steel and worked together on massive building projects, including one undertaken during the winter of 1957-1958 in which more than 100 million peasants were mobilized to build large-scale water-conservation works. A huge number of trees were cut as fuel and forests were cleaned to be place of steel-making. In Xin town of He Nan Province, the amount of trees cut were 40 times in 1958 than in common years (Zhang, 2008).

Under the People's Commune system, because of the influence of mandatory administration and regulation, an interesting phenomenon appeared - higher participation in forestry production by villagers but low efficiency of production (Ross, 1980 and Rao, 1992 cited by Song, 1997). Due to profit of collectives and of the whole country were magnified, people had to compromise individual profits unconditionally. Therefore, although participated in production, people had no passion to do it well. In the period, we can see that change of tenure policies was so

frequent that people hold unstable and suspect feeling about policies. This is disadvantage of forestry development, because harvesting cycle of forestry is long, it needs long-time and stable investment.

2.3.3 Cultural Revolution (1961 - 1978)

Draw a lesson from Peoples' commune system and the Great Leap Forward, in order to deal with confusion of property rights and stimulate motivates of foresters, in 1961, a policy provided to clear who is the manager or owner of every piece of forest, and delimited boundary of forest. Meanwhile, the policy tried to return using right or whole property right of some suitable forests (small piece of forest, economic forest and forest nearby village) to production terms (villages) or individuals, others still belonged to the state. Production terms or individuals are responsible of output and management of these forests.

This policy looked like a good one, but it was cut down by Cultural Revolution when it was just started to be implemented. The Cultural Revaluation (1966----1976), which was a socio-political movement resulted in widespread factional struggles in all walks of life, catapulted China into unprecedented political chaos and anarchy. With the exception of unchecked timber cutting and inefficient reforestation campaigns, most forestry programs were abandoned during 'the lost decade'. (Wang, 2004)

2.3.4 Household Contract Responsibility System (1978 - 2003)

After Xiaoping Deng, leader of the Communist Party of China and reformer who led China towards a market economy, took power in late 1978, due to long-term low productivity and ineffective management of agriculture and forest, Chinese leaders

were aware that something essential in society and institutions was wrong and needed change. (Song et al, 1997.). Therefore, great economic reforms--- Reform and Open suggested by Deng Xiaoping have covered almost every sector of the economy since 1978. The essence of the Reform and Open is (1) the main goals for the development of the country changed from the communist idea of class struggle to the more western idea of enhancing productivity and economic growth; and (2) scientific and technological advances and the ability to attract foreign investment became accessible with the opening of the country. (Wang et al, 2004).

In agricultural sector, an agricultural contract system--- Household Contract Responsibility System (HCRS), which local individual managers are held responsible for the profits and losses of the enterprise when the ownerships of lands still belong to collectives (villages), was tested and earned success in Xiao Gang village, He Nan province. This system partially supplanted the egalitarian distribution method, whereby the state assumed all profits and losses. Under the system, obviously, farmers became into rich and productivity. In 1981, the central government launched a policy to extend HCRS system to forest industry which gave forest using responsibility to individuals and rural cooperatives. By late 1984, 4 million specialized rural households were engaged in forestry operations and 175000 cooperative forestry farms throughout China managed some 17 million ha (China Forestry Yearbook, 1949- 1986).

HCRS in forest is three categories of management and tenure were established, then different kinds are different using: family plots and responsibility hills (both managed by individual households) and collective management, which continued in modified forms (Central Committee, cited by Liu and Edmunds, 2003).

(1) Family Plots (Ziliushan). Small piece of forests which nearby farmers' houses, farmers' grave on and bare hills were allocated to each household. "Ownership of the land remained with the collective, but the households enjoyed land use right for an unspecified period of time and owned the trees they planted. Households were allowed to select the species for planting, to make a number of management decision, and to harvest non-timber products" (Liu and Edmunds, 2003). However, transfers of use rights to these lands are not allowed.

(2) Responsibility hills (Zerenshan). The collectives also distributed some forested lands to individual households (and groups of households in some cases) for the purpose of improving their management. As with family plots, the collective retained ownership, but it transferred some management and production responsibilities (such as forest cleaning and protection) to the households for terms of 5, 10 or 15 years. Households had no right to transfer these resources, and they exerted only limited control over the harvest and sale of the trees on them. Households and the village collectives shared the income from responsibility hill forests according to terms agreed upon by the two parties, the terms varied from village to village according to forest accessibility and the age of the trees at the time of the distribution. (Liu and Edmunds, 2003)

Because boundaries of definitions of responsibility hills and family plots weren't clear, and government didn't administrated strictly. In some provinces, responsibility hills were incorporated into family plots immediately after their distribution from the collective (Compiling Board of Hubei 1989; Compiling board of Guizhou 1994 cited by Liu and Edmunds, 2003).

(3) Collective Management. Modified forms of collective forest management remain important today despite the popularity of household management. Its role is larger in the more remote and forest-dependent areas of Yunnan. Decisions regarding forest management and the distribution of forest income are now open to greater input from community members. Many decisions are discussed in open forums, and previous decisions are subject to critique and revision, sometimes through a voting process. The income from forests under collective management tends to be used for improving the community infrastructure or for community services. (Liu and Edmunds, 2003)

Under HCRS system, foresters certainly got benefit. Family hills applied fundamental living needs to keep basic living standard; and responsibility hills and collective management provided opportunity to develop their businesses to improve their living standard. It was unexpected that releasing community forests to individual households resulted in mass illegal and premature cutting of over 1 million ha of forests in south China. Results of No.3 Forestry Assessment appeared that the total volume of stumpage collective forest in the south of China deduced at 185.59 million/cu.m during 1984 to 1988. Liu's study found that in eight of the 10 study provinces, the dominant region for non-state forests standing stock declined rapidly from 944 million m³ in the 1977-1981 forest inventories to 812 million m³ in the 1984-1988 after the distribution of forest resources to households (China Forestry Yearbook 1990, MOF 1996 cited by Liu and Edmunds, 2003). Meanwhile some researches showed that poverty still increased in the west of China, including mountainous areas and for national minorities (Gustafsson and Zhong 2000). Of

course, poverty increasing due to many reasons, but the effect of the reform on poverty alleviation is not obvious.

Finally, the policy didn't improve living standard of farmers. On one side, tenure policy has been changed over times which make farmers insecure in the new tenure. They were doubtful that any policy would be longstanding. Besides, the return on investment in commercial timber species was low (Liu and Edmunds, 2003). According to these reasons, farmers started to harvest plants earlier or deforest existing forest in stead of planting or protection. On the other side, most farmers have no knowledge and power as well as capital to rent forest, so collective forests were finally collected in hands of rich people or village leaders.

Why was the same system which brought achievements in reform of cultivating land and failure in reform of forest tenure? The main reasons can be in below.

Firstly, insecure tenure. The most obvious is the short term for which households have enjoyed use rights to their land. New rights to forests were initially contracted for terms of 15 years as same as cultivated land. For planting, it is an enough period to invest and get return. However, in term of forestry, fifteen years is too short to gain return on investments. (Liu and Edmunds, 2003). Most of farmers were very poor and had no capital saved. Their money just can support a short-time expend if without profit. But, harvesting cycles of forests usually are very long, several years or decades. For surviving, farmers have no time and capital to consider long-term benefit and collective profit. The second part of insecure tenure is that with the continuing changes of policies and the intensity of institutional changes, most farmers lack the confidence in the HCRS-related policies (Liu and Ping, 1990). Farmers were doubtful

that any policy would be longstanding. It gave them more reason to harvest whenever they had the opportunity, before the policy changed again.

Secondly, low financial return is another reason (Bruce et al. 1995, Albers et al. 1998, Yin 1998, Zhang et al. 2000). The return on investment in commercial timber species is especially constrained. The government takes 50% or more of timber sale receipts in the form of taxes and fees and leaves less than 30% for the household or the collective. The profits from timber production are minimal, when subtracting the costs of planting, management, and protection. (Liu and Edmunds, 2003)

Thirdly, the successfulness of the reform was impacted by the better understanding of forest management and the ability to pursue management opportunities. These factors are functions of the accessibility of technical services and market information and the availability of financial resources. Farmers' different backgrounds form different thoughts towards these resources, leading to various ways of management. (Liu and Edmunds, 2003)

2.3.5 The Reform of Collective Forest Use right (RCFUR) (2003)

In order to explore potential of forest and solve problems of the former policies, in 2003, No.1 file of the Central Government called for completely and deeply reform tenure right of collective forests. A new reform called the Reform of Collective Forest Use Rights (RCFUR) has been implemented. Learning from previous experiences, the improvement in this reform is that: (1) individuals get broader freedom to use forest lands, like producing on the forest land, selling the right, renting the right or transferring right (2) To deal with of problem of insecure, using rights of collective

forest are guaranteed by law. After measurement and confirmation, farmers can get a paper of certification which confirms that the individual has usufruct rights for certain areas of forest land. (3) The expiration date of using right of forest is 70 years which is longer than cultivating land. It can deduce anxiety of long-term investment and give more confidence of product. (4) Farmers' usage right can be mortgage to get loan from banks which solve the difficulty that farmers want to develop forestry production without capital and help them through long period without profit avoiding from deforestation for survive.

2.3.6 The trend of forest tenure

Reviewing the whole process of change of forest policies, forest tenure system changed many times. But, a trend still can be observed. Although there is no clear boundary between privatization and collectivization, forest tenures in China went from high privatization to high collectivization, and then turn towards privatization again. The trend appears a "U" form (see Figure 1). In 1950s', lands held by the landlords were expropriated and then allocate farmers who owned whole ownership. It is high level of privatization. From People's Commune Action to Culture Revolution, ownership of land goes to high level of collectivization step by step. After 1980s', the trend tend to privatization again. Till now, property isn't still pure private. Learn from experience, maybe this is the best way for natural resource having strong externality, because pure private property will lead external uneconomic. For example, individual needs wood as fuel instead of considering climate change. Meanwhile, pure collective property must match with suitable allocation and level of productivity otherwise will cause idleness and low efficiency. In current case,

multiple properties are available for forest resource, which not only restrict abuse right, but incentive productivity as well. In some countries, the institution has been introduced and tested.

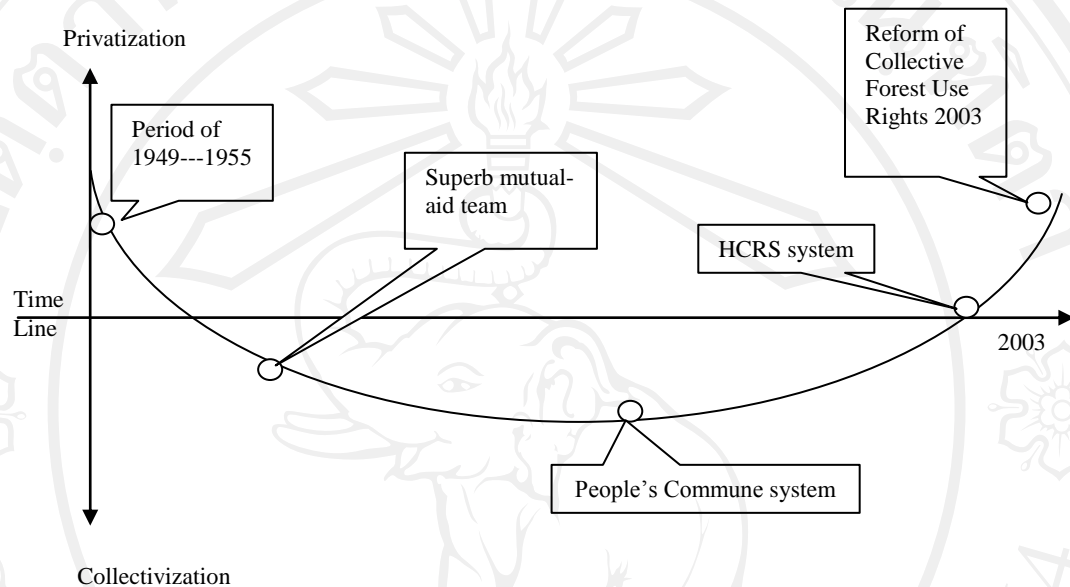


Figure 1: The Trend of Change of Forest Tenure in China from 1949 to 2003

2.4 Implement of the Reform of Collective Forest Use Rights (2003) in the study area.

From 2006 to 2010, based on principles of the Central Government, He Qin carried out the Reform of Collective Forest Use Rights 2003. There are 55,886 households participated and 23,619,000 mu¹ of collective forest involved in the reform. There are 235,8400 mu of collective forest classified clear tenure, including 13,677,000 mu of collective economic forest (occupied 99.8% of total collective economic forest) and 993,300 mu of collective public forest (occupied 99.9% of total collective public forest). There are 20,163,000 mu of collective forest allocated to households, comprised by 85.84% of collective economic forest and 84.72% of

¹ mu is the name of Chinese traditional unit of area. 16.66mu = 1 hectare.

collective public forest. In all of villages, the two villages as study points completed successfully finished work on and submitting certification. Nowadays, all of farmers in study villages have already gotten the certification of collective forest. Currently, because farmers need time to use to the new reform and need government's advices, most of farmers still keep the same forest using situation as before the reform.