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Chinese Farmers' Land Rights at the Crossroads — Findings and Implications from a 2010 Nationwide Survey

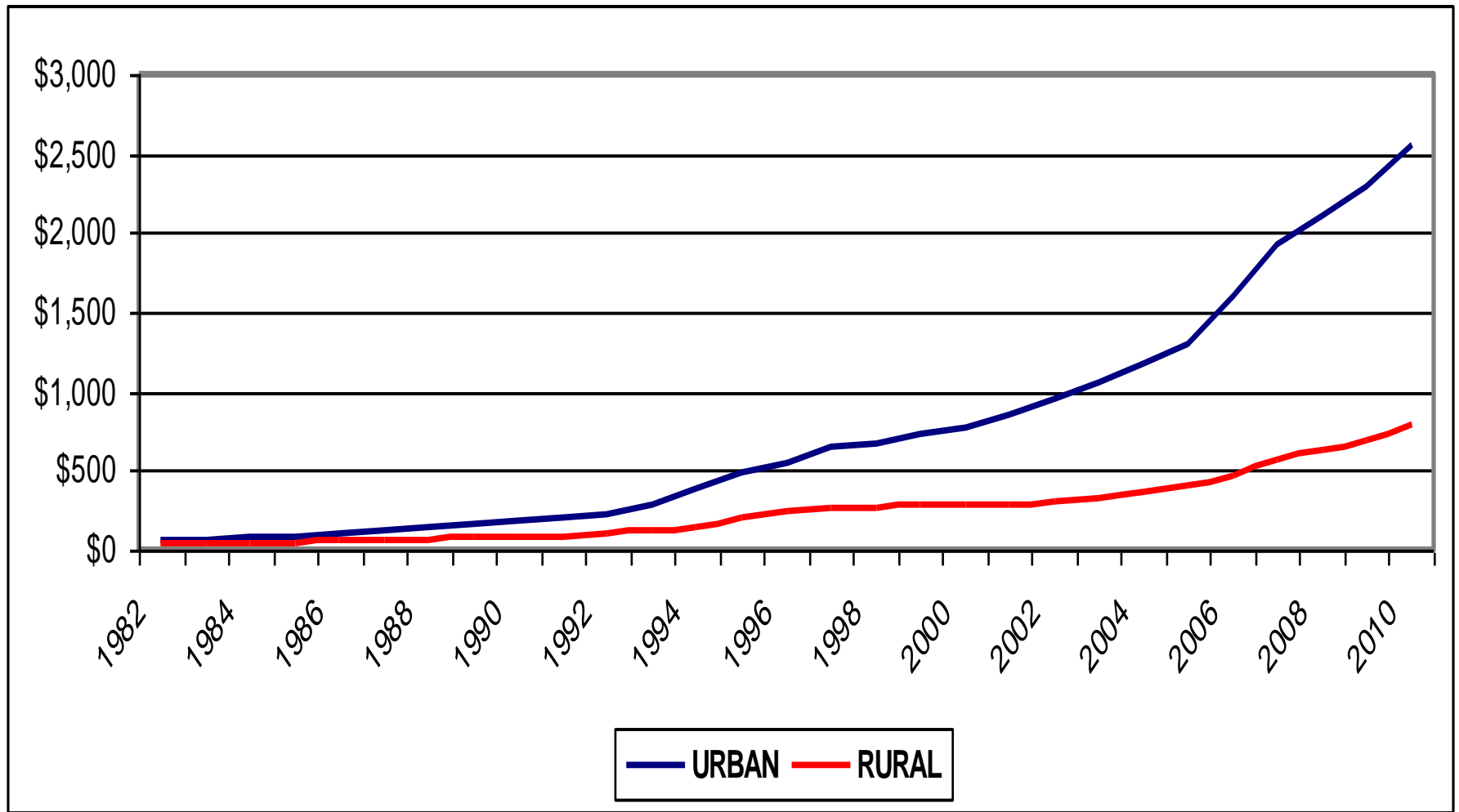
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The Big Picture: The Worsening Rural-urban Disparities

- **Nearly 800 million people in China are considered rural, but their average per capita income is only about US\$800 for the year 2010.**
- **Official rural-urban per capita income ratio is 1 : 3.23, but when other urban social benefits are counted, the real ratio is 1 : 5 or worse.**
- **An estimated total of 120 million people live under the \$1-a-day poverty line, the vast majority of whom is rural.**

Per Capita Rural-Urban Income Comparison



The Legal Regime on Rural Land Rights

- 1. All rural land is owned by “collectives” (village communities)**
 - In recent decades the breadth of collective ownership has been curtailed to give more rights to farmers, but local officials still possess great power in practice.**
- 2. Individual farm households have “use rights”**
 - For arable land, the term of the use rights is 30 years (mostly started in late 1990s).**
 - Land rights documents: contracts and certificates.**

2010 Nationwide Survey on Rural Land Rights

- 1,564 farm households were interviewed in mid-2010, which is the fifth in a series (prior ones in 1999, 2001, 2005, & 2008).
- The surveyed 17 major agricultural provinces together have 83% of China's rural population.
- Accuracy level of $\pm 2.3\%$ (at the 95% confidence level) for the entire 17 provinces.
- Survey partners: Landesa, China Renmin Univ., & Michigan State Univ.



Key Findings (1): Documentation of Land Rights

1. Issuance of land rights documents far from complete

- 63% have been issued certificates, and 53% issued contracts.
- 29% have been issued neither.

2. The low quality of issued land rights documents

- Only 17% of issued contracts and 38% of issued certificates can be considered strictly law-compliant.
- Wives' names generally missing in 84% of contracts and 69% of certificates.

Key Findings (2): Investments in Land

1. Mid- to long-term investments in land

- **24% of farmers have reported one of six specific types of mid to long-term investments in land (orchards, green houses, pig farms, fish ponds, etc).**
- **In 2009 such investments yielded an average gross income for the investing farmer of \$2,750, or a total of \$60 billion for all investing farmers — this represents over 12% of total rural income in that year.**
- **The correlation between land documents and investments:**
 - Farmers with at least one land document are 76% more likely to have made such investments than those who have not been issued a document.**
 - Surveyed farmers are 93% more likely to have made such investments with strictly law-complaint land certificates compared to noncompliant certificates.**

Key Findings (3): an Emerging Land Market

- **1 out of 8 farmers over the past 3 years are engaged in market transfers of land rights (mostly leases).**
- **For those market transfers, average cash rent in 2010 was \$232 per acre, compared to \$196 in 2008.**
- **If capitalized at 5%, that flow of rental income suggests an emerging land value of around \$5,200 per acre (for agricultural purpose only).**

Key Findings (4): Compulsory Land Takings

- **37% of villages have experienced compulsory land takings or acquisitions since the 30-year rights were introduced.**
- **In 60% of all reported takings, farmers are not satisfied due to (1) low compensation, or (2) unfair process.**
 - **The median amount of compensation received by affected farmers is about \$10,000 per acre, typically one fifteenth of the price at which the government sells to developers.**
 - **in 29% of all cases, farmers were not notified in advance; in 58% of cases, farmers were not consulted on compensation.**
- **As reported by multiple studies done by Chinese institutions, Grievances arising from land takings are now the most frequently-cited cause for rural unrest and protest.**

Key Findings (5): Corporate Leasing & Farming

- **24% of villages have seen leasing of large amounts of farmers' land to well-connected companies or developers.**
- **The problem of voluntariness**
 - **45% of these arrangements arise out of pressures or mandates from local officials.**
- **The problem of illegal land conversion**
 - **More than one-third of the big holders are using at least some of the land for factories, urban apartments, etc.**

Implications of the Survey Findings for Further Land-Rights Reform in China

Documentation of Land Rights

- **Issuing land rights documents (contracts & certificates) to all remaining farm families to assure their rights;**
- **Conducting expanded land registration pilot programs to explore effective ways for a nationwide registration system;**
- **Recording women's names in all new documents.**

Compulsory Land Takings

- **Reforming the law on land takings (*Land Management Law*) to improve compensation standard and procedural due process for affected people.**
- **Drawing from the positive changes in the recently adopted *Urban Takings Regulation*.**

Corporate Landholdings

- **Considering restrictions on corporate landholding in these aspects:**
 - Landholding size limit,
 - Full consent from affected farmers, and
 - No illegal land use.

Further Considerations

- **Resolving the legal uncertainty by expressly making farmers' 30 year land rights automatically renewable and without charge.**
- **Protecting the land rights (both arable and residential land) of migrant workers and “urbanized” farmers.**
- **Strengthening enforcement mechanisms (e.g., grassroots publicity, legal aid, court system).**