



Farmers benefit from forest privatization in China

WORKING FOR
300 000 Chinese farmers,
3 000 forestry officials

WORKING TO support
Chinese forest tenure reform
through participatory forest
management

WORKING WITH local,
regional and national forestry
officers, universities, research
institutions

WORKING THANKS TO
European Community funding

The local farmers who converge on China's new forest tenure trade centres usually arrive clutching documents that resemble oversized passports. The documents are their certificates of ownership, signifying that they actually now own a parcel of what had been a collective forest. The sleek, modern trade centres, built by the government and supported by FAO, play a critical role in the monumental transition to private forest ownership begun in 2003 under China's continuing forest tenure reform. The FAO Forest Tenure Project, underway in six pilot provinces, is helping smooth the transition.

When China began granting private ownership of its collective forests to local farmers as part of national agrarian reform, it was a mammoth undertaking that, nationwide, involved transferring the titles of 173 million hectares of forest land, affected half a billion farmers and led to the establishment of more than 100 000 forest cooperative organizations. Although the overall goal was to improve forest management by entrusting forest care to those who used it, the idea initially proved confusing, because neither the farmers nor the government officials overseeing the transfer had experience in private ownership.

However, the Chinese government took serious measures to support the new tenure system so that the individual households could learn how to benefit

from their new rights. It called upon FAO to join China's State Forestry Administration (SFA) in helping farmers take responsibility for managing forest land themselves. As a result, FAO now works with SFA and has established a Forest Tenure Project to impart forest management concepts to farmers in six pilot provinces that include eight pilot counties, 16 pilot villages and some 300 000 farmers.

Under the reform, the government grants the new owners – namely farmers who live in or near a forest and have been part of its collective operations – an array of rights that has opened an entire new world to them. It starts with granting the farmers ownership of the forest and use rights of the land for 70 years with the opportunity to extend. But that's just the beginning.

FOREST PRIVATIZATION



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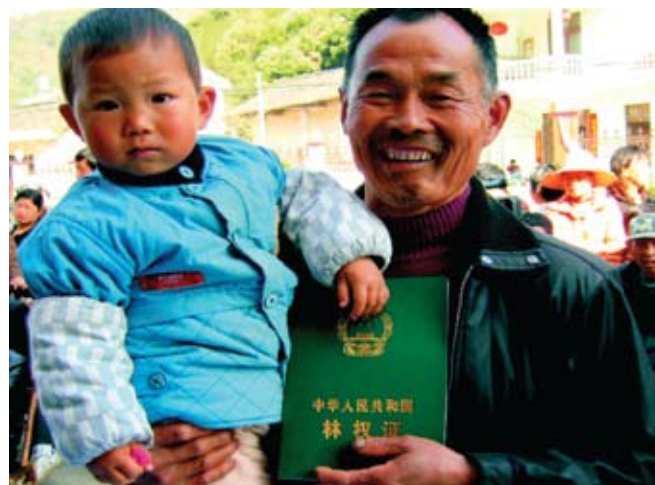
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Forest users become owners

Ownership certificates can be used as collateral for loans, owners can sell their use rights, they can sell a portion of the land or of the time they own it, and the land can be inherited. The transfers are handled through open bidding at modern trade centres where employees immediately enter all transfers in dedicated system computers.

Because so many households are involved in the reform, the parcels the new owners receive are quite small. So in the name of efficiency and equity, FAO introduced the concept of participatory management to the farmers and helped build their capacity to establish and manage cooperatives. At the same time, FAO also trained local forestry officers to provide guidance to cooperatives in setting up activities such as timber processing and marketing. It has also organized training for more than 1 000 forestry officials, leaders of forest farmer cooperatives and farmers in the legal and institutional aspects of the ownership transfer and participatory approach, established a knowledge exchange among the pilot provinces, and set up study tours for the new forest owners and forestry officials to visit cooperative operations across China as well as in distant countries that have similar forest owner organizations, such as Brazil, Finland and Hungary.

The forest areas where FAO operates the pilot projects are mainly bamboo, which means they have good potential to support local livelihoods because bamboo grows fast, its fibre has a ready market and its edible shoots contribute to food security. With the support of FAO, farmers developed and implemented their first management plans which generally call for planting more trees and applying advanced techniques to improve existing forests. This fits well with the government's overall goal of increasing farmers' income while improving forest resources.



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New market tools

FAO also supports the trade centres – hubs of activity that personify the change. Here, new owners can buy or sell the ownership of forests or use right of forest land in auction bidding while large screens provide real-time market information, who bought land, who sold it and the most recent prices paid. It's all a learning process for both the new forest owners and the government officials overseeing the process. Thus FAO, along with SFA and the European Community, have initiated activities to introduce farmers to the concept of markets and greater access to market data. The government has contributed further to the effort by greatly reducing the taxes the farmers must pay on forest products such as timber and, with FAO, is exploring opportunities to reduce the transaction cost of trades.

While focusing on forest farmers' cooperatives as the way forward for the reform may seem somewhat familiar – as though returning to the original collective forest mentality – participants are quick to point out that these cooperatives are different. In the days of collective forests, the farmers did not have individual rights and management decisions were passed down from the government. Now, the new landowners pool their resources in cooperatives, design their own decision-making mechanisms and determine together how they wish to manage them. And above all, under the reform, the individual owners have the right to decide whether they will – or will not – join the cooperative.

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