

## *Current use of arable land in China, problems and perspectives (abstract)*

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### **1. Abstract**

China is currently undergoing a double transition: from a planned economy to a market economy and from a rural and agricultural society to an urban, industrial one.

### **2. Current situation and problems**

#### I) Problems protecting arable land

China has a large population but limited resources per inhabitant as well as insufficient reserves, which poses several problems. The country must feed 22% of the world's population with only 10% of global arable land.

Currently, there are only 118,755.00 million hectares of arable land, or only slightly more than 900.0 m<sup>2</sup> per inhabitant, which is less than 40% of the global average. Even more alarming is that these limited resources are constantly diminishing.

#### II) Problems with the use of collective rural land

##### i) Rural land use rights

ii) Putting collective rural land suitable for construction on the market - The means of doing so, which are very limited, encourage illegal practices to a certain extent, and result in rural lands being frequently and unexpectedly put on the market.

iii) Requisitioning rural land - Local authorities currently requisition land to ensure the town's economic development, to attract investment or to increase taxes, rather than to help citizens. These practices negatively affect farmers. Another problem is inadequate compensation for expropriation.

#### III) Problems with the property market

i) China's property market structure - The market is based on public land ownership. The Constitution of the People's Republic of China and the Law on Land Management stipulate that China implement the public land ownership system in two ways, namely, as public property and as the collective property of the working classes. Currently, there is a legally recognized property market for only urban, not rural land. The only link between urban and rural land is the requisition of rural land by municipalities.

ii) Current property market problems - First, the percentage of urban land distributed on the market is not very high. Also, local governments that are often "tempted" by the opportunities that come with land use do not exercise sufficiently strict control of the property market and government land is lost. An insufficiently controlled market, an inadequate and opaque transfer process and inadequate supervision result in fraud, unfair prices and the creation of slush funds. A grey market quickly develops in semi-rural areas.

IV) Problems with the efficient use of land in developing towns and rural areas. The main problems are the following:

1) The towns develop in a sprawling and haphazard manner, taking up too much land, especially cultivated land, which is a serious waste.

2) The distribution of land for developing towns and rural areas is often unreasonable. Land is distributed in a haphazard and disorganised manner.

3) The structure of urban land use is unreasonable.

4) The average area of urban land used per inhabitant is relatively large and its use is not optimised.

5) Urban land management and the property market are not well supervised.

V) Problems with land-use planning. The main problems are the following:

- 1) Plans do not keep up with market economy demands or create access to a wide range of project choices in keeping with main planning objectives.
- 2) Plans lack foresight and often lag behind socioeconomic development and urban planning.
- 3) Plans are not feasible. During the planning process, more attention is paid to theoretical analysis and evaluation, especially of agricultural land, than to studies on the improvement of the structure and distribution of space. Moreover, planning is not sufficiently adaptable to actual development requirements.
- 4) Plans often lack scientific basis. Scientific theories and advanced technology are rarely used and basic data is sometimes incorrect.
- 5) Plans are not sufficiently customised. Land use and related policies and measures are defined in general terms during planning, without addressing unique land characteristics.

VI) Problems with land management. There are still several problems in this area and the main ones are as follows:

- i) There is only one investor in land development at a time, since a multiple-investor system has not been developed.
- ii) Encouragement to farmers to work hard has an adverse effect as there is a serious tendency towards agricultural overproduction
- iii) The current rural land ownership system imposes restrictions on property management to a certain extent. For example, the registration method for collective rural land is archaic and the transfer of rural land-use rights is neither well supervised nor sufficiently frequent.

VII) Problems with the land protection system. The main problems are as follows:

- i) The lack of national laws controlling the acquisition of protected land.
- ii) The organisation responsible for acquiring protected land does not have independent land-use rights.
- iii) Protecting land is too dependent on the government “monopoly”, which sometimes compromises public interests.
- iv) Too much interference by public authorities limits transparency, equity and justice in the system.
- v) Financing for the organisation responsible for protected land acquisition is quite risky.
- vi) Due to its legal status, this organisation risks violating laws.

VIII) Problems with property policy as a means of macroeconomic control. The main problems are as follows:

- i) The competent organisations have not yet recognised the need for macroeconomic control and to cooperate with other similar organisations, using suitable methods.
- ii) The system for the distribution of profits from land and their supervision has not come into effect.
- iii) The application of land occupation plans is difficult, for two reasons. First, due to faults in the country's current system, plans are often incompatible, especially urban development and land use plans. Second, the current land use plans lack foresight, and moreover are generally determined according to local economic development needs. This means that they are often incompatible with central government plans.

### **3. Analysis of problems and suggestions for future development**

I) Protecting arable land

It is essential to develop protection methods, including economic and administrative measures. The link between urban development and the arable land protection must also be well managed. The

following measures can be taken:

- i) Fine-tuning laws on the subject and promulgating a law specifically for arable land protection.
- ii) Creating strategic arable land reserves for the sustainable production of cereals and managing them with the help of plans with clearly marked areas of arable land.
- iii) Continuing and intensifying efforts to optimise, develop and re-cultivate land and developing a system to provide long term supervision.
- iv) Reasonably determining and regulating the size of fields to be converted to forestland and pastures to protect the environment.
- v) Creating a special fund for arable land protection and regeneration and creating a system to ensure the fair distribution of government funds to arable land protection.
- vi) Increasing the cost of arable land requisition and using various methods to limit construction on cultivated land.
- vii) Developing an independent rating system of local government leaders based on their efforts to protect arable land and creating a system that would make them accountable in this area.
- viii) Creating a public participation and surveillance system for land protection.
- ix) Gearing efforts towards more intensive and reasonable use of land suited to construction in towns and rural areas, to reduce the pressure of high demand for arable land for the purpose of construction.
- x) Reasonably determining the borders between urban and rural space and setting up borders to control future urban development.

## II) Rural land use rights

To improve the system, the following measures must be taken:

- i) Provide all farmers with legal contracts and certificates.
- ii) Increase compensation in case of land requisition and allow farmers to be more influential in negotiations.
- iii) Reduce the range of possibilities included in “land restitution for public interests” and ensure a fair procedure.
- iv) Reduce the Rural Land Contracting Law’s effects on land re-parcelling.
- v) Allow farmers to mortgage or pledge their rural land-use rights.
- vi) Provide legal assistance for farmers who require it.
- vii) Consider creating a special judicial committee or court for property cases.
- viii) Set up a complete surveillance and supervision system.

## III) Transferring and leasing collective rural land for construction

To put collective rural land suited to construction on the market, the following political and legal problems must be solved:

- i) Permanently eliminating the property system’s double standard and ensuring that collective rural land and urban public land enjoy equal status, prices and rights.
- ii) Amending the “Land Management Law” as quickly as possible to cancel the article forbidding the leasing and transfer of collective land for construction and to include a new article determining how this type of land is put on the market.
- iii) Ensuring complete respect of farmers’ rights to benefit from collective land suited for construction that is put on the market.
- iv) Reforming the collective rural land system to ensure that farmers are the main beneficiaries of the transfer and leasing of this land.
- v) Creating a forum for direct negotiation between farmers and developers when converting farmland to industrial or commercial land, reforming the current requisition system of arable land to be converted into non-arable land to allow collective rural land to be included in the prime property market.

## IV) Intensive and reasonable use of land for construction in towns and rural areas

The following studies are to be carefully conducted:

- i) Complete, systemic, detailed and active studies of the intensive use of urban land in several fields such as urban development, land occupation planning, economy and political administration.
- ii) Theoretical and methodological research on evaluating the use of urban land based on Geographic Information Systems (GIS) and databases.
- iii) Studies on intensive land use methods which also meet the demands of the government, interest groups and the general public.

#### V) Land use planning

In future, theoretical planning must continue to be strengthened, the methodological system fine-tuned and the following trends in planning development must be taken into account:

- i) The national land-use plan, in association with other related plans, will become an important element of land planning.
- ii) It will be gradually standardised with well-defined rules and regulations.
- iii) It will be developed through public consultation, instead of by the government.
- iv) For the sake of sustainable development, environmental protection will be an essential element of planning.

#### VI) Land development

The country needs a general land development strategy, to be developed by:

- i) Adopting a reasonable, scientific approach to land use according to the plan.
- ii) Considering the re-cultivation of arable land as the main solution to the lack of cultivatable land.
- iii) Making the quantity and quality of arable land compatible with environmental protection.
- iv) Always trying to adapt to market economy rules for maximum gain.

#### VII) Protecting land

A land protection system would encourage the control and standardisation of the property market.

We must continue to fine-tune the system by taking the following measures:

- i) Ensuring the transparency of the organisation responsible for acquiring and protecting land.
- ii) Imposing strict rules for acquiring and protecting land.
- iii) Distinguishing the purchase price of land from compensation awarded in case of requisition.
- iv) Continuing to increase financing methods.
- v) Clearly defining public interests when buying land to protect it.
- vi) Ensuring the transparency of non-profit land transfers.

#### VIII) Property policies as a means of macroeconomic control

Efforts are to be made in the following areas:

- i) Making property policies compatible with other measures for macroeconomic control.
- ii) Fine-tuning the central government's rating and surveillance system for local public authorities.
- iii) Fine-tuning the rural property system and making urban and rural markets compatible.
- iv) Strengthening the macroeconomic role of the national land management plan, creating a system of clear, well-defined plans which are inter-compatible, so that they reflect the country's situation and correspond to national strategies.
- v) Improving land supply planning, strengthening the role of land use and urban development in this area and creating a system which includes long term, medium term and annual plans.

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