



Supporting policy, legal and institutional frameworks
for the reform of forest tenure in China's collective
forests and promoting knowledge exchange

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Assessment of Forest Tenure Trade Centers in Fujian Province



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Assessment of Forest Tenure Trade Centers in Fujian Province

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Content

1. Introduction	1
1.1 Background	1
1.2 Literature Review	4
1.2.1 Theory Review	4
1.2.2 Existing laws and administrative regulations and other related systems	6
2. Project objectives and methods	8
2.1 Project Objectives	8
2.1.1 To assess the experience and lessons learnt from existing forest tenure trade centers (FTTC)	8
2.1.2 To analyze the success factors, and identify challenges and main bottlenecks	8
2.1.3 To make recommendations on improving policies, laws and regulations as well as the advice of frameworks related to forest tenure trade centers (FTTC)	9
2.2 Project methodology	9
2.2.1 PRA (Participatory Rural Appraisal) approaches	9
2.2.2 Relevant analysis Methods	10
3. Basic Information	12
3.1 Description of Pilot Areas	12
3.1.1 Youxi County in Sanming City	12
3.1.2 Shaowu in Nanping City	13
3.1.3 Sha County in Sanming City	14
3.1.4 Yong'an County in Sanming City	16
3.2 The survey information on forest tenure trade centers	17
3.2.1 Youxi County in Sanming City	17
3.2.1.1 Youxi Forest Tenure Trade Center	17
3.2.1.2 Youxi Hongxin Forestry Trade Broker Co. Ltd	18
3.2.2 Shaowu in Nanping City	18
3.2.3 Sha County in Sanming City	19
3.2.4 Yong'an County in Sanming City	19
3.3 The trade summarization of forest ownership or land use rights in case counties	20
3.3.1 Youxi County in Sanming city	20
3.3.2 Shaowu in Nanping City	23
3.3.3 Sha County in Sanming City	26
3.3.4 Yong'an in Sanming City	29

4. Introduction of the Forms and Operation of Forest Tenure Trade and Transferability in Pilot Areas.....	33
4.1 The existing forms of forest tenure trade and transferability in pilot areas.....	33
4.2 The procedures of forest tenure trade and transferability in pilot areas	35
4.2.1 The procedures of trade directly or introduced by relatives and friends between buyers and sellers.....	35
4.2.2 The procedures of trade in forest tenure trade centers	36
4.2.3 The procedures of bidding organized by local governments at the township level, village committees and villagers groups	37
4.2.4 The procedures of trade by intermediaries except forest tenure trade centers (mainly referred to the auction house).....	39
4.3 The importance of establishing forest tenure trade centers during all the trade forms.....	40
4.4 The advantages and disadvantages of each trade and transferability form	42
4.4.1 The advantages and disadvantages of buyer and seller making deal directly through relatives and friends	42
4.4.2 The advantages and disadvantages of trade in forest tenure trade centers	42
4.4.3 The advantages and disadvantages of the bidding organized by the township, village committees and villagers groups.....	42
4.4.4 The advantages and disadvantages of trade through the intermediary trade centers (primarily for the auction companies).....	43
5. An analysis of performance and transactions of the FTTC.....	44
5.1 Trade and management system and the operation procedures	45
5.2 Trade and other services.....	46
5.2.1 To organize forest tenure trade.....	47
5.2.2 The management and services for forest tenure certificate	48
Signing the notice of bid winning.....	48
5.2.3 Forest resource asset appraisal services	50
5.2.4 Forestry investment and financing services	51
5.2.5 Forestry administrative services.....	52
5.2.6 Other forestry public services	54
5.3 The advantages and disadvantages of the transaction in forest trade centers in comparison with other trade forms	56
5.4 The lessons and experience in the operation of FCCT.....	62
6. Analysis from the perspectives of different stakeholders	66
6.1 Staffs	67

6.2 Beneficiary	68
6.2.1 Small-scale forest farmers	68
6.2.2 Forest farmers cooperatives (Forester cooperative organization)	70
6.2.3 Forest products processing industries	71
6.3 Local governments at the township level and county forestry bureaus.....	72
6.4 Provincial forestry departments	75
6.5 Others	77
7. SWOT analysis (the challenges and threats to the FTTC will be identified)	78
7.1 Strengths.....	78
7.2 Weaknesses	79
7.3 Opportunities.....	79
7.4 Threats.....	80
8. Reforms and suggestions of improving the operation of forest tenure trade centers based on policies, legislation, financial affairs and institutions	82
8.1 Policies	82
8.2 Legislation.....	85
8.3 Governance and systems	87
8.3.1 To Perfect internal governance mechanism of the centers	87
8.3.2 To establishing disclosure system of trade information to ensure the two-way and transparent process.....	87
8.3.3 To further improve the operation of centralized auction trade	87
8.3.4 To Simplify the trade process and improve trade efficiency in the centers.....	88
8.3.5 To reduce charging items and standard of charging fees.....	88
8.3.6 To regulate registration of forest tenure and amendment of register.....	89
8.4 To construct trade system (including hardware and software).....	89
8.4.1 To strengthen publicity.....	89
8.4.2 To establish additional sub-centers in the trade relatively centralized areas	90
8.4.3 To accelerate the pace of constructing the invisible transferability market.....	90
8.4.4 To create better environment for forest tenure trade	90
8.4.5 To expand relevant services, provide differentiated services, and cultivate the core competence of the centers	90
8.4.6 To strengthen the training of the existing staffs and introduce specialized talents.....	91
Main References	92

1. Introduction

1.1 Background

Collective forests in China account for 58% of forestland and are mainly in the relatively backward areas of economic development. Therefore, collective forests management plays a significant role in the protection of the local ecological environment, promotion of local economic development and improvement of forest farmers' living standards. Before 1980s, forests in China were under overall village-level management, while great change has undergone since collective forest tenure reform initiated by carrying out the three forestry fixes policy (to fix forestry rights, fix private woodlands, and fix the tree-growing responsibility system). The collective forests tenure including forestland use and ownership started to be transferred to forestland farmers then. However, the lack of clear forest tenure, tangible benefits and access to decision making resulted in low motivation for forest management by the local population and continuous forest degradation. With the development of tenure reform for collective forest, Fujian Province has been the first pilot area. A new phase of reform of the tenure system, where Fujian Province has become the first pilot area, has been conducted for collective forests since 2003 in China. The tenure reform for collective forests is a top priority for the State Forestry Administration (SFA), particularly releasing the document of "the CPC Central Committee State Council advice on promoting a comprehensive Tenure Reform for Collective Forest" in June 2008. The first central forestry conference that was held in June 2009 is the evidence that the party and the government attach great importance on the tenure reform for collective forest and also enjoy the highest-level political support under the "New Countryside Development Initiative".

Fujian Province is the key area of collective forests in the south of China and its tenure reform has been in the forefront of the country. A new phase of reform of the tenure system in China has been conducted for collective forests since 2003. Fujian Province has become the first pilot area. The main signs are as follows: "Advice on promoting tenure reform for collective forests" released by the Fujian Provincial Government in April 2003 suggests that "the provincial tenure reform for collective forests will be almost completed in 3 years", which marks a new round of reform that will be conducted widely. With the completion of the first phase of "making rights and issuing certificates", "advice on deepening tenure reform for collective forests" released by the Fujian Provincial Committee and Government on November 7, 2006 shows that a new round of follow-up reform work has been started and its main content is "stabilizing a major policy, highlighting the three reforms, and improving the six systems". "Forest Resource Asset Valuation Interim Procedures" jointly formulated by Fujian Provincial Finance Department and the Department of Forestry on November 16, 2007 is to make

standards for increasing transfer activities of forest tenure, and asset valuation of forest resources closely associated with the ownership. "Fujian Provincial Forestry Property Registration Ordinance" approved by the 12th meeting of 11th People's Congress of Fujian Province on November 26, 2009, is the first local forest Registration Ordinance, and it comes into force on March 1, 2010.

Fujian Province first started to conduct the tenure reform for collective forests in early 2003. It is the continuation and deepening of the previous reforms. However, compared with the previous reforms, this reform has clearer ideas, better targets, stricter procedures, and more detailed reform work. Forest tenure has been truly transferred to the households in most areas. It is called "a new round of forest tenure reform" in this report, in order to distinguish between this reform and the previous reforms. The pilot provinces will include Jiangxi, Zhejiang, Liaoning and other provinces which launch the reform followed by Fujian Province. Currently, Fujian, Jiangxi and Zhejiang which have conducted the reform have completed the main task of the reform – "making rights and issuing certificates", and come up with a follow-up phase. At the same time, the new round tenure reform for collective forests have been gradually launched in the other provinces of China under the management of the State Forestry Administration, which demonstrates that the reform in the south of China which are the main areas of collective forests has entered an expansion phase.

It should be noted that the tenure reform for collective forests in China has already achieved initial results, but also faces many problems and challenges. An important bottleneck related to the tenure reform is the poor development of markets for forest ownership or land use rights. Economic efficiency requires that these should be traded efficiently to achieve the optimal allocation of resources and access to re-scale efficiency whenever there is supply and demand. Market information on the value of forest ownership or land use rights is limited in the Chinese Southern Collective Forests particularly in remote forest areas. There is serious information asymmetry for buyers and sellers. In order to promote the effective allocation of collective forest resources, exchanging the information on buyers and sellers, all kinds of things related to the forest ownership and land use rights should be improved. In recent years, the tenure reform for collective forests in China has been gradually deepened and the provinces which are the key collective forests areas in south of China have established a series of forest tenure trade centers (FTTC) ("Forestry Services" or "forestry factor market" which has more comprehensive functions is built in Fujian Province.), which becomes one the biggest innovation. The establishment and continuous improvement of FTTC not only helps buyers and sellers to promote trade, but also reduces the procedures and costs of forest tenure trade.

In the collective forest areas, 20% of key forest counties already have forest tenure trade

centers (FTTC), and additional centers are being established rapidly. However, the overall coverage of trade centers is still very low (about 5% of all counties).

As the pilot province in the new round reform, Fujian Province is always in the forefront in China in the establishment of the trade center. Yong'an County in Fujian Province set up "Yong'an forest factor market" in October 2004, which is the first forest service and management organization to release information, implement ownership trade, and provide agency services. The organization offers registration of forest ownership, asset valuation of forest resources, information, exhibition and trade of wooden and bamboo products, promotion and training in forestry science and technology, and forestry law and other one-stop services. It strives to create a platform for forest information release and trade of forest factor market and expand forestry development in Yong'an. In order to meet the demand of the new round reform, the successful experience in Yong'an forest factor market has been promoted in the all counties of Fujian Province and has achieved initial results. There are 66 county-level forest service centers (its main business is to manage registration of forest ownership and provide the services of forest tenure trade) in Fujian Province by the end of January 2008 according to statistics of Fujian Provincial Forestry Department, which almost cover all the counties and cities of Fujian Province (except in areas outside the city level). There are 466 township-level forestry service centers. These forest service centers have played an important role in providing forest farmers services, promoting the trade of forest tenure and further forest tenure reform. Currently, Fujian Province is proposing to set up a provincial forest tenure trade center.

Generally speaking, forest tenure trade centers in China have been growing fast, and the number and service quality of the centers have been improving gradually. The problems that the trade centers face and that need to be addressed include:

- 1) Forest farmers are sometimes forced to sell or transfer their use rights to enterprises by administrative orders;
- 2) There are non-transparent deals on transforming forest lands to other land uses;
- 3) Local village organizations collude frequently with enterprises instead of supporting farmers and thus violate the farmers' rights;
- 4) Non-transparency of market prices information and the profiteering with disinformation.

In light of the problems above, the forest farmers and other forestry-related subjects are encouraged to enter forest tenure trade centers through the establishment of sound laws, regulations and the rules, in order to promote the smooth transfer activities of forest tenure and a further new round forest tenure reform.

With the financial support from EC, the project on “Supporting Policy, legal and institutional frameworks for the reform of forest tenure in China’s collective forests and promoting knowledge exchange” is being jointly implemented by the FAO and the SFA. The specific objectives of the project are: Strengthened policies and legal and institutional frameworks for the reform of forest tenure in China’s collective forests, and shared knowledge and experience on forest tenure reform within China and with other countries. The project will produce four broad results:

- 1) Improved effectiveness of forest farmer cooperatives
- 2) Improved effectiveness of trade centers for forest ownership and land use rights
- 3) Forests managed in more participatory and sustainable way
- 4) Regular information exchange and networking on forest tenure reform within China and with other countries

The assessment and analysis on forest tenure trade centers (FTTC) will be conducted through field investigation and questionnaires, combined with interviews with the necessary departments and agencies. It also evaluates the experience and lessons of forest tenure trade centers in Fujian Province (its specific forms are "forest service center" or "Forest Factor Market"), then it analyzes the strengths and weakness of collective forest management after the reform and gives some advice on how to further develop and improve the policies of forest tenure trade centers.

1.2 Literature Review

1.2.1 Theory Review

Property rights are a bunch of rights, including possession, use, benefits and penalties of rights (Barzel, 2003), as part of property rights, forest tenure are also a bunch of collection. Specifically, it includes forests, trees and forest land ownership, use rights, benefits and disposal rights. However, forestry’s special natural and socio-economic quality leads to the forest property with the specificities of outside, special binding, loss possibility, value-added and other special transaction difficulties (Zhang Chunxia, Cai Jianhui, 1996), and this decided the difficulty and complexity of the forest tenure reform. In recent 30 years, along with the frequently change of the system of collective forest tenure in China, particularly, the steady development of a new round of forest tenure reform after 2003, and a large number of experts in the theoretical and practical departments have focused on the reform of the collective forest tenure system, so the research in this area has become one of the major hot spots.

Institutional Economics research results indicated that: whatever the initial definition of

property tenure, as long as that definition is clear, if people are willing to transact according to this property arrangement, allocation efficiency will be improved correspondently. (Kos, 1960). From the ongoing change of China's collective forest tenure system's view, it also centers on the definition of collective forest tenure and arrangements of forest ownership, which is precisely the theory's focuses. Many scholars believe that initial definition of China's collective forest property tenure is basically clear. (Zhang Chunxia, 1994; Ke Shuifa, Wen Yali, 2005), so the operating rules of the system itself is more important than property rights. The essence of property tenure reform is the operation rules reform of property tenure (Zhang Chunxia, 1994). Some scholars have also pointed out that China's collective forest tenure system has some defects such as fuzzy property rights, unstable property rights, incomplete property rights and ownership dispersion (Zhang Haipeng, etc., 2005), and these cause insecure ownership of collective forest tenures, and these rights are easy to flow and reversal (Dai Guangcui, 2002). Although there is controversy on whether the initial definition of collective forest tenure is clear or not within the academic field, at present, most scholars generally assume that the initial definition of collective forest tenure is clear, on the basis of this, they research how to improve the collective forest management efficiency in the process of resource scarcity, the performance evaluation of the existing collective forest tenure system and the construction of the transfer of complete system of collective forest tenure and other related aspects by efficient institutional arrangement.

For the arrangements for collective forest tenure system, relevant studies focus on forest land issues (Shen Wenxing, et al., 2001), the legal forest tenure transferability system (Cao Zushou, 2005), transfer of the tenure of the main forest (Yang Ping, 2007, 2008), legal risks of forest tenure transaction (Yao Shue, 2008), the transaction costs of forest tenure reform (Wang Zhannan, 2009), monitoring of the forest tenure transferability (Zhu Xiaojing, 2009), solutions of problems left over by history (Jiang Jisheng, Miao Guangping, 2009) and so on. For the construction of collective forest tenure transfer supporting system, relevant scholars' study mainly focus on: government functions position after collective forest tenure system reform (Chen Xuequn, 2009), public financial policy support (Wei Yuanzhu, 2009; a member of Peking University Guanghua School of Management of collective forest tenure reform project team, 2009), forestry investment and financing (Fan Delin, 2009; Pan Huanxue, Qin Tao, 2009) and so on. For the existing system of collective forest tenure performance evaluation, relevant research has focused on the reform of forest ownership equity and efficiency (Wang Wencan, 2008), tenure reform and forest farmers revenue growth (Kong Fanbin, 2008; Zhang Lei, et al., 2008; Xie Yi, et al., 2009; Wang Wencan, 2009), the equality of forest land allocation (Zheng Fengtian, Ruan Rongping, 2009) and so forth. Although the scholars have different points of evaluation and the conclusions are not the same, the main concern is nothing more than the following two

aspects: first, how to achieve the forest farmers' tenure on forests resources through reform and ensure the fairness, and second, how to realize the optimal allocation to the forests resources by effective forest tenure transferability, so as to promoting forestry management efficiency.

Considering the theoretical circles at home and abroad from the above research results, although there are a lot of results of their research and the areas of research are relatively wide, and forest tenure transferability system, as one of the main support measures to the forest tenure reform, is also concerned, the research by related scholars of the substance hardly involved the construction and evaluation of forest tenure trade centers, which are the important part of forest tenure transferability. It has great theoretical and practical significance to evaluate the operational efficiency and effectiveness of forest tenure trade centers, based on their important role and great potential, such as promoting the transferability of forest tenure, improving forest farmers' living standards and so on.

1.2.2 Existing laws and administrative regulations and other related systems

June 2003, the CPC Central Committee, State Council issued “on the decision to speed up the development of forestry,” a new round of reform of collective forest tenure system has made overall arrangements. It was a major decision made by the CPC Central Committee and State Council. Its essence is to establish business entities, clear forest land use rights and forest ownership, liberalize the franchise, implement right of disposal on forest resources, so as to establish the operative mechanism based on household contract, the coexistence of a variety of business forms, unified responsibility, right and responsibility under maintaining the same collective forest tenure. Subsequently, Fujian, Jiangxi, Liaoning, Zhejiang and other provinces have begun to implement the reform of collective forest tenure system. No. 1 central document of 2006 and 2007, “The People’s Republic of China National Economic and Social Development Five-Year Plan” passed by the National People’s Congress has been identified as the key contents and major initiatives of the reform of collective forest tenure system for deepening rural reform. In June 2008, the CPC Central Committee, State Council proposed in “the views of promoting a comprehensive reform of collective forest tenure system”: in 5 years or so, basically completing the task of clarifying of collective forest tenure and the reforming of tenure; under the circumstance of maintaining the same collective forest tenure, fulfilling forest ownership or land use rights to the collective economic organization by household contract, and establishing the dominant position of contract for the managerial rights to forest land for forest farmers; The forest land contract period is 70 years, the contract can be renewed in accordance with relevant state regulations when the contract period expires. In June 2009, the first central working session of the Forestry was held in Beijing. It is a comprehensive study of the deployment of promoting the reform of collective forest tenure system, and further demonstrates

attention of the Party and the government to the new round of collective forest tenure reform. By the end of 2009, China has completed the forest tenure affirmation area of 17.7 million mu, accounting for 64.7% of collective forest land area of 27.37 million mu; it has been issued 59,540,000 certificates, the certification area is 14 million acres, accounting for 51.2% of the collective forest area, 55.42 million forest farmers received forest tenure certificate, farmers have truly become the subject of collective forest management.

For Fujian Province, due to long periods of relatively active forest tenure trade, thus on the formulation and promulgation of laws and regulations and policies, it has taken the forefront in China. Relatively influential laws, regulations and policies are as follows:

1) On the June 30, 2007, the Eighth People's Congress Standing Committee of Fujian Province, the thirty-third meeting adopted the "transfer ordinance of Forest Resource" to regulate the provincial forest resources transfer. On September 29th, 2005, it was amended by the nineteenth meeting of Tenth People's Congress Standing Committee of Fujian Province, and later its name changed into "transferability ordinance of Forest Resource," and is continued to be implemented;

2) In April, 2003, the Fujian Provincial Government released "views on promoting the reform of collective forest tenure system", it was pointed out that "in 3 years, the province will complete the basic reform task for the collective forest tenure system", which marks a new round of reform of forest tenure were carried out comprehensively in the province;

3) On November 7, 2006, with the first phase of provincial tenure affirmation and certificates issue preliminary completion in the new round of forest tenure reform, Fujian Provincial Committee, the provincial government introduced "views on deepening the reform of collective forest tenure system", and started following-up and supporting reformation for the new round of forest tenure reform, which is about "stabilizing a major policy, highlighting three reforms, improving six systems". Among these, the "stabilizing a major policy" is long-term stability of forest contracting policy, regulating forest resources transferability and fee collection, use and management of forest land; "highlighting three reforms" means to highlight the forestry investment and financing system reform, management of commercial forest harvesting system reform, the reform of forestry management patterns; "improving six systems" means to improve the systems of forestry protection, forestry services, forestry science and technology supporting and forestry management systems, forestry ecological system, and forestry industry system;

4) On November 16, 2007, Fujian Provincial Department of Finance and the Department of Forestry jointly formulated "the Interim Measures for Forest Resource Assets Assessment and Management", to regulate the increasingly frequent forest resources tenure transferability after

the new round of forest tenure reform, and assets assessment closely associated to tenure transferability;

5) At the end of 2007, under the spirit of the State Forestry Administration, Fujian Provincial Forestry Department issued “the notice of further regulations of Fujian Forestry Department on forest tenure registrations and certificates issues” 【Min Forestry (2007) (2)】, to plan work of forest tenure registration and certificates issues;

6) On November 26, 2009, the Eleventh People’s Congress Standing Committee 12th meeting in Fujian, adopted the “ordinance of forest tenure registration in Fujian”, which is the first local registration ordinance of forest tenure nationwide, and came into force on March 1, 2010.

2. Project objectives and methods

2.1 Project Objectives

The project has studied Youxi County, Shaowu City, Sha County and Yong’an City and related counties and cities in Fujian Province, made use of field research, questionnaires, and specific case studies, and strived to achieve the objectives in the following areas:

2.1.1 To assess the experience and lessons learnt from existing forest tenure trade centers (FTTC)

Specifically it includes the following areas:

1) To collect the related information about existing forest tenure trade centers, including the development of forest status, the organization and management, participation and reliability of forest farmers, as well as the role of forest and other information about trade centers;

2) To analyze the strengths and weaknesses of forest tenure trade center compared with other existing trade patterns;

3) To understand limiting factors of forest tenure trade centers and the existing problems to be solved;

4) To analyze and evaluate experience of the trade centers which have got initial success;

5) To analyze the lessons of the forest tenure trade centers which have problems or failure.

2.1.2 To analyze the success factors, and identify challenges and main bottlenecks

Specifically it includes the following areas:

1) To analyze the main factors that affect the success of forest tenure trade centers by

interviews and questionnaires, and to know about the development history of the forest tenure trade centers, including the reasons of beginning, how it starts and why it is acceptable for forest farmers and the attitude of other stakeholders;

2) To identify challenges and main bottlenecks of the forest tenure trade centers. Especially, to understand why the forest farmers do not support or do not choose the right trade centers, and restrictions and problems of trade centers, especially the existing laws, regulations and local policy constraints.

2.1.3 To make recommendations on improving policies, laws and regulations as well as the advice of frameworks related to forest tenure trade centers (FTTC)

Specifically it includes the following areas:

1) To further analyze and clarify the problems faced and lessons learned of the forest tenure trade centers in Fujian Province, especially the existing laws, regulations and local policy issues and in depth evaluation. On this basis we get policy recommendations on the trade centers for improving the forest-related policies, laws, regulations and institutional framework;

2) To collect the main views and ideas from managers in the various forest tenure trade centers, relevant authorities, small-scale forest farmers, forest farmers cooperatives (FFCs), wood processing factories, and other parties;

3) To summarize comprehensive views of the parties and put forward some corresponding measures in the laws, regulations and policy recommendations.

2.2 Project methodology

The project combines the standardized research and empirical studies, qualitative analysis and quantitative analysis methods. During the process of investigation, it mainly uses the field research method, and makes interviews with a specific group (combined corresponding surveys) to collect relevant information; At the same time, on the analysis of the strengths, weaknesses and challenges of the forest tenure trade centers, it mainly uses SWOT analysis and statistical analysis methods to evaluate and analyze results; In addition, in the final stage, this report uses the analysis and comparison methods to identify the similarities and differences between the different cases. All kinds of above methods are analyzed briefly as follows:

2.2.1 PRA (Participatory Rural Appraisal) approaches

PRA (Participatory Rural Appraisal) approach is the main method of research, including the following aspects:

1) To conduct the investigation. The main purpose of the investigation is to understand the

natural resources of forest tenure trade centers' location, social and economic development conditions, especially understanding the information related to the forest tenure trade;

2) To collect the necessary second-hand information. We mainly collected information related to the forest tenure trade centers in Fujian Province, and the cases counties (Youxi County, Shaowu City, Sha County and Yong'an City);

3) To conduct the questionnaires. The questionnaires use the kind of closed and open-ended question combination, including the basic information and status about forest tenure trade centers and their communities. The research group sets up different types of questionnaires for different types of target groups for collecting useful information. The structures of questionnaires are as follows: (1) basic information; (2) the management and operation mechanism of forest tenure trade centers; (3) external support; (4) constraints and problems; (5) ideas and expectations. During the research process, there are six copies of the questionnaires about forest tenure trade centers and sub-centers. The research group asks the forest farmers to do the questionnaires in the four cases counties by the random sample method. There are 135 valid questionnaires;

4) To make interviews with persons who have key information. The key information persons include small scale forest farmers, forest farmers cooperatives (FFCs), forest related processing industries and relevant government agencies and directors of departments who are the leaders in the towns (villages), officials and experts responsible for forest tenure trade centers in the county-level, leadership of FTTC, key management personnel, the leaders of the Provincial Forestry Department in charge of FTTC. 23 key persons have been interviewed;

5) To survey the case villages the semi-structured interview was mainly utilized. 8 leaders in the cases villages have been interviewed in the selected FTTC.

In summary, the quantity of reclaimed questionnaires, interviews with key information persons and case villages surveys are shown in Table 1.

2.2.2 Relevant analysis Methods

When we evaluate and analyze the information about favorable, unfavorable factors, opportunities and challenges that FTTC face, we mainly use the SWOT analysis, statistical analysis and comparative analysis and other related analysis methods. As follows:

1) SWOT Analysis. Mainly used in analyzing unfavorable factors, opportunities and challenges of the various FTTC;

2) Statistical Analysis. Mainly used in descriptive statistics and necessary SPSS statistical analysis software to analyze the relevant research data;

3) Comparative Analysis. To evaluate the different cases of FTTC by the comparative analysis and compare FTTC with other trade patterns.

Table 1 Summary Sheet of Questionnaire Survey and Types of Interviews and Quantities

Types	Target groups		Quantity	Notes
Investigation questionnaire	Small-foresters	The forest farmers who has traded by commissioning forest tenure trade centers (FTTC)	21	
		The forest farmers who has traded on their own not by commissioning forest tenure trade centers (FTTC)	52	
		The forest farmers who has not traded their forests	62	
		Sub totals	135	
	Forest tenure trade center (FTTC)	Business operation	5	
		Company operation	1	
		Subtotals	6	
Interviewing with the key information leaders	Leader (FTTC)	Youxi, Shaowu, Yong'an, Sha County	6	Youxi county 2, Shaowu county 2, Yong'an county 1 and Sha county 1.
	Forester co-leader (include stock cooperative forest)	Youxi, Yong'an	2	Youxi county 1, Yong'an county 1.
	Leader of timber-processing factory	Youxi, Shaowu, Yong'an, Sha County	4	Youxi county 2, Yong'an county 1 and Sha county 1
	The township leader in FTTC' location	Youxi, Shaowu, Yong'an, Sha County	6	Youxi county 2, Shaowu county 2, Yong'an county 1 and Sha county 1.
	The County forestry department	Youxi, Shaowu, Yong'an, Sha County	4	Youxi county 1, Shaowu county 1, Yong'an county 1 and Sha county 1.
	The provincial forestry department	Fujian provincial forestry department	1	
	Sub totals		23	
Investigation of case villages	The administrative villages of research's location	Youxi, Shaowu, Yong'an, Sha County	8	Youxi county 3, Shaowu county 2, Yong'an county 1 and Sha county 2.

3. Basic Information

During the process of this research, four pilot areas were studied. Besides the in-depth research on Youxi and Shaowu forest tenure trade centers which are required in the contract, as well as the research on transferring situation of forest property and related subjects views on Mayang Village and Sanlian Village in Youxi County, Erdu Village and Jiashan Village in Shaowu City. In addition, based on the conditions of trade of collective forests tenure and operation of FTTC, it emphasised on forestry services of Sha County and Yong'an FTTC, and it also studied the conditions related to forest tenure trade in Dongjie Village and Shangdui Village in Sha County, Hongtian Village, Hong'an Village and Yanshuan Village in Yong'an City, Kengtou Village in Youxi County, and Ceqian Village in Shaowu City. In the research, the project team found that the pilot areas have different names for forest tenure trade centers, such as the forest service centers, forest tenure management centers, forest resources transfer and trade centers, forestry factor markets, but the services provided are similar, so are their natures. In order to facilitate the description and avoid misunderstanding, the following terms will be referred to as "forest tenure trade centers " or "centers."

3.1 Description of Pilot Areas

3.1.1 Youxi County in Sanming City

Youxi is an important County of forestry in the Southern Collective Forest Area. In May, 2004, Youxi was recognized as one of the collective forest tenure reform pilot counties. This County has 15 towns and 261 villages (neighborhood) committees; the total population is 42.5 million. This County has 4,180,000 mu of existing forest land, including 3,770,000 mu of forest area, 3,350,000 mu of collective forest area, and it is also the hometown full of kumquat, green bamboo, oil-tea camellia and bamboo. In 2009, the County forestry production value reached 3.3 billion Yuan, accounting for a quarter of the County industrial and agricultural output value.

In July, 2003, Youxi conscientiously implemented the spirit in the "Fujian Provincial People's Government view on promoting the reform of collective forest tenure system", in accordance with the Sanming City government's unified deployment, combining the actual situation in the County, 35 villages in Youxi conducted further deepening reform of collective forest tenure system and achieved good results. In 2004, the County government seriously implemented the spirit of the province's reform of collective forest tenure system video conference and the city's forest tenure reform, summed up the pilot experience, and promoted the County's comprehensive reform of collective forest tenures. By the fall of 2005, Youxi collective forest tenure reform has basically completed the task of clarifying property rights,

implementation business entities and issuing license. In September, 2005, the County successfully passed the provincial and municipal's joint inspection. Subsequently, the County's collective forest tenure reform has entered a stage of follow-up of supporting reform. During promoting property rights and supporting reform process, in order to promote forest trade norms and orderly development, Youxi Forestry Administration made several independent administrative functions in 2007, and invested more than 180 million Yuan to establish a special Youxi Forest Service Center (i.e.: Youxi Forest Property Management Center) (to use the same staffs for two centers). The staffs from different departments were collected in a single site office, in order to facilitate the forest farmers to do the forest tenure transactions and avoid the relevant departments' duplication and disjointed business. The center is an affiliated institution of the Youxi Forestry Administration, and its main functions approved currently includes the registration certification of forest, issuing tree cutting permits, issuing timber transport permits, issuing plant quarantine certificates, aiding in forest resources and assets mortgage registration, and helping in forestry property rights services. The center is dedicated to provide convenient, high quality standard of one-stop service for forest farmers. However, the Youxi Forestry Service Center does not really have forest tenure trade. By the end of 2009, the Center has not organized any real forest property right trade. According to the project team's research results, the County's state-owned forests operated by state-owned forestry management entities and collective forest tenure transfer trade unified management are mainly in the Youxi Hongxin Forestry Trade Broker Co. Ltd. and the township broker bidding centers. In addition, foresters' individual forest property's transaction is mainly in the form of direct trade between private buyers and sellers.

As Youxi's currently main institute for national forest and collective forest tenure trade unified management by the collective organization - Youxi Hongxin Forestry Trade Broker Co. Ltd., founded in October 14, 2006, is the first legal enterprise in Youxi to provide services platform for the forest trade. Its business scope covers collecting and publishing information on forest tenure trade, organizational tenure trade and providing timber trade intermediary services. Since its establishment, the company's business development has been relatively steady. The annual trade volume, trade area was steady, and the current annual volume of trade remained at around 30 million Yuan. According to the company's executive, Mr. Chen, in recent years, the company received a lot of forest farmers' agency transaction and the advisory business, and it has increased year by year. The influence of the company shows an increasing trend.

3.1.2 Shaowu in Nanping City

Shaowu is located in the north of Fujian Nanping City. The city has over 15 townships (towns), the total population is 300,000. The existing forest land area is of 3,504,000 mu,

accounting for 82.2% of the total land area, live timber output is 15.06 million cubic meters, the forest coverage rate is 76.2%. It is one of the important cities of forestry in the Southern Collective Forest County, and it is also an advanced County in the reformation of the collective forest tenure system in Fujian Province.

Since 2003, Fujian Province, Shaowu conscientiously implemented the spirit in the "view on advancing the reform of collective forest tenure system", "view on deepening the reform of collective forest tenure system", and the Central Committee and State Council "opinions on comprehensively promoting the reform of collective forest tenure system", in accordance with the unified arrangements of higher level requirements, combined with the actual situation in the city, it launched a comprehensive reform of the collective forest tenure system. At present, the main reform project of forest tenure has been completed. By the end of 2009, the city's clear collective commercial forest area is of 2,118,000 mu, accounting for 100% of clear property rights. The implementation of the household contract area is 1,736,000 mu, accounting for 82% of the area of clear property rights. Collective management reserved area is 141,000 mu of forest land, accounting for 6.7% of the area of clear property rights; Shaowu has issued warrants of the collective forest area of 2,002,000 mu, accounting for 94.5% of the area of clear property rights. Licensing of ecological forest area is of 61.5 mu, accounting for 86% of the area should be issued, and the rest has not got the certification, mainly because it is vested in individuals or belongs jointly to two counties which are hard to be separated.

Upon completion of the task of reforming of the collective forest tenure system, for the promotion of forest tenure trade norms and orderly development, Shaowu established the Forest Service Center in May, 2005, and in May and October, 2005, two sub-centers have been established in Nakou and Heping Counties. The centers are now affiliated institutions of the Shaowu Forestry Administration. It has 8 service windows, they are: the forest tenure registration and management, forest resources and assets evaluation, investment financing, transfer of assets of forest resources, science and technology legal advice, human resources training, network information services. At present, the business goes smoothly, but the forest tenure trade that is the main function of the center is still not truly being carried out. Currently, the trade activities of the city related to the collective forestry property rights are mainly in the townships to do the bidding. The forest tenure transfer between individual farmers is mainly traded by buying and selling privately.

3.1.3 Sha County in Sanming City

Sha County is located in the northwest of Fujian Province. It is one of the 48 key forestry towns in the south of China. It is a demonstration point on the national forest resources and the first and only demonstration county on the national forest station building in Fujian Province.

The County has over 12 townships (towns, streets), 171 administrative villages, 8 neighborhood committees with a total population of 24 million, and the agricultural population is 17.6 million. Its area accounts for 2,230,000 mu of existing woodland, of which forest area accounts for 2,047,000 mu, collective forest area accounts for 1,834,200 mu, and forest coverage is 76.0%. At the end of 2005, the County has completed the reform of rural property rights system of a collective forest area of 1,359,100 mu, accounting for 96.8% of the designated reformed forest area. After basically completing the task of issuing the new round of forest certification, this County entered into a greater follow-up period of lasting reform.

In order to promote the circulation of forest resources property trade, and give full play to the market in allocating resources in the fundamental role in promoting the various factors of production to the gathering of forestry production, in September 2005, Sha County Forest Service Center was established. It is the center of forestry institutions under the Bureau, whose main functions include: responsible for the County of registration and ownership of forest resources such as dynamic management of change, transferring ownership of forest resources management, forest resources, security of property rights management; carrying out forest resources transferability and assets, auction; collection, release of forest resource property transfer trade, mortgage and other related information; providing forestry-related laws and regulations and advisory services related to personnel training. In November 2005, agreed by the Sha County Forestry Bureau, it was transferred from the forestry service center (but the office is still the same place as Forestry Service's Office), like the service center, the trade center's personnel are still managed directly by the Bureau of Forestry. The Director of the Center was directly appointed by the Bureau of Forestry, but the center is financially independent and managed by the Director, who is responsible for the center's public administration.

Before November 2007, the collective forest tenure circulation in Sha County was mainly bided by the township office. However, this situation changed in November 2007, Sha County has launched the "transfer of management of forest resources in Sha County" and "Sha County forest resources tenure tender circulation Trade Regulations", according to two regulatory requirements, the County-owned and collective owned forest resources, should be taken to bid and auctioned, that is: Sha County Forest Service Center is responsible for the auctioning, bidding for the forest resource in its administrative area. Ended in January 2010, Sha County trade center has organized a total of 119 bidding activities, the total amount of the pre-tender price was 76,733,800 Yuan, and award cost was 87,928,600 Yuan in the total bid. It has made good economic returns as well as the fact that the trade center has got the affirmation of most forest farmers and the owners. Table 2 is summary of the forest trade since the foundation of the forest tenure trade center.

Table 2 Summary Sheet of the Situation about Forest Tenure Trade of Sha County' Organization of Forest Tenure Trade Center

Year	Frequency of organizational trade	Volume (m³)	Timber assortment (m³)	Base price on bids (million)	Bid price (million)
2007 (2 months)	8	10170	7974	432.3	500.66
2008 (throughout the year)	56	89331	66384	2944.89	3325.43
2009 (throughout the year)	40	87532	66967	3484.68	4081.22
2010 (1 month)	15	25990	20715	811.51	885.55
Total	119	213023	162040	7673.38	8792.86

3.1.4 Yong'an County in Sanming City

Yong'an is also one of China's key 48 forest towns in the south of China, and it is one of the designated counties for the pilot reform of collective forest areas approved by the State Council. The total population in this area is 320,000. There is 3,820,000 mu of existing forest area, of which 2,662,000 mu of collective forest management, accounts for about 70% of the total area of forest land, the forest coverage is 83.2%, forest growing stock more than 22 million cubic meters, ranking first in Fujian Province, 710,000 mu of bamboo area, ranking second in Fujian Province, farmers 3.9 mu per capita, ranking first in Fujian Province. In 1984, Yong'an took the lead in that "sub-unit, regardless of mountain, benefit, regardless of forest " and to the village forestry shareholders as the collective forest management model; in 1998, HongTian village in Hongtian town of Yong'an took the "sub-mountain home" substantive steps in the country, which can provide valuable experience for Yong'an City forest reform breakthroughs in the country; in 1999, Yong'an has launched a "clear property rights, classification management, the implementation of contracts, protect the rights and interests "as the main content of the collective forest operating system. In April 2003, to implement the Central Committee document No. 9, in accordance with the Fujian Provincial Committee and provincial government's unified plan, Yong'an fully launched to" clear ownership, flexible policies management rights, the implementation of disposition, to ensure the beneficial interest "as the main content of the collective forest tenure system reform and the right of forest replacement work. In May 2004, Yong'an has basically completed the main project issuing certification with an area of 1,990,000 mu, accounting for 97.6% of collective commercial forest area should be changed, achieving a "mountain setting right, tree set root, man-centering. " in September 2005. Yong'an in Fujian Province took the lead through inspection work, began to boldly explore, pilot, and in full swing in July 2007 with "a major stability policy, deepen in three reforms, improve the seven major system "as the main content of a new round of forest tenure reform in the follow-up supporting reform.

In October, 2004, Yong'an established the first forest factor market (or "Forest Tenure

Trade Center") in China, whose former was the forest tenure registration and management center. It is an affiliated institution of County Forestry Bureau. The forest factor market now has the forest tenure registration and management center (and established forest tenure registration and management sub-center in the town), center of the forest resources and assets valuation, wood and bamboo trade center, and forestry workforce training center. It mainly provides the following services: forest tenure registration and management, forest asset valuation, wood and bamboo products trade (twice monthly trade, respectively 15th and 28th each month), tree mortgage loans, forestry technology and legal services, forest regular labor force training, wood and bamboo products and other services. It is an integrated management and intermediary services institution for collecting information, trade implementation, and intermediary services. The center covers an area of 14,131 square meters, and the main building of the center covers an area of 1650 square meters, in accordance with a four-star quality standard, with more advanced facilities, elegant environment and standard management. It is an institution of forestry services, tourism, shopping, leisure tourism, fitness and entertainment functions. It becomes another highlight of the construction of Yong'an Municipal.

3.2 The survey information on forest tenure trade centers

3.2.1 Youxi County in Sanming City

Currently, in Youxi County of Fujian Province, forest tenure trade centers have two different types: one is the Youxi Forest Service Center with the operation of public institution; the other is the Youxi Hongxin Forestry Trade Broker Co. Ltd. with corporation operation.

3.2.1.1 Youxi Forest Tenure Trade Center

Youxi Forest Service Center (hereinafter referred to as forest tenure trade center) was established in 2007, is an affiliated institution of the Youxi Forestry Administration. The center currently has the same set of staffs used in the form of two brands. It means that Youxi Forest Service Center and Forestry Property Management Center Offices have the same staffs, working in the same location, and businesses have some overlap. The forest service center employs 16 persons, including 1 director, 2 deputy directors, and 13 general clerical workers. The 16 persons have non-public institutions preparation; the center sets up the forestry administrative accreditation, office, bank job (charging cultivating fees) and other posts. The center is mainly engaged in the service of forestry tenure registration and issuing certificates, forest cutting permits examination and issue, timber transport permits examination and issue, Plant Quarantine Certificate examination and issue, the registration of forest resources assets mortgage, forest tenure trade services, and so on.

Forest Property Management Center employs 7 people, including 1 director. The 7 people are responsible for all the preparation dealing with the institution. The center consists of forest tenure trade (forest tenure trade business mainly committed to Hongxin Company), forest reserve, mortgage registration, forest tenure registration and other related positions. The content of some business overlaps with the forest service center.

3.2.1.2 Youxi Hongxin Forestry Trade Broker Co. Ltd.

Youxi Hongxin Forestry Trade Broker Co. Ltd. (hereinafter referred to as Hongxin Company) founded on October 14, 2006, is the first business entity to provide service platform in Youxi County. Its business scope includes collecting and issuing forest tenure trade information, organizing forest tenure trade, providing trade forest intermediary services, and so forth. The company employs 10 people, including: 1 executive director, responsible for planning, finance and personnel changes; one manager charging of specific business organizations; 2 financial workers (one accountant and one cashier); 1 venue host; 2 business accepting posts (tender documentation, auditing, contracting, and so on.); 1 advertising post (telephoning customers and on-site publicity of the bidding results, and so on.); 1 chief logistics post (organizing customer to take their seats, issuing and receipt of bids, security organizations, bidding supervision, and so forth.); and 1 data files stored post (archiving and filing in preserving bidding meeting records and data).

3.2.2 Shaowu in Nanping City

Shaowu Forestry Service Center was established in May 2005 and is the Shaowu forestry Forestry bureau Bureau's subordinate institution. It has 8 service windows, including forestry administrative accreditation, forest tenure registration and management, forest resources and assets evaluation, investment and financing, transfer of forest resources and assets, science and technology legal advice, human resources training, and online information. The center currently employs more than 10 people, but truly it is there are only 2 employees with the only government affiliated institution preparation, the others are under the contractual employment system, including the center director and secretary, who are with 2 government employees with among its staffing of government affiliated institutions. Major the main responsible officers responsibilities lie with the director and the secretary, who both happen to fall under the contractual employment system. This arrangement does have some effects on the staff efficiency. The staff worked in the relevant departments of the transfer of forest tenure before the establishment of the center. After center was established, they centralized to in the office in the Shaowu forest service center, which helps to achieve to integrate the services related to the forest tenure transferability to the service center, in order to provide a full range of train services

in the forest service center.

Meanwhile, Shaowu Forestry Service Center also set up forestry service sub-centers in the Nakou town and Heping town. In this research, the project team not only focused on the investigation of the Forestry service centers but also made a special trip to Nakou Town sub-centers to obtain relevant information. Nakou town sub-office is located at Nakou town forestry station, and forestry stations belong to the same set of personnel; Nakou town forestry sub-center gets Shaowu Forest Service Center's guidance on the business, the relevant existing staff are 10 persons, but only 4 full-time staff, and the rest are part-time; one full-time Director of the Center, one for handling quarantine certificate, one for transporting card processing, and another for relevant payment fees levied.

3.2.3 Sha County in Sanming City

Sha County Forest Service center established in September 2005 is the affiliated institution of Sha County Forestry Bureau. Its main functions include: responsible for the dynamic management of registration and change of the County forest resources, transferring management of forest resources, forest resources property rights mortgage management; carrying out the transfer of forest resources and assets, auction; collection and release of information related to forest resource property transfer trade, mortgage related; providing forestry laws and regulations related to advisory services and personnel training. The center currently has more than 20 people in the post. The center is in the place where the sections of County Forest Bureau are. The expenses for staff are afforded by each unit. The expenditures for attendance awards are provided by the Forestry Bureau, and the daily costs of the window are unified arranged by the office of the Forestry Bureau.

In November 2007, as agreed by the County Forestry Bureau, forest resource flow and trade center is independent from the forestry service center (but still the same place with Forestry Service Center). The center is a public institution. There are 4 employees, including 1 director, 1 employee who is responsible for the relevant financial accounting; and 2 employees responsible for specific operations (one of them acts as a teller). In the financial and personnel management, trade centers are independent relatively to Sha County Forest Service Center. Center's personnel are directly managed by the Bureau of Forestry. Director of the Center is directly appointed by the Bureau of Forestry, but in the specific business, trade center links closely to other sectors of Forestry Service and needs the close cooperation. At present, the center and County Forest and Trade Company use the same staff for both of them.

3.2.4 Yong'an County in Sanming City

Yong'an's Forest Factor Market was established in October 2004. It is the first integrated

management and intermediary services institution in China. Its main services include information release, trade implementation and intermediary services. It is formerly known as a forest tenure registration and management center, and it is an affiliated institution of Yong'an Municipal Forestry Bureau. It mainly provides the services of forest tenure registration and management, forest asset valuation, wood and bamboo products trade, trees mortgage loan, forestry technology and legal services, forestry rural labor force training, wood and bamboo products exhibition and sale, and other related services. In the forest factor market, there are 23 employees. The staffs are appointed from within the system of forestry. The funds are solved by financial assistance. In this center, there is one center director (according to minor level), three deputy directors (according to stock level). Forest factor markets include six divisions, and they are the general affair office, the departments of accounting, woodland registration and management, property assessment, product trade, and product display.

3.3 The trade summarization of forest ownership or land use rights in case counties

3.3.1 Youxi County in Sanming city

As the important County of Chinese Southern Collective Forest Area and the pilot County of the collective forest tenure reform, since 2003, Youxi County seriously implements the tasks of the forest tenure reform. By the end of 2009, 248 villages (neighborhood) have completed the forestry reform, accounting for 98.18% mission villages. After basic completion of the reform tasks, with active development of forest trade, Youxi County has done a lot of exploration in the promotion of forest tenure trade, mainly in the following areas:

1) To sound management of institutions and strengthen the dynamic management of forest tenure. The forest tenure registration management center (attributed to Youxi Forest Service Center) has six full-time staff. It has established forest tenure registration changes Ledger, and provided the registration services of initial change, cancellation, correction and other related registration services according to relevant regulations in the County to achieve dynamic power management. By the end of 2009, 569 lands with 33,738 acres have registered for forest ownership change, and 1925 lands with 122,079 acres have cancelled registration, and 326 lands with 15,407 acres have corrected registration;

2) To actively explore forest and woodland mortgage mechanisms to promote forest tenure trade and transferability. To solve insufficient capital investment after forest tenure reform, Youxi enacted "mortgage forest and woodland management regulation" in 2003 to allow forestry production operators to apply for loans based on existing forest assets as collateral to the financial sector, and established 14 forestry guarantor enterprises to promote secured mortgage loans, such as Senxin Forestry Garantor Co. Ltd. in Youxi County. Within the County,

collective economic organization members, who have forest tenure certificates or engage in forest resource management activities, are allowed to apply for forestry small discount loans based on their forest ownership or land use rights as collateral to rural credit cooperative. By the end of 2009, the County offered accumulative 298 million Yuan for forest tenure mortgage (including forestry small discount loans of 110 million Yuan), the outstanding loan is 199 million Yuan (including forestry small discount loans of 21.75 million Yuan);

3) To regulate forest resources transferability behaviors. According to "Rural Land Contract Law", "Forest Resource Transfer Ordinance" and other relevant laws and regulations, it is clearly defined that forest resources transferability still operated by the village collective must be approved by two-thirds of the villager representatives or villager meetings to sign an agreement and assessed by qualified sectors, and then the township bidding office organizes an open bidding. In this process, the County forest tenure service center intervenes early, and examines and verifies jointly the whole process of bidding, and guides forest farmers to issue trade information and trade in forestry service center;

4) To strengthen the assessment of forest resource assets. The County established a special asset valuation firm for forest resources, to assume valuation business for the collective forest resources trade and the loan of less than 100 million.

According to field research and survey information obtained by the project team, since a new round of forest reform, forest tenure transfer ability information in Youxi County is shown in Table 3; and the forest tenure trade information in the Hongxin Company during the past three years is shown in Table 4; forest tenure transferability information in the three typical case villages is shown in Table 5, Table 6 and Table 7 respectively.

Table 3 Summary Sheet of Situation about Youxi County's Forest Tenure Transfer

Transfer year	Transfer frequency	Transfer area(mu)	Transfer gross value(million)	Forest tenure of transferors(frequency and area)			
				State-owner	Collective	Family contract	Other
before 2003	2441	399643	10153.0637		2425		16
				-	394712	-	4931
2004	3458	350289	17290.9239	25	3351	-	82
				5311	330746	-	14232
2005	483	88517	2973.4339	-	247	28	208
				-	40679	3696	44142
2006	341	53889.6	3744.169	23	91	9	218
				4517	12678.7	1131	35563
2007	225	40105	2783.4345	-	64	4	157

				-	8989	756	30360
2008	32	4256	84.086	-	29	-	3
				-	3859	-	397
Total	6980	936699.6	37029.1	48	6207	41	684
				9828	791663.7	5583	129625

Note: "-" in table is on behalf of "nothing"

As can be seen from Table 3, since the new round of forest tenure full swing reform in 2004, the forest tenure transferability volume, regardless of its frequency, area or the gross value, emerged the overall declining trend, is shrinking day by day. In 2004 of primeval forest tenure reform, the amount of forest tenure transferability was relatively large and forest tenure trade activities was more active; but then gradually declined, especially in 2005 compared to those for 2004, its declined the greatest. Correspondingly, the forest tenure trade through the Hongxin Company was relatively stable without large fluctuations. The trade information of Hongxin Company in Youxi County is shown in Table 4.

Table 4 Summary Sheet of Situation of Hong-Xin Company's Forest Tenure Trade for the Past Three Years(2007-2009)

Year	Trade quantities			trade area(mu)			Trade amount(million)		
	State-owned and state holding	Collective and personal	Sub total	State-owned and state holding	Collective and personal	Subtotal	State-owned and state holding	Collective and personal	Sub total
2007	40	10	50	4939	2192	7131	2255	942	3197
2008	39	9	48	7812	1096	8908	2879	657	3536
2009	39	5	44	4806	696	5502	2404.9	402.7	2807.6
Total	118	24	142	17557	3984	21541	7538.9	2001.7	9540.6

Table 5 Situation of Forest Farmers' Forest Tenure Trade of Youxi County Xicheng Town Shanlian Village

Year	2003	2004	2006	2007	2008	2009
Farmers' households involved in the forest tenure trade	209	210	83	21	42	21
Numbers of forest farmers involved in the forest tenure trade	920	930	360	90	189	90
Area of mountain forest involved in the forest tenure trade(mu)	512	268	385	90	198	80
Households of trade through the forest tenure trade center	—	—	—	—	—	—
Numbers of forest farmers through the forest tenure trade center	—	—	—	—	—	—
Area of mountain forest through the forest tenure trade center(mu)	—	—	—	—	—	—

Note: Youxi County's forestry service center does not substantively engage in the forest tenure trade so far, so Shanlian village's collective mountain forest trade basically are dealt by the town's legislative affairs office (or bidding) and personal forester trade their mountain forest in private."-"is on behalf of "nothing".

Table 6 Situation of Forest Farmers' Forest Tenure Trade of Youxi County Xicheng Town Mayang Village

Year	2003	2004	2006	2007	2008	2009
Farmers' households involved in the forest tenure trade	580	580	582	583	585	590
Numbers of forest farmers involved in the forest tenure trade	2435	2450	2485	2490	2499	2599
Area of mountain forest involved in the forest tenure trade(mu)	80	200	230	130	110	280
Households of trade through the forest tenure trade center	—	—	—	—	—	—
Numbers of forest farmers through the forest tenure trade center	—	—	—	—	—	—
Area of mountain forest through the forest tenure trade center(mu)	—	—	—	—	—	—

Note: Youxi County's forestry service center does not substantively engage in the forest tenure trade so far, so Mayang village's collective mountain forest trade basically are dealt by the town's legislative affairs office (or bidding) and personal forester trade their mountain forest in private."-"is on behalf of "nothing".

Table 7 Situation of Forest Farmers' Forest Tenure Trade of Youxi County Baziqiao Town Kengtou Village

Year	2003	2004	2006	2007	2008	2009
Farmers' households involved in the forest tenure trade	9	8	5	8	6	7
Numbers of forest farmers involved in the forest tenure trade	28	25	12	19	15	20
Area of mountain forest involved in the forest tenure trade(mu)	100	350	1180	350	200	400
Households of trade through the forest tenure trade center	—	—	—	—	—	—
Numbers of forest farmers through the forest tenure trade center	—	—	—	—	—	—
Area of mountain forest through the forest tenure trade center(mu)	—	—	—	—	—	—

Note: Youxi County's forestry service center does not substantively engage in the forest tenure trade so far, so Kengtou village's collective mountain forest trade basically are dealt by the town's legislative affairs office (or bidding) and personal forester trade their mountain forest in private."-"is on behalf of "nothing".

3.3.2 Shaowu in Nanping City

A new phase of reform of the tenure system has been conducted for collective forests since 2003. The policies have been seriously implemented in Shaowu. After completion of issuing of forest tenure certificates, Shaowu city explores constantly in the promotion of forest tenure trade, mainly in the following areas:

1) The forest tenure management. In 2004, forest tenure management center was set up in Shaowu city (later merged into Shaowu Forestry Service Center), responsible for forest tenure certificates registration, forest tenure transferability dynamic management and forest tenure records management and other relevant services. In the process of forest tenure certificates issuing and changing, "the scene issue" approach is adopted, and it keeps a strict standard on the "five relations", including contract procedures, registration of foreign trade relations, examining and verifying internal businesses, certificates issue and records management. In 2009, Shaowu Forest Service provided 195 changes of registration, 188 correction registrations and reissued 24 forest tenure certificates for certificates losing and damage. On forest tenure management, 12 villages completed forest tenure re-file, which helps to provide convenient reference service for forest farmers in Shaowu City;

2) The forms of forest tenure trade. In accordance with the uniform provisions in Shaowu, for the collective forest reserved by village collective, if prepared to take the household contract or other contract, it needs to convene villagers' congress or get villagers' approve by voting; for the auction of forest tenure transferability, it needs the public bidding township by bidding service centers. In the process, collective forest should be transferred to qualified evaluation agencies for assessment (At present, only Xinlin Assessment Services Ltd. in Shaowu owned forest resource assets with level C);

3) To develop forest warrants (or forest tenure certificates) mortgage positively, improving forestry investment and financing mechanisms. Clarity of forest tenure creates necessary conditions for forest tenure certificates mortgage. In this basis, Shaowu actively promotes the reform of forestry investment and financing mechanism, and expands investment and financing channels. Under the "forest resources assets mortgage registration (for Trial Implementation)", "Interim Measures of forestry small discount loans ", and " work systems of forest resources assets mortgage service" and other documents, it is allowed that forest farmers can use forest warrants as collateral for mortgage loans, and provide financing guarantee for the general forest farmers. In recent years, the city offered accumulative 23.1947 million Yuan for forest tenure certificates mortgage, benefiting 441 households. The area of mortgage forest is 7.2 acres. In 2009, it completed 132 forest resources assets mortgage registrations, and the area is 35,838 acres. The loans amount is 16,076,800 Yuan (including forestry small discount loans of 6.8768 million Yuan); it also accepted 297 repayment mortgage cancellations with 34,597.9 acres and 7,589,900 Yuan.

According to the project team's research results, since a new round of forest tenure, forest tenure regulation in Shaowu is shown in Table 8, while two subordinates case villages in Table 9 and Table 10.

Table 8 Summary Sheet on Different Year of Normal Transfer Situation of Shaowu City's Forest

Tenure

Transfer year	Transfer frequency	Transfer area(mu)	Transfer gross value(million)
before 2003	1596	252412	3783.27
2004	633	70895.3	1389.03
2005	251	30602.9	772.48
2006	53	8326.5	260.94
2007	39	9051	580.68
2008	21	3546	321.51
2009	19	3303	293.24
Total	2612	378136.7	7401.15

As we can see from Table 8, forest tenure transferability in Shaowu was more frequently between 2003 and 2005, the number of frequency was relatively more, and so did the transfer area and transfer gross value. But after 2005, the frequency, transfer area and transfer gross value declined sharply.

Table 9 Situation of Forest Farmers' Forest Tenure Trade of Shaowu City Shuibei Town Erdu Village

Year	2003	2004	2006	2007	2008	2009
Farmers' households involved in the forest tenure trade	7	2	16	8	2	12
Numbers of forest farmers involved in the forest tenure trade	28	10	65	32	9	50
Area of mountain forest involved in the forest tenure trade(mu)	700	68	1200	400	125	890
Households of trade through the forest tenure trade center	—	—	—	—	—	—
Numbers of forest farmers through the forest tenure trade center	—	—	—	—	—	—
Area of mountain forest through the forest tenure trade center(mu)	—	—	—	—	—	—

Note: Shaowu city's forestry service center ,including its sub-service center does not substantively engage in the forest tenure trade so far, so Erdu village's collective mountain forest trade basically are dealt by the town's legislative affairs office (or bidding) and personal forester trade their mountain forest in private."-"is on behalf of "nothing".

Table 10 Situation of Forest Farmers' Forest Tenure Trade of Shaowu City Nakou Town Jiashang Village

Year	2003	2004	2006	2007	2008	2009
Farmers' households involved in the forest tenure trade	3	7	12	13	15	17
Numbers of forest farmers involved in the forest tenure trade	12	28	53	59	64	72
Area of mountain forest involved in the forest tenure trade(mu)	90	150	410	300	420	850
Households of trade through the forest tenure trade center	—	—	—	—	—	—
Numbers of forest farmers through the forest tenure trade center	—	—	—	—	—	—
Area of mountain forest through the forest tenure trade center(mu)	—	—	—	—	—	—

Note: Shaowu city's forestry service center ,including its sub-service center does not substantively engage in the forest tenure trade so far, so Jiashang village's collective mountain forest trade basically are dealt by the town's legislative affairs office (or bidding) and personal forester trade their mountain forest in private. "-"is on behalf of "nothing".

3.3.3 Sha County in Sanming City

Sha County is the demonstration county of the Chinese forest resources and forestry administration management and the only provincial demonstration to be the first to build the national forestry station. The County in the current phase of forest tenure reform focuses on the work of forest tenure. In recent years, it explores much on forest tenure transferability, which attracts a lot of attention followed by Yong'an Forest Factor Market in Fujian Province. The main approaches are as follows:

1) To develop strong and specific local regulations, in order to promote forest trade activities. To regulate forest resources transferability after tenure affirmation and issuing of forest tenure certificates, and ensure the open, fair and just forest resources trade. In 2007, Sha County promulgated "the Interim Provisions of forest resources transferability management in Sha County," "Trade Regulations of forest resources tenure tender circulation in Sha County" and other relevant provisions, and it also sets up a trade center for transfer of forest resources. It requires that the management of state-owned and collective forest resources transferability (including its state-owned forestry, mining education field, town forest, the village collective forest resources) must be conducted by bidding and auction. The trade center is responsible for bidding and auction of forest resources transferability within the administrative areas; it also requires that assets appraisal firm of forest resources in Sha County should conduct assets appraisal for state-owned and collective forest resources transferability, issuing the evaluation reports, and the evaluation should be identified reference flow reserve price. To ensure the smooth and orderly manner, regarding forest resources transferability into the trade center in Sha County, it has also developed related measures: i) All business in the trade center of Forest Resources is free for charge ; ii) Property assessment fees by Mountain of Volume 1 Yuan per cubic meter (each not less than 300) for standard-charge; iii) From the date of the receipt of

transfer shall, the registration of change of forest ownership will be done within 15 days; iv) It is free to release the information of forest tenure transferability between supply and demand on the screen in the trade center; v) The registration of change of forest ownership should not be handled for other than the state-owned and collective forest resources not organized by the trade center;

2) To guide forest farmers to do orderly forest tenure transferability. Sha County has currently no mandatory requirements to the forest tenure under the forest farmers' household management and family contract. The forest farmers can choose to do the transaction in the trade center, but also they can do self-organize trade. Most of the forest farmers have done the forest tenure transferability within village group contracting and the group woodland leasing. The transferability range is mainly limited to local villagers and there are few transactions outside of the county, according to the survey in Sha County;

3) To promote the clarity of property rights and forest ownership by the opportunity of mortgage loans. To meet the needs of forest tenure mortgage loan, Forestry Bureau of Sha County issued the "approach on forest mortgage assets loan" in 2005, which allows timber with Forest Authority Certificate and no ownership as collateral for loans from financial institutions. In addition, Forestry Bureau of Sha County and Rural Credit Cooperatives jointly formulated and promulgated the "pilot program of small forest tenure mortgage loan in Sha County" in 2007. It regulates that among Sha County, the forest farmers who had forest tenure certificates, engaged in activities of the forest resources cultivation and management, may apply for small loans within the 20,000 Yuan, which can be in the form of households or joint account, within a period of 1-3 years. The interest rates are relatively favorable. Regarding evaluation of collateral, Forestry Bureau works with the County Credit Union to classify forest resources assets and give standard reference prices for the mortgaged property according to the market. In the process of loan, the County Credit Union can calculate mortgage property value by its own.

According to the survey of the project team, forest tenure transferability in Sha County is shown in Table 11; forest tenure transferability in the case villages is shown in Table 12 and Table 13.

Table 11 Summary Sheet of Situation of Normal Transfer about Sha County's Forest Tenure

Transfer year	Transfer frequency	Transfer area(mu)	Transfer gross value(million)	Forest tenure before transfer		
				collective (frequency/area)	family contact (frequency/area)	others (frequency/are)
before 2003	344	55492	2586.23	334/54371	2/449	8/672
2004	377	34936	2578.44	367/31446	5/2047	5/1443
2005	83	19929	1736.56	68/15935	9/2940	6/1054

2006	35	8365	1261.16	27/6515	2/261	6/1589
2007	47	6685	1439.84	28/4164	-	19/2521
2008	20	5386	978.79	10/3330	1/453	9/1603
2009	6	1822	201.5	6/1822	-	-
Total	912	132615	10782.52	840/117583	19/6150	53/8882
Note: "-" in table is on behalf of "nothing".						

Deducing from Table 11, since 2003, the overall forest tenure transferability, frequency, area and gross value were declining. After the beginning of a new round of forest tenure reform in 2004, the County's forest tenure transferability is very active, especially the collective forest tenure, the frequency is up to 367, which accounts for 97% among the totality; then, in addition to the 2007 flow volume increased slightly, the other years' transfer frequency was declining.

Table 12 Basic Overview Table of Forest Tenure Trade of Sha County Xiamao Town Dongjie

Village			
Year	2005	2007	2009
Farmers' households involved in the forest tenure trade	1043	1080	1111
Numbers of forest farmers involved in the forest tenure trade	3592	3608	3636
Area of mountain forest involved in the forest tenure trade(mu)	559	175	424
Households of trade through the forest tenure trade center	-	-	1111
Numbers of forest farmers through the forest tenure trade center	-	-	3636
Area of mountain forest through the forest tenure trade center(mu)	-	-	424

Note: "-" expresses that the data is not available.

Table 13 Basic Overview Table of Forest Tenure Trade of Sha County Xiamao Town Shangdui

Village			
Year	2003	2005	2007
Farmers' households involved in the forest tenure trade	517	506	522
Numbers of forest farmers involved in the forest tenure trade	1955	1945	1981
Area of mountain forest involved in the forest tenure trade(mu)	80	270	85
Households of trade through the forest tenure trade center	-	-	-
Numbers of forest farmers through the forest tenure trade center	-	-	-
Area of mountain forest through the forest tenure trade center(mu)	-	-	-

Note: "-" expresses that the data is not available.

3.3.4 Yong'an in Sanming City

Yong'an is the first city to launch a new round of reform of forest tenure in Fujian Province; it also has its own unique practices in the promotion of forest tenure trade and transferability. In the forest tenure reform process, Yong'an carried out a number of useful attempts in the promotion of forest ownership and forest land use right, and have achieved some results. To sum up, they are mainly in the following aspects:

1) To establish a registration management center of forest ownership and forestry factor markets, in order to strengthen forest management ceaselessly. At the beginning of a new round of forest tenure reform, in order to promote clarity and the issuance and renewal of forest tenure warrants, Yong'an began to set up registration centers of forest tenure (later incorporated into the Yong'an forestry factor market), then set up sub-centers in various towns, they not only have the functions of forest tenure registration and management, but also are the platforms of forest tenure transferability and financing. In October of 2004, Yong'an took the lead in the establishment of a forestry factor markets, and involved a forest tenure registration and management center, mainly providing forest tenure registration and management, forest asset valuation, wood and bamboo product trade, forest mortgage loans, forestry technology and legal services and other related services to strive for the relevant forest management entities to provide a full range of services;

2) To establish a wood and bamboo trade center to expand forest trade platform. Yong'an has set up a wood and bamboo trade center under forest factor centers, and it combined the forest tenure transferability businesses in the original forest tenure registration and management center, and expanded it. The current major operations conducted there including: collecting and publishing trade and price information, providing auction trade information of trade floors and auction houses commissioned, so as to facilitate the forest tenure transferability. By the end of 2008, the Wood and Bamboo Trade Center has conducted forest area accumulated 33.0700 mu of forest tenure transferability with the transaction amount of 320 million Yuan; to the information dissemination, the cumulative released amount of price information was nine batches of five categories which related to more than 60 varieties of wood and bamboo; it also kept active contact with Yonglin Ltd. and all township sub-centers of forest registration and management, by active contact, it also collects and publishes timely all kinds of wood and bamboo transferability information, mortgage registration and related products trade information, and has published 3 pieces of information on large wood and forest tenure transferability within and outside Fujian Province, with an area of 11.8000 mu;

3) To take clear forest tenure and property rights transfer as an opportunity, they expand the variety of forestry investment and financing channels. The important breakthroughs were small

loans, forest farmers linked families guaranteed loans and loan interest subsidy support policy work, continuing to expand the participation of commercial banks. In May of 2004, Yong'an Municipal Forestry Bureau and Rural Credit Cooperatives carried out the pilot work on mortgage of forest tenure certificate. The province issued the first mortgage loan of 1.1 million Yuan in Fujian Province. At the same time, under the guidance of the provincial Forestry Department, in December of the year, in cooperation with the National Development Bank, they launched a project named, "Yong'an Forestry Loan Credit Platform", specifically to market the State Development Investment Corporation (SDIC) as the main loan borrower to apply to the State Development Bank for loans, and to determine the Rural Credit as an agency to conduct all the work of forest tenure certificate warrants mortgage. By the end of 2008, the city forest warrant mortgage business has reached 690 million Yuan (up to October 2009, reached 1.412 billion Yuan). They are: the State Development Bank 450 million (of which 324 million shares of Yonglin Ltd., other forestry small and medium-sized enterprises 68.63 million Yuan, forest farmers 58.8 million Yuan), Agricultural Development Bank of 46.5 million Yuan (all forestry companies), the Agricultural Bank 3.35 million Yuan (all forestry enterprises), and Rural Credit Cooperatives 188.74 million Yuan. In addition, they also launched Yong'an Rural (Forestry) Cooperative Banks to organize the work and also introduced HSBC in Hong Kong to further broaden financing channels for Yong'an rural areas, which effectively eased the low coverage of network of rural bank financial institutions, the lack of financial supplies and the incomplete competition and so on. Subsequently, Yong'an has also introduced free assessment; free discount loan secured small business forestry. Forest farmers can credit the approved line of credit (forest farmers personal small loans are generally not more than 1 million in each of linked families and guaranteed loans not more than 10 million) in loans with the use as working capital use. The term of the loan in principle is more than 1 year, no longer than 3 years; forest farmers' forestry micro-credit lending rate is 8.35%; interest rate of forestry guaranteed loan is 8.85%; yearly discount on standard discount is 3%. By the end of 2008, the city's 15 towns (streets) carried out small discount loans for forestry work, accumulating 10.68 million Yuan discount loan payment, loan balance of 7.98 million Yuan, benefiting 412 farmers;

4) To establish the Forest Resources Assessment Center to provide intermediary services for the forest tenure trade. Forest Resources Assessment Center was established under Forest Factor markets to accept the right of units and individuals, carrying out the forest commissions such as forest resources transferability, assets, auction, mortgage, business combination, leasing activities, the value of assets related to forest resources assessment. Since establishment, the center received a total of 234 assets applications from forest farmers (business), and has completed the forest area of 67,194 mu of property assessment resources at a assessed value of 79,539,4500 Yuan, containing trees 62,468,6500 Yuan and bamboo 17.070800 Yuan.

According to a survey of the project team, there are specific circumstances for forest tenure transferability regulations as shown in Table 14, and the typical case the right flow of forest villages as shown in Table 15.

Table 14 Situation Table of Forest Resources Property' Transaction of Yong'an's Forestry Elements-Market

Project	2008	2007	2006	2005
Frequency of farmers trade forest tenure through the elements market(n)	-	51	70	30
Area of farmers trade forest tenure through the elements market(mu)	-	6395	6796	3760
Amount of farmers trade forest tenure through the elements market(million)	-	1240.3	1825.6	638.1
Frequency of state-owned units trade forest tenure through the elements market(n)	10	-	-	48
Area of state-owned units trade forest tenure through the elements market(mu)	1767	-	-	8020
Amount of state-owned units trade forest tenure through the elements market(million)	832.4	-	-	2126.1
Frequency of collective trade forest tenure through the elements market(n)	2	63	85	28
Area of collective trade forest tenure through the elements market(mu)	176	8322	10231	6587
Amount of collective trade forest tenure through the elements market(million)	34.06	1166.6	2015.2	809.3
Total frequency(n)	12	114	155	106
Total area(mu)	1943	14717	17027	18367
Total amount(million)	866.46	2406.9	3840.8	3573.4

Note: "-" in table is on behalf of "nothing", and there are no relative trade about 2009 year in the forestry elements market, so the data is not be listed in this Table 14.

As can be seen from Table 14, forest tenure transferability in Yong'an city, the number frequency, transfer area and transfer gross value declined in recent years. In particular, it declined the most obviously in 2008; it was hardly any related trade in 2009.

Table 15 Situation of Forest Farmers' Forest Tenure Trade of Hongtian Village

Year	2006	2007	2008	2009
Farmers' households involved in the forest tenure trade	—	—	—	—
Numbers of forest farmers involved in the forest tenure trade	—	—	—	—
Area of mountain forest involved in the forest tenure trade(mu)	—	—	—	—
Households of trade through the forest tenure trade center	4	2	1	/
Numbers of forest farmers through the forest tenure trade center	12	7	3	/
Area of mountain forest through the forest tenure trade center(mu)	700	400	200	/

From the above four cases forest tenure transfer situations, after the first year (i.e. 2004) of forest tenure reform, the forest tenure transfer and the trade volume were relatively large, then it began showing a declining trend year by year. One possible reason is that with the forest tenure reform policy enjoying popular support, forest farmers' expectations and confidence in the stability of forest policy reform have increased. Apart from that, forest tenure has some social security functions, so forest farmers prefer to hold the business by themselves and their transaction will be declined. Another possible reason is that the current forest policy reform is still not perfect. To some extent, it limits transfer of farmers' forest tenure. Another possible reason is that while carrying out the forest registration, counties in Fujian Province often focus only on the transaction cases in forest tenure trade centers, the auction houses (or other auction companies) and the township bidding office (or Legislative Affairs Office). Therefore, the counties do not add up a lot of direct trade carried out by the forest farmers in private and it is also very difficult to count them. Therefore, the related figures cannot really fully reflect the situation of the forest tenure transfer. Furthermore, with the further implementation of forest tenure to the individuals, forest resources owned or controlled by the collective organization are declining. As a result, there is no doubt that the transaction will be reduced greatly.

In addition, during the process of field research, interviews and relevant information collection, the research group found the data provided by the forest tenure trading intermediaries in the most survey counties, such as Youxi Hongxin Forestry Trading Broker Co. Ltd., Sha county Forest Service center, Yong'an forest factor markets, were obviously different from data about regulating forest tenure transferability from the counties and cities or provincial forestry department. The former was generally higher than the latter for the different data sources, content and calculation methods. Firstly, for the data sources, the former data were from summary statistics by each agency in accordance with their own daily and actual trading businesses, while the latter were from the forestry authorities in various cities and counties who registered, reported and submitted the data to relevant department under the notice of testing and investigating on forest tenure transferability by Forestry Department in Fujian province, which were filled in voluntarily by all kinds of business entities, so the data were not complete and the current data were the preliminary data which should be verified for many times. Secondly, the content and calculation methods were different, the former contained felling tenure trade of fully mature forests and immature forests, the trading amount and times were accumulated according to the value and piece numbers based on a guess and estimate, the separate statistics were made to the same piece of land for multiple transfer. The latter data were collected and submitted by the township forestry stations which only included the data completed the transfer ownership procedures and excluded the felling tenure trade of fully mature forests, which accounted for a larger proportion in the current forest tenure trade and transferability. It is required that

provincial state-owned Forestry Bureau was responsible for the statistics of forest tenure trade and transferability within its management area, not contained in the tabulate data of the various counties and cities. From the above explanation, relatively speaking, the data provided by forest tenure trading institutions from the various counties and cities were more complete and consistent with the definition of forest tenure trade and transferability involved in this research subject.

4. Introduction of the Forms and Operation of Forest Tenure Trade and Transferability in Pilot Areas

Through this research activity, the project team synthesized all the specific situations got from the four cases consolidated in the Counties (Youxi, Sha, Yong'an City and Shaowu) centers in five cases through interviews, questionnaires, and first-hand experience, and described the forms and operation of forest tenure trade and transferability in Case Counties as below.

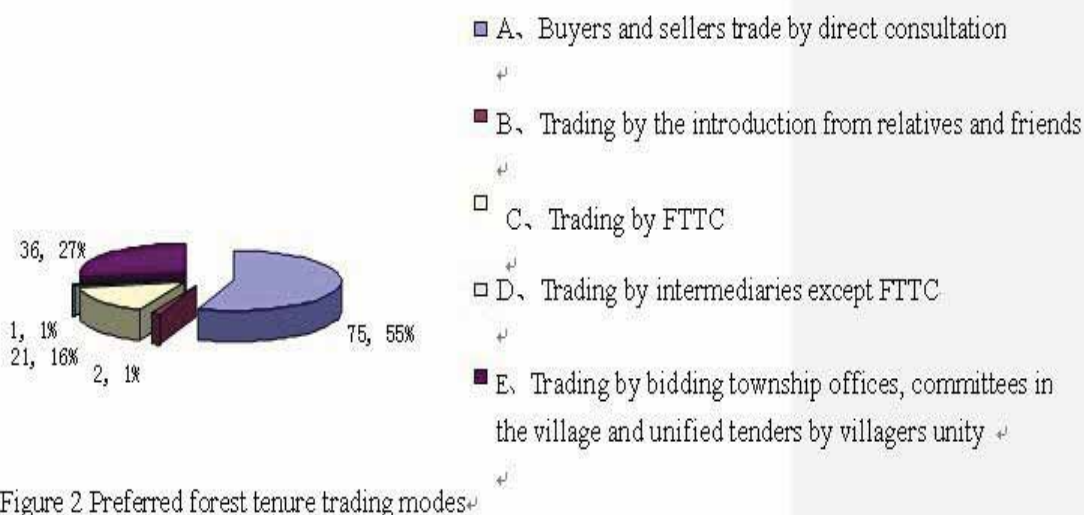
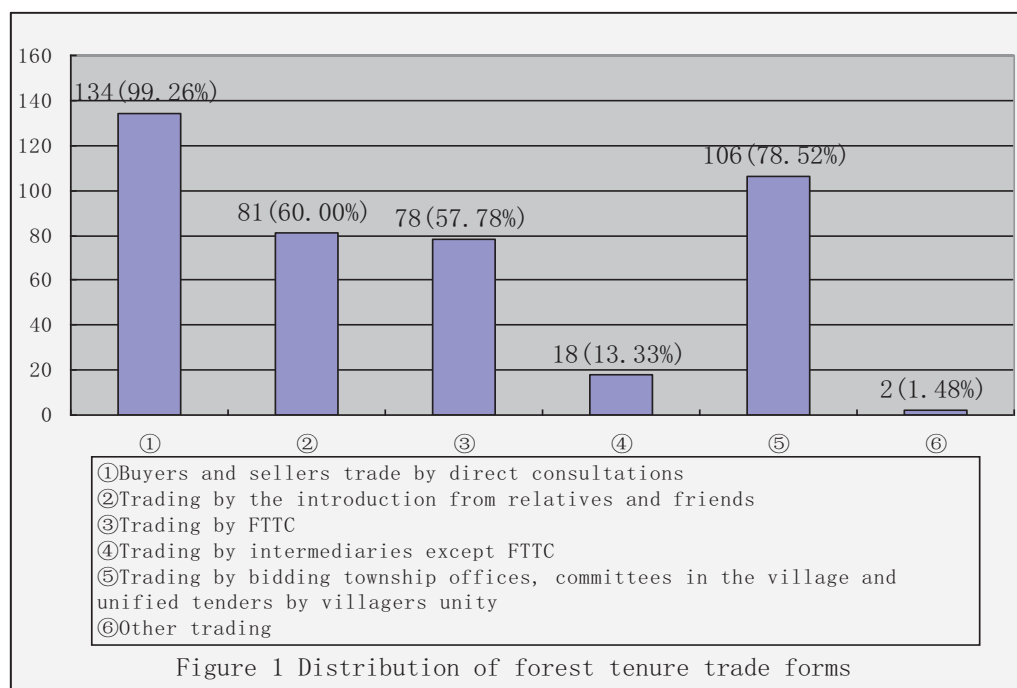
4.1 The existing forms of forest tenure trade and transferability in pilot areas

Fujian Province is one of the important provinces in southern collective forest areas, with the collective forest area 1.26 million mu, accounting for about 93% of the total area of forest land. In 2003, Fujian Province launched the first reform of collective forest tenure system in China, with the main contents of “clear ownership, flexible management rights, implementation of disposition to ensure the earning right.” The project implemented the use right to collective forest land, forest ownership and management rights to every household and the joint account or other business entity. After 3 years of hard work, by the end of 2006, the province had completed the reform of clarifying property rights on schedule to achieve the goal “the mountain has its owner, the owner has the power; the rights have their own duties and the responsibilities have their benefits.” With the collective forest tenure becoming clear to the villager family, forest tenure trade and transferability activities in Fujian Province gradually increased, especially in the early stages of reform, the forest trade activity frequently happened. At present, although the trade or transfer activity in connection with mass organizations and state-owned forest decreased sharply, private trade or transfer activities carried out by the farmers privately are likely to be the main force because further circulation and trade of resources is needed after splitting the mountains to achieve mutual and joint optimization in order to achieve economies scale merit. Currently, forms of the main forest-related business trade or transfer of property rights are becoming more and more diverse. The so-called forest tenure transferability here generally refers to the behavior of transferring the property right from one subject to another subject involving payment or for free, and based on the promise of no changes in forest

ownership and forest land use, in accordance with certain procedures and methods. In general, the forest tenure brought into the circulation category mainly includes forest ownership and the right to use forest land and other properties with property rights. The general forms are common shares, transfer, exchange, lease, mortgage, and so forth. The so-called forest trade generally refers to the specific form of the forest tenure transfer. The common forest tenure trade includes private trade between subjects of the main forest management, intermediary trade, and trade by relevant government departments and so on. This research group focused on four cases carried out in collective forest areas in Fujian Province, including Youxi County, Sha County and Yong'an County in Sanming City and Shaowu County in Nanping City. According to the field interview and extensive survey on different subjects on forest tenure trade and transferability, we found specific forms of forest trade and transfer in the above four counties (cities). They are:

- 1) Direct consultation between buyers and sellers;
- 2) Trade through relatives and friends;
- 3) Trade through the forest tenure trade centers;
- 4) Biddings run by the township, village committees and village groups;
- 5) Transactions through the forest agency besides trade centers (mainly for the auction house, etc).

The research results of this sub-subject research activities conducted by forest farmers are shown in Figure 1. There are 135 questionnaires and the main topic was “the main ways you know to trade property rights of forest resources” (multiple choices). By analyzing on the related questionnaires, we can see in the survey counties in all cases essentially involve the above-mentioned five major trade. At the same time, we can see from Figure 2, among these above five ways of transactions, the 75 people’s preferential way (representing 55% of total sample) is direct trade between the two sides, only 21 people (about 16% of the overall sample, most of them are rich families who once made transactions through forest tenure trade center) prefer to deal through the forest tenure trade center, which indicates that the current trade centers of the forest in Fujian Province have not appealed to the majority of forest farmers. Therefore, it is necessary to gain support from relevant policies and the innovation of organization system.



4.2 The procedures of forest tenure trade and transferability in pilot areas

According to field survey in the case counties by the project team, combined with field interviews and analysis of the questionnaires, the procedures of existing forest tenure trade and transferability forms can be categorized as followings.

4.2.1 The procedures of trade directly or introduced by relatives and friends between buyers and sellers

From the results of field survey and interviews conducted by this project team, trade directly or introduced by relatives and friends is now the preferred trade form by forest farmers

in each pilot county. In this transaction mode, both parties trade directly or introduced by familiar relatives and friends. They agreed privately upon transaction price of forest tenure, and eventually conclude a deal. This transaction generally occurs in between acquaintance, those who are familiar to each other; transaction process is simple, so it is highly praised by the majority of forest farmers.

4.2.2 The procedures of trade in forest tenure trade centers

At present, in all case counties, the transaction through the forest tenure trade centers, its forest tenures mainly belong to collective forest ownership (whose operation and management is still unified by the collective groups) or state-owned forest. In such a transaction mode, the process is generally as follows: First, the forest tenure owner shall submit the application and provide relevant proof of ownership to forest tenure, then it is transferred to be examined and verified by forest tenure trade center; Secondly, after examined and verified by the center, the center formally accepts the transaction commission of two sides, and arranges related matters for forest resources assessment and bidding; Finally, the center organizes the bidding parties to trade, and confirm trade results; besides, registration of transfer changes of forest tenure transferability must be carried out. The specific transaction process is shown in Figure 3.

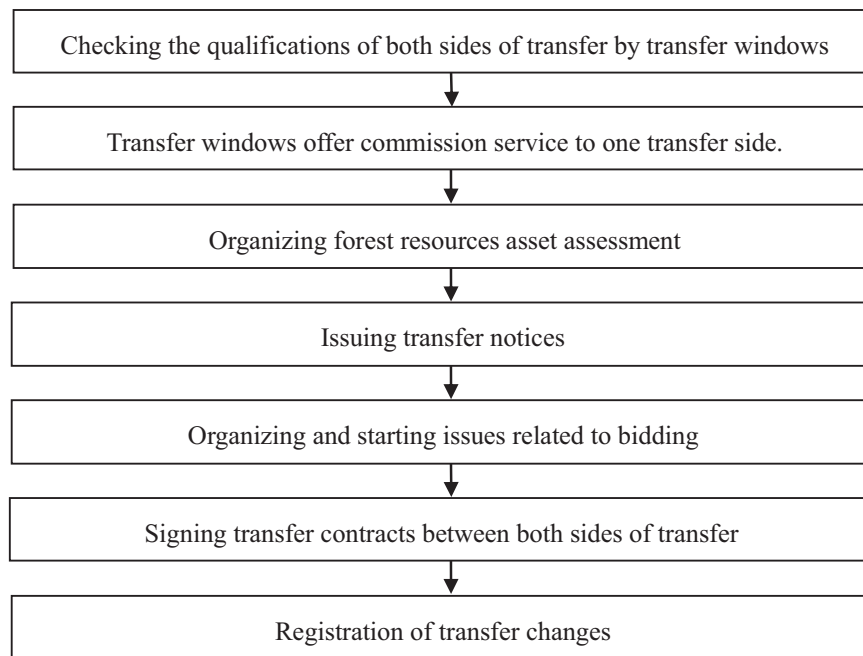


Figure 3 Flow Chart of Forest Tenure Transfer in FTTC

As we can see from Table 16 in the survey of 135 forest farmers, only 15.56% of the forest farmers chose forest tenure trade center to trade, among the 73 forest farmers who had trade activities, and only 21 have traded in forest tenure trade centers, accounting for 28.77% of the total trade forest farmers, and the initiative participation is unsatisfactory.

Table 16 The Forest Farmers' Choice of Forest Tenure Trade Form

Percentage \ Type	Trade through the center	Trade not through the center			Total
		Trade through other forms	No trade	Subtotal	
Number of people	21	52	62	114	135

4.2.3 The procedures of bidding organized by local governments at the township level, village committees and villagers groups

In the villages and towns of the four research cases counties by this research group, there are basically township bidding offices (usually as the organizations are subordinated to township judicial institute), which are primarily responsible for presiding bidding for public property in local town, including state-owned and collective forest. From the research information by the project team, because it is ruled that collective forests must be traded in township bidding offices, which makes trade in township bidding offices be the most principal form for obligated collective forests in the counties. The main trade process includes the following steps:

1) Villager groups or the village committees determine the woodland and forests resources to be transferred by democratic process, then they apply for the bidding to the township bidding offices, and submit relevant documents;

2) Township bidding offices examine and verify preliminarily the documents and transfer to other related functional departments and branched leadership, and organized intermediary to assess forest resources and assets, trade applicant affirm the final assessment result of bidding price;

3) The township bidding offices organize both parties to participate in the bidding session, after the final determining the successful bidder, both parties sign a formal bid transaction contract, and then complete the entire bidding process after the confirmation of relevant parties. As to the tender process organized by village committees or villagers groups, it is similar. The specific process of this type is in detail in Figure 4. In the case counties of this research, the bidding flow-chart of township bidding offices in Shaowu is as follows:

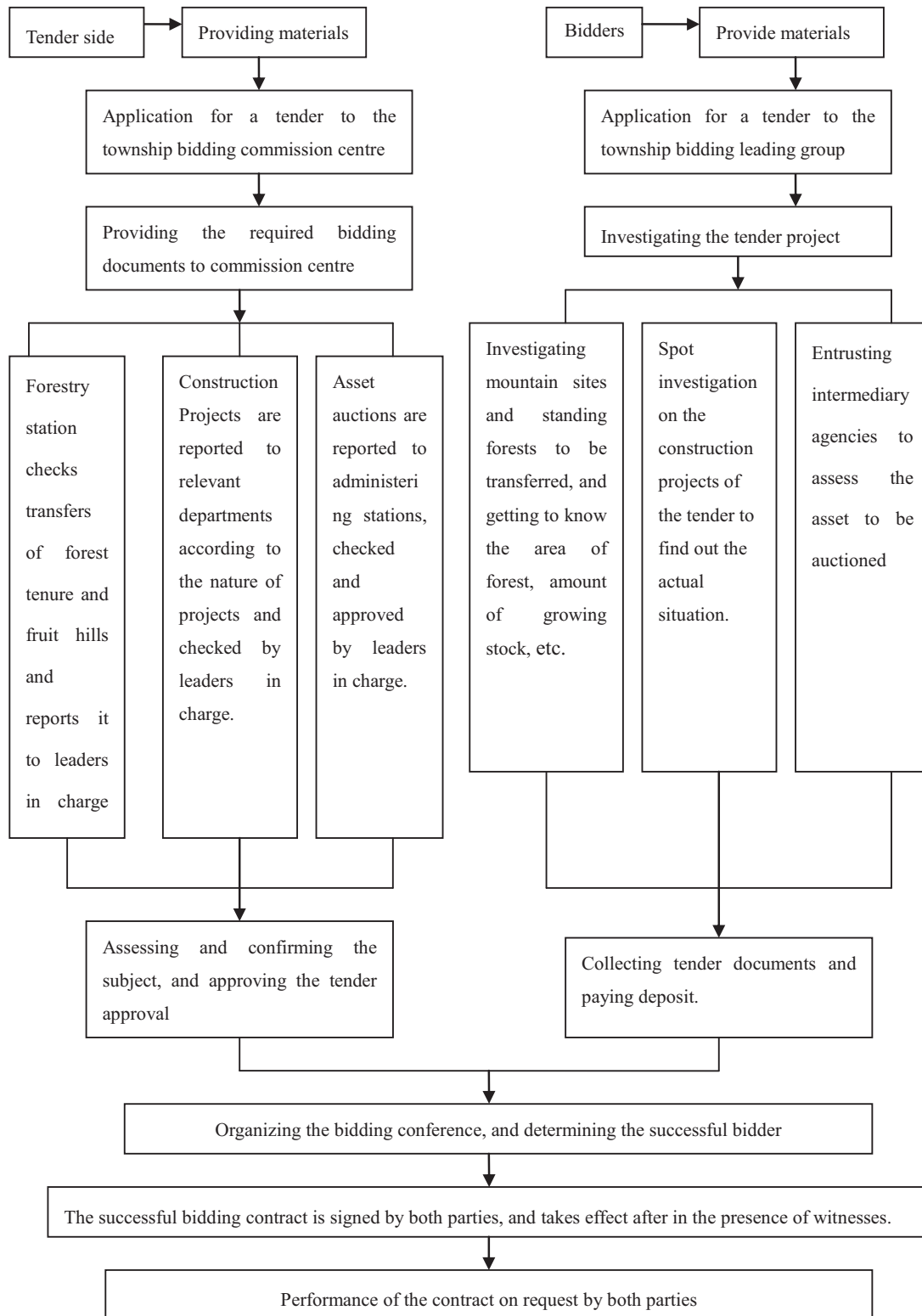


Figure 4 Bidding Flow-chart of township bidding offices

4.2.4 The procedures of trade by intermediaries except forest tenure trade centers (mainly referred to the auction house)

During the research by project team, in the field survey on forest tenure trade of Youxi County in Fujian Province, besides Youxi forest service center which is the trade service platform, we find Youxi Hongxin Forestry Trade Broker Co. Ltd. (hereinafter referred to as Hongxin Company) engages in organizations and intermediary services for forest tenure, and the company accepts the vast majority commission by forest tenure trade centers. During the research in Youxi, the research group knew that an abroad auction company was invited to organize forest tenure trade, but then for various reasons (the main reason is the high intermediary costs), it did not continue. Thus, a considerable part of trade bidding for the state-owned forest and collective forest were organized by Hongxin Company. The operation of the process is as follows: First, the transferor of forest resources submits the transferring and trade commission of forest resources, Hongxin Company accepts the commission and checks it, and entrusts intermediary agencies to assess forest resources assets. Second, Hongxin Company organizes evaluation committee to determine the relevant trade matters, and post transaction notices; Finally, Hongxin Company organizes the two parties to trade (the commonly forms include focusing on auction trade, negotiated trade, and so on), and determine the trade results, then both parties sign a transfer contract. The specific transaction process is shown in Figure 5.

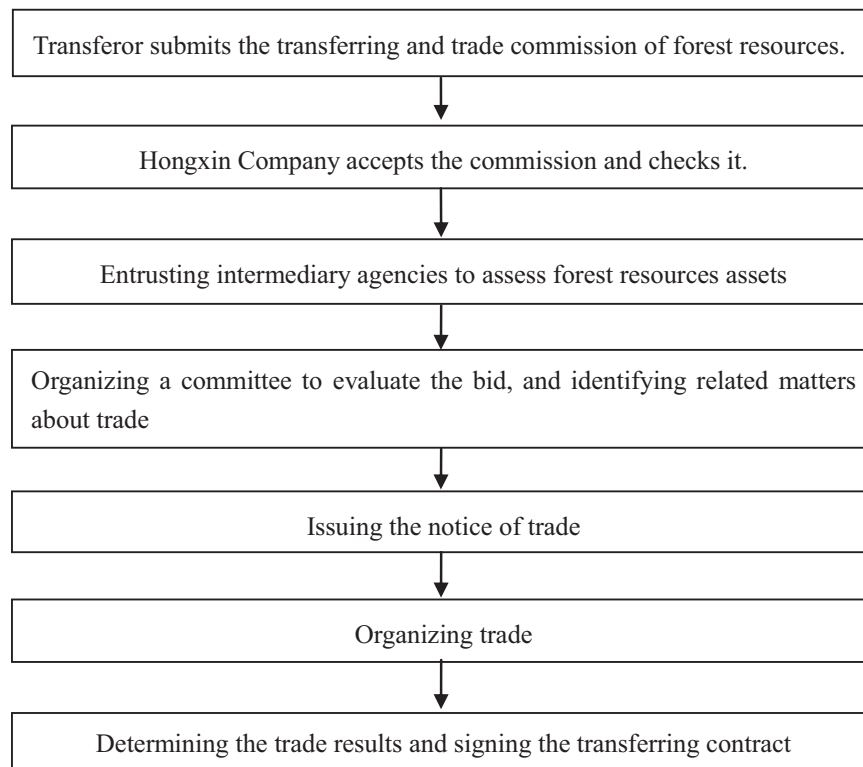


Figure 5 Transaction Flow-Chart of Hongxin Company

4.3 The importance of establishing forest tenure trade centers during all the trade forms

After clarity of property rights of the forest resources, we should face to the problems of how to realize optimizing configuration through market mechanisms, and establishing a sound trade institutions similar to the forest tenure trade center and trying to promote the forest resources transferability by a variety of forest tenure trade institutions, which are the main supporting reform measures in the second stage (the supporting reform stage) of a new round of forest tenure reform which was launched in advance in Fujian, Jiangxi and other provinces. The main purpose of establishing forest tenure trade centers and other intermediaries is to promote the forest resources and transfer the forest tenure orderly, so as to achieve the forestry production factors optimization by the use of market mechanisms. In the four research cases, although they have set up forestry service center (or the forestry factor market) in the county or town, but most counties did not specifically set a single forest tenure trade service agency (Sha County excluded), but assemble forest tenure registration, information dissemination, legal and technology services, forestry workforce training and other functions to the center, and establish a unified “forest service center” or “forestry factor market”, that means that forest tenure trade is only one of the main functions of the center. From the research information by the project team, in the process of specific forest tenure trade activities, compared with other forms of trade, trade in forest trade center may achieve the following advantages:

1) To protect the legitimate interests of parties during the transaction, and ensure the fair, open and just trade. Currently, all counties and cities in Forestry Service Center (hereinafter referred to as Center) of Fujian Province are generally not involved in forest tenure trade directly, so they can keep necessary independence from the forest tenure trade between forest farmers, and there is no conflict of interest to all parties; at the same time, publicly available information can improve the transparency of information, help to ensure a fair, open and just transaction, so as to safeguard the legitimate rights and interests of all parties. Survey results also show that: among the 21 forest farmers traded in the center, respectively 19 (90.5% of such type forest farmers) and 18 (85.7% of such type forest farmers) forest farmers considered that the transaction center perform well in the protection of legitimate rights and interests and realizing fair, open and just trade; while 114 did not have trade in the center, respectively 109 (accounting for 95.61% of such type forest farmers) and 95 (83.33% of such type forest farmers) interviewees believed that the center has an advantage over the protection of legitimate interests of parties to the transaction and ensuring the fairness, openness and justice of trade;

2) To reduce the occurrence of forest tenure disputes. At present, the forest tenure trade centers across the country, whose nature is to be a subordinate to the forestry sector for most centers, the relevant center staffs are mainly from the original forestry sectors, and have a

certain authority, likely to get recognition from both sides; at the same time, the centers receive transaction applications from the two sides, then examine and verify the followings, such as the defect of the subject matter, the corresponding ability to traders, and the transaction process is generally located in the center directly, registration and changing of forest tenure were conducted there, the trade process is relatively standard and complete and help to avoid the forest tenure disputes after transaction. Among the 21 surveyed respondents who had conducted trade in the center, 18 forest farmers (85.7% of such type forest farmers) considered that the centers play a significant role in the reduction of disputes; at the same time, among the 114 forest farmers who did not have trade in the forest tenure trade center, there were 99 (accounting for 86.84% of such type forest farmers) believed that trade in the center can help to reduce the occurrence of forest tenure disputes, and trade are more secure;

3) To get more professional services from forest tenure trade centers for all parties. In case counties, the existing forest tenure trade centers typically have multiple functions, such as forest tenure trade and forest tenure registration, trade information distribution, forest resource asset appraisal, forestry human resources training, most centers are committing to provide synthesized and professional service. Thus, in the actual trade activities, the centers often receive well appraise from the forest farmers. Among the 21 surveyed respondents who had conducted trade in the center, 16 forest farmers (76.2% of such type forest farmers) considered that the center did well in providing a professional forest tenure trade services; at the same time, among the 114 forest farmers who did not have trade in the forest tenure trade center, there were 97 (accounting for 85.09% of such type forest farmers) believed that trade in the center is easier relatively to get professional services;

4) To help traders obtain forest tenure trade information, resolving the asymmetric information problem between the two sides. Forest tenure trade centers publish the forest tenure trade information continuously, so that the difficulty of information being available to traders is greatly reduced to some extent; and also promote the local forest tenure trade activities. Table 17, which is identified by the 21 traders who had trade in the forest tenure centers, is the information table about the difficulty to get trade information before and after the establishing of forest tenure trade centers.

Table 17 Comparison Table on the Level of Difficulty in Obtaining Information around the Establishing of the Center

Difficulty level	Before establishing the forest tenure trade center	After establishing the forest tenure trade center
Hard	12 people (57.1%)	0
General	8 people (38.1%)	1 people (4.8%)

Easy	1 people (4.8%)	20 people (95.2%)
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4.4 The advantages and disadvantages of each trade and transferability form

The situation of multiple coexisting forms for forest tenure trade and transferability in the pilot areas, which contributes to promoting forest tenure trade and transferability, so as to make forest resources be used efficiently and promote economic development in forestry areas. However, different trade forms with different characteristics and procedures make some problems come out in the trade process and damage traders' interests to some extent and reduce traders' enthusiasm to trade by the centers.

4.4.1 The advantages and disadvantages of buyer and seller making deal directly through relatives and friends

This is one of the simplest and widely used ways among the existing trade forms. The main advantages are simple and clear processes, convenient procedures, higher efficiency and less trade cost. The disadvantages are:

- 1) For private trade between forest farmers, the procedure is usually not very standardized, protection of the interest of all parties are less, and is prone to lead to trade disputes in the new forest tenure trade;
- 2) The range of optional trade partners is narrow, lacking adequate competition in the process, it is not conducive to achieving the maximum benefits of forest resources.

4.4.2 The advantages and disadvantages of trade in forest tenure trade centers

At present, forest tenure trade center is a relatively standard trade platform for collective forest tenure. According to research results, their specific advantages and disadvantages can be seen in the discussion of 5.3.

4.4.3 The advantages and disadvantages of the bidding organized by the township, village committees and villagers groups

The trade is mainly applied to towns, villages or the state-owned and collective forest belong to villager groups, its trade participants are generally limited to the surrounding area, and its trade range is relatively small.

Trade through the township bidding offices (or called bidding centers, bidding offices), its main advantages are:

- 1) The better organization procedures in the bidding office, before the bidding, the workgroups (or leading groups) are formed in the villages and towns, and they are responsible

for organizing, leading and coordinating the specific issues on bidding, so as to protect bidding conducted smoothly;

2) Relatively professional services, township bidding centers are generally managed by the professional staff, which can provide more specialized services, and whose trade results are relatively good;

3) To reduce forest tenure trade disputes, bidding offices as a part of central government departments, have a certain authority, which results in the trade results being easily recognized by all parties;

4) Staffs are more familiar with the subject matter of the transaction and relevant counterparties, which makes contact relatively convenient, so does lower service costs.

The main disadvantages are:

1) The staffs in the bidding office are mainly part-time, and office expenses cannot be guaranteed, which is not good for the conduction of the work;

2) The bidding process likes forest assets assessment, often requires a certain costs, which increases the transaction costs of forest farmers;

3) The scope of transaction is narrow, and it is not conducive to conduct full competition, as the existing bidding centers are typically only for state-owned forest or collective forest in the local town, which has more geographical limitations.

For the bidding organized by village committees or villager groups, it also has the similar advantages such as simple and clear procedures, and low cost of transaction, but also the disadvantages such as irregular trade procedures, a narrow trade range, easily lead to disputes.

4.4.4 The advantages and disadvantages of trade through the intermediary trade centers (primarily for the auction companies)

In a research on Youxi County, Shaowu and Yong'an City, the project team is aware that there have been local forest tenure trade activities hosted by professional auction. In this transaction mode, its main advantages are:

1) To standardize transaction procedures. Staff are professional, rarely trade disputes are caused by forest tenure;

2) Transaction price is relatively high, yet the result is better. More professional services can be provided.

However, there are some fatal disadvantages:

1) Trade expense is so high that the forest farmers cannot afford, for example: Shuibe Town in Shaowu City had invited the auction company to do the bidding, where the auction company took 5% handling charge in addition to 50% commission to the part of auction price exceeds the base price of value;

2) The complicated transaction procedures and processes, as an intermediary organization, auction companies try to avoid the risk by doing necessary audit work, and later going through the procedures related to ownership changes, so the efficiency will be affected to some extent.

5. An analysis of performance and transactions of the FTTC

One of the main features of the market economy is that the market mechanism should play a leading role in the allocation of resources. Therefore, theoretically, the trade center's main function is that it should act as an intermediary of the forest tenure trade, which should have the detached independent status in order to achieve the impartial provision for the transaction parties to provide the authentic and relevant information, and ultimately contribute to achieving both the transaction and transfer of property rights. Of course, the center should charge a certain percentage of transaction intermediary fees from the parties in order to maintain their normal operations. The property rights trade center is similar as intermediary organizations with the nature of a company that should be capable of making their own management decisions and taking full responsibility for their own profits and losses. But it should point out that, since China is still in the primary stage of socialism, in the meantime concerning the new phase of reform of forest tenure is still in the further deepening and promoting stage, and trade partners of the forest tenure trade center are the property rights of particular resource's asset that have the three effectiveness in ecology, economy and society--- the assets of forest and woodland property, even as the main object in the new phase of reform of forest tenure, the commercial forest for collective also has three benefits in its course of business. In fact the ecological benefit even greatly exceeds the economic benefit, which makes activities of forest tenure trade have some public nature. Because of this, all of currently registered forest tenure trade center (or Forest Service / Forest factor market) in Fujian Province are offices which have the nature of institutions as a part subordinate of the forestry administrative department of the government, usually do not charge intermediary costs (apart from the trade center commissioned intermediaries for other services outside of the assets assessment), and mainly provide all of aspects of property transaction information and services, such as transfer of property supply and demand aspects of services and information which related to forest tenure trade, such as information about the supply and demand aspect of transfer of property rights of the forest resources, the evaluation of the forest resource assets (commissioned by the other intermediary

organizations), the transfer and change of property right of forest resources assets, the issuance and transfer of the forest tenure certificate, the mortgage loans of the forest tenure certificate, and integrated services related to aspects of forestry technology, forestry investment and finance, personnel training which related to the transfer of the forest tenure. The actual situation of research from the discussion group shows that development of the forest tenure trade center which from point of each case performance different levels. However the forest tenure trade centers also make some achievements and some experience and lessons are to be concluded too.

5.1 Trade and management system and the operation procedures

From the results of the group research, at present, the five trade service centers (or companies) of the case counties, except for the Hongxin Timber Trade Brokers Limited company in Youxi County, are the institutions which subordinate to the local forestry administrative departments. Its internal management agencies are set up according to the specific business module, and its staffs are arranged through the internal transfers in the forest system, which a small number of staffs get into staffing of government affiliated institutions, and most of the remaining staffs get into appointment; some of staffs in the center maybe still belong to the original departments of the Forestry Bureau. They work in the center (Sha County Forestry Service Center) only to meet the needs of the trade and transfer of the forest tenure. The services provided by the center's staffs are free, so the cost of the business operation is mainly provided by the government.

Currently, all centers adopt the way of director managing responsibility, which is that the center directors are appointed by the local forestry department, who are also assigned the daily business management and leadership, and other relevant staffs must be responsible for the directors. From the work content of the four cases of the county (city) forest tenure trade centers, it shows the main responsibilities of their work have the following elements:

1) To organize the trade of the forest tenure, for example, organizing the forest property auction, bidding;

2) To provide intermediary service of the trade of the forest tenures such as the collection and dissemination of information of the trade of the forest tenure, the evaluation of the forest resources assets;

3) To provide the forest administrative services, for example, attending to the timber harvested permit, quarantine permit, transportation permit and the management of documents of the forest tenures;

4) To provide other services such as training for the forest labors, services of the

technology and law, forest policy advices.

From the process of the actual operation of the centers, we could know that above these functions are generally carried out by relevant working posts or departments. Specifically, the usual work posts of the forest tenure trade (or forestry elements market, forest service center) include:

- 1) To check and grant the timber harvested permit;
- 2) To attend to quarantine permit;
- 3) To attend to transportation permit;
- 4) To collect the forest cost (entrusted with collection);
- 5) To register and manage the forest tenure;
- 6) The trade of the forest tenure;
- 7) The advisement on forestry technology and law;
- 8) The evaluation of the forest resources asset;
- 9) To harvest and store the timber.

However, within the forest tenure trade centers from the four case counties in this researched project, except the forestry elements markets of Yong'an City and the transfer and trade center of forest resources of Sha County, the remaining forest tenure trade centers of two counties (Youxi County and Shaowu City) do not basically organize trade of the forest tenure, and only supply with services about property trade (such as the collection and issuance of the information of the property trade, and so forth), and fulfill simply some part of functions of the forest administrative management, whose whole process of operation is similar to the workflow of the general forest administrative departments.

At present, the actual operation process of the services provided by the related posts of the forest tenure trade center of case counties will be introduced in section 5.2.

5.2 Trade and other services

From the research results, the forest tenure trade centers on the case counties (cities) (or the Forestry service centers, Forestry factor markets) are comprehensive management institutions, which provide lots of services. Integrating the services provided by the forest tenure trade centers, their main services are as follows:

5.2.1 To organize forest tenure trade

Organizing forest tenure trade is that the trade center provides sites and relevant services and so on, and it organizes trade partners to process the trade of the forest tenure.

From the research situations of the cases of all counties, the main services include the ways of bidding and transfer of Hongxin timber Trade Brokers Ltd in Youxi County, of forest resources transfer trade center in Sha County, of live auction in Yong'an forestry elements market, and so on. Among them, Hongxin Company is a non-government institution, where its service of forest tenure should charge progressive fees according to trade prices and different fixed rates, but it is free for the provided services of forest resources transfer trade center in Sha County, especially in Yong'an's forestry elements market, they carry out the live auction mainly through the auction company which charges some fees in accordance with the provision, but it is also free for the issuing of advise of information provided by the elements center directly, and the checking and granting of related license.

The operation process of bidding and transfer of Hongxin Timber Trade Brokers Ltd. was be introduced in section 4.2.4, and the transfer process of forest resources transfer trade center in Sha County is similar to Hongxin Company. The following format is to introduce the transfer process of forestry elements market in Yong'an City (detail in Figure 6 and Figure 7). In accordance with the requirements of the main trade in the process of forest tenure applications, it needs to submit the following aspects of materials: original and photocopy documents of forest tenure, trade commission agreement, applications for wood and bamboo auction trade, personal identification of parties to the trade, and a couple of identity cards of forest tenure owner and copy of marriage certificates, and so on.

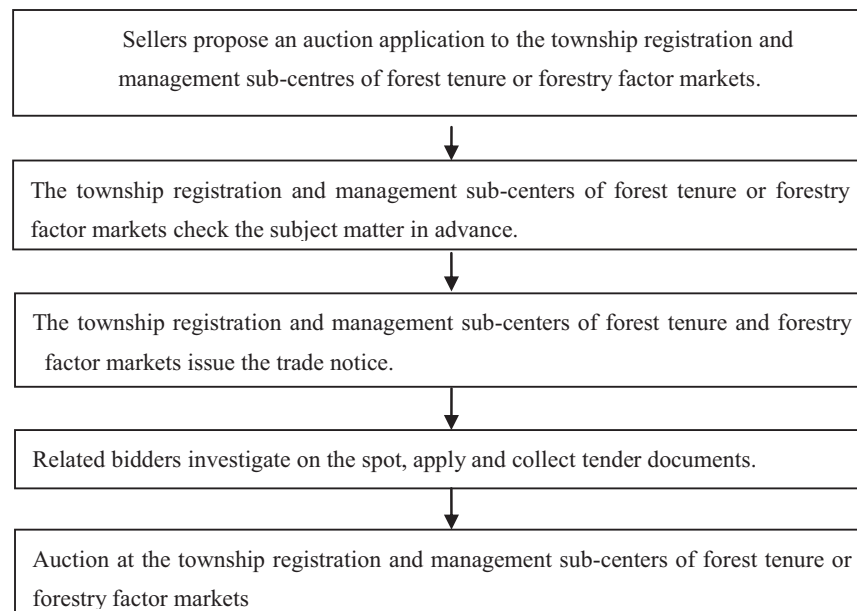


Figure 6 Flow-Chart of Forest Property Rights Auction at Forestry Factor Markets in Yong'an

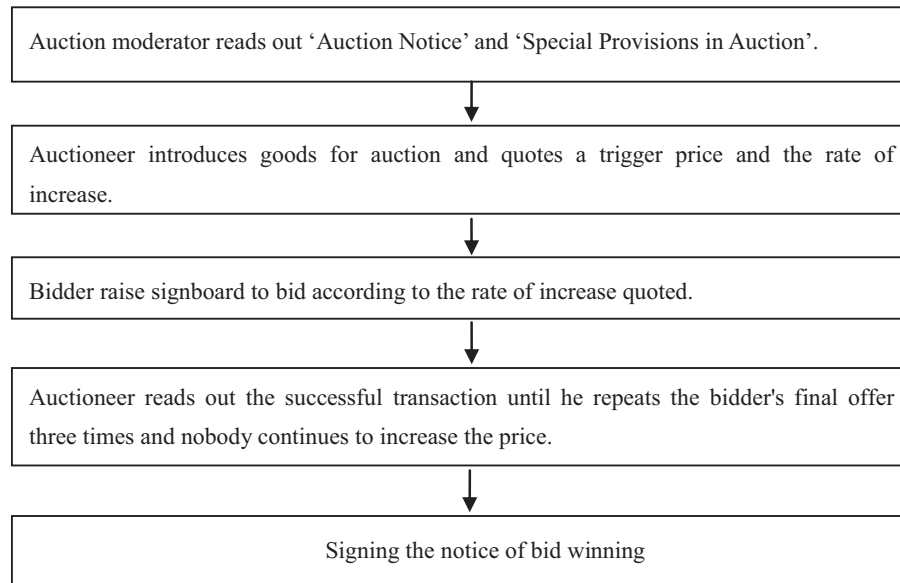


Figure 7 Procedures of Forest Property Rights Auction at Forestry Factor Markets in Yong'an

5.2.2 The management and services for forest tenure certificate

The services for management of forest tenure certificate include: the initial registration of forest tenure, the change registration of forest tenure, checking and granting of forest tenure certificate. The forest tenure owner who applies for issuing forest tenure certificate should generally submit the registration application form of forest tenure, personal identification or organization certification, forest ownership certification; registering the change of forest tenure should generally submit the registration application form, the original forest tenure certificate, the legal changing proof of forest tenure and other relevant documents. In the process of attending to certifications, everywhere the services for management of forest tenure usually takes over nominal fees of forest tenure certification and costs of forest tenure reconnaissance in accordance with the provisions, and the nominal fee of forest tenure charged each of 5 Yuan, the costs of forest tenure reconnaissance is charged by survey area. The process of this service everywhere is basically similar. Sequentially it will take Shaowu City Forest Service Center as an example to describe the specific process (details in Figure 8).

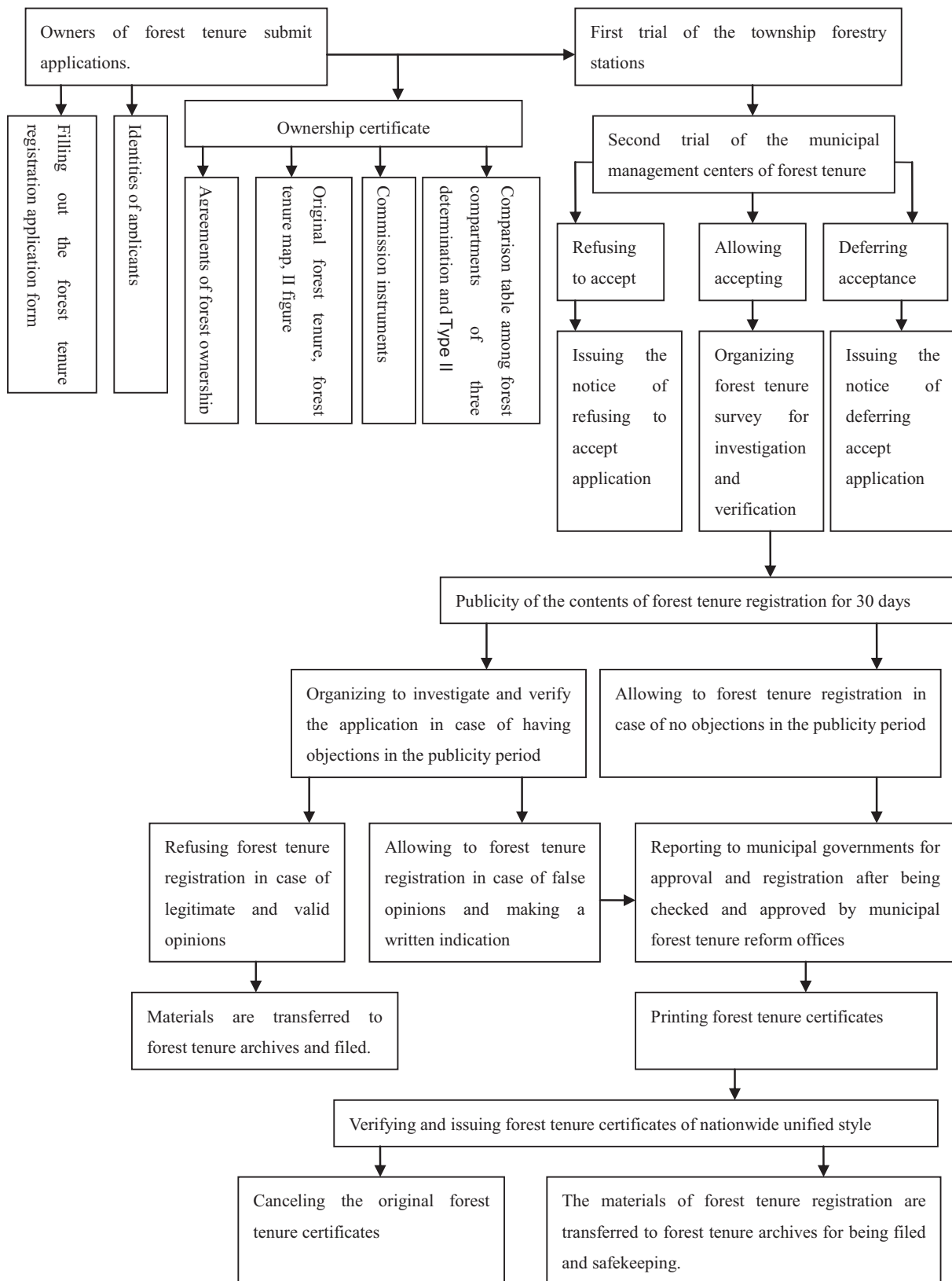


Figure 8 Flow Chart of the Forest Tenure Registration, Issuing Certificates and Changing Certificates in Shaowu

5.2.3 Forest resource asset appraisal services

The services mainly refer to the acceptance of the commission of tenure units or individuals, and carry out forest resource assets transfer, sale, mortgage, business associates, joint ventures, mergers, leasing, liquidation of assets related to forest resources and related assets and the services of valuable evaluation. To commit evaluation generally should submit a commission, effective inventory of forest resource assets, the forest tenure certification of forest resource assets and other related materials. The costs of evaluation often are charged in a progressive ways according to different fixed rate .It should be noted that, according to our group investigation, among the investigated cases in the four counties, the trade center does not directly deal with their business of assets evaluation, instead of committing those qualified , independent, professional asset evaluation institution to engage in the service, and its specific evaluation fees are discussed and determined by the assets evaluation institution and the client of forest tenure trade in accordance with the relevant provisions, not the trade center. The processing of this service in all parts essentially is similar. It shows the specific processes in Figure 9.

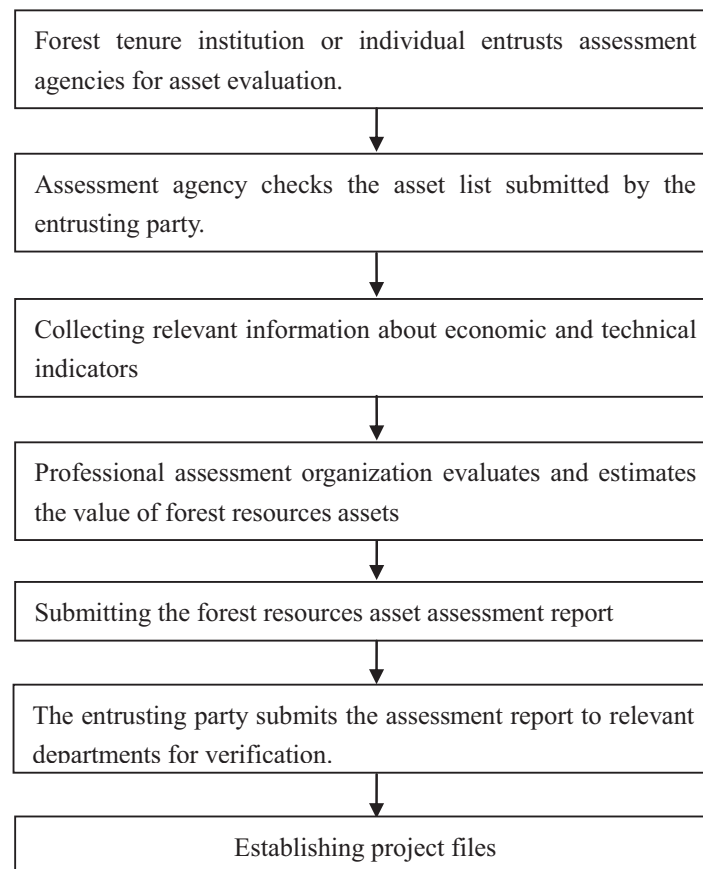


Figure 9 Flow-Chart of Forest Resources Asset Assessment

5.2.4 Forestry investment and financing services

The services for forestry investment and financing primarily refer that the center provides related services during forest farmers or forestry enterprise assets applying for capital support to financial institutions and other related institution by mortgage of forest resources assets and forest tenure certification. At present, the services on all case counties include the related registration service of mortgage-loan with forest tenure certification and the small discount-loan. Among them, to attend to mortgage-loan with forest tenure certification, the materials should be submitted: the original forest tenure certificate and a copy, the main contract, the basic situation forms of mortgage application, insurance of forest resource assets; to attend to registration of the small discount loan, it should provide main materials such as mortgage ID card, forest tenure certification. It shows the related service processes in Figure 10 and Figure 11.

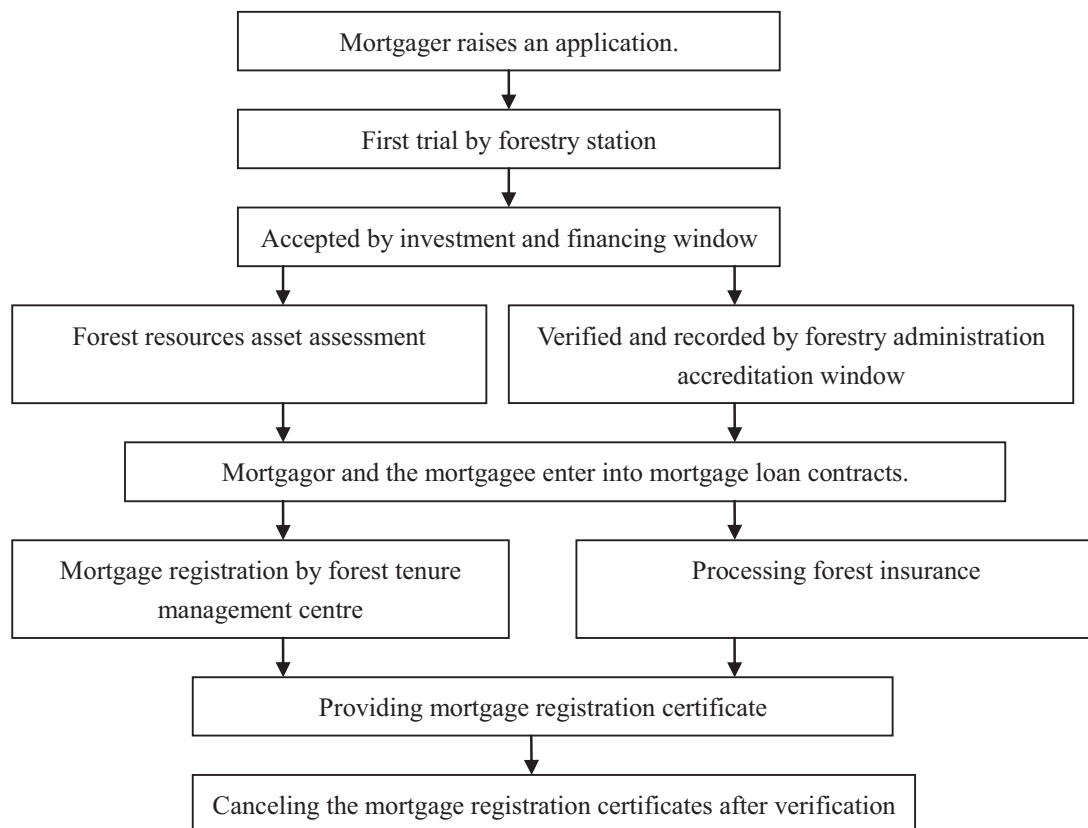


Figure 10 Flow Chart of the Mortgage Registration of Forest Tenure Certificate Mortgage

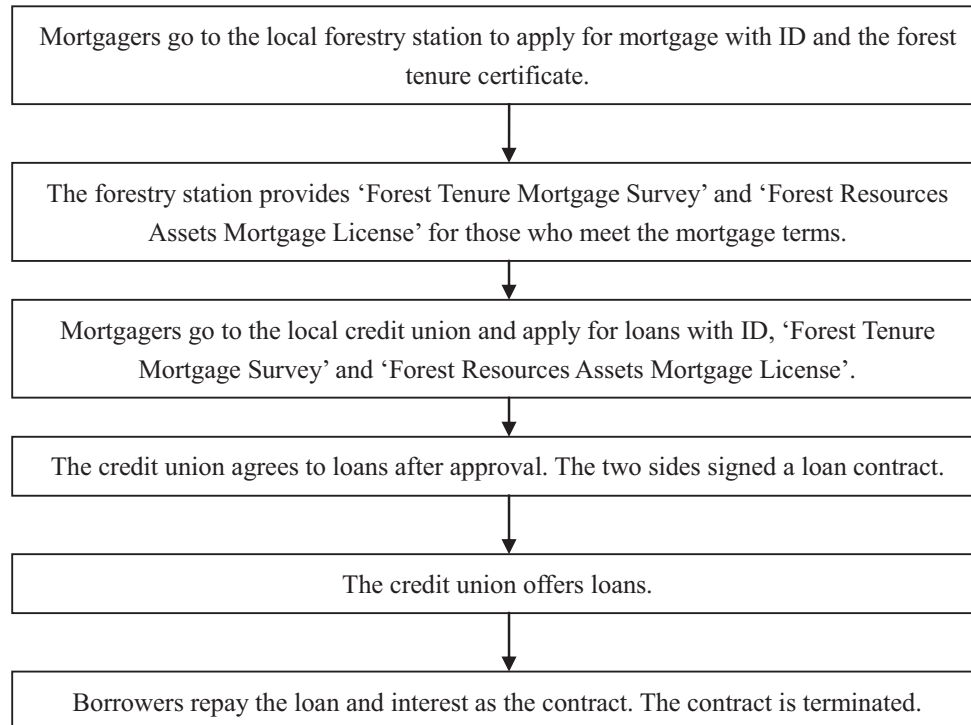


Figure 11 Flow Chart of the Forestry Small Discount Loan Mortgage Registration

5.2.5 Forestry administrative services

Currently, the forestry administrative services provided by the trade centers include handling the forest harvested permits, quarantine permits and transportation permits, and the charge for the payment of forestry services. To handle the forest harvested permits usually requires applicants to submit applications for forest harvesting, proved effective forest ownership, the logging plan targets issued by superior and other materials. To manage the forest plant quarantine permits generally should submit "a single for forest plant quarantine inspection," "forest plant quarantine requirements" and "Plant Quarantine Certificate". To conduct timber transportation permits should submit the cutting license and forest-culture fund (there were two simple parts including forest-culture costs and maintenance previously, now collectively known as forest-culture fund), quarantine fees, quarantine certificates and other relevant documents or certificates, and related evident materials. It shows the process of the forestry administrative services in Figure 12, Figure 13 and Figure 14.

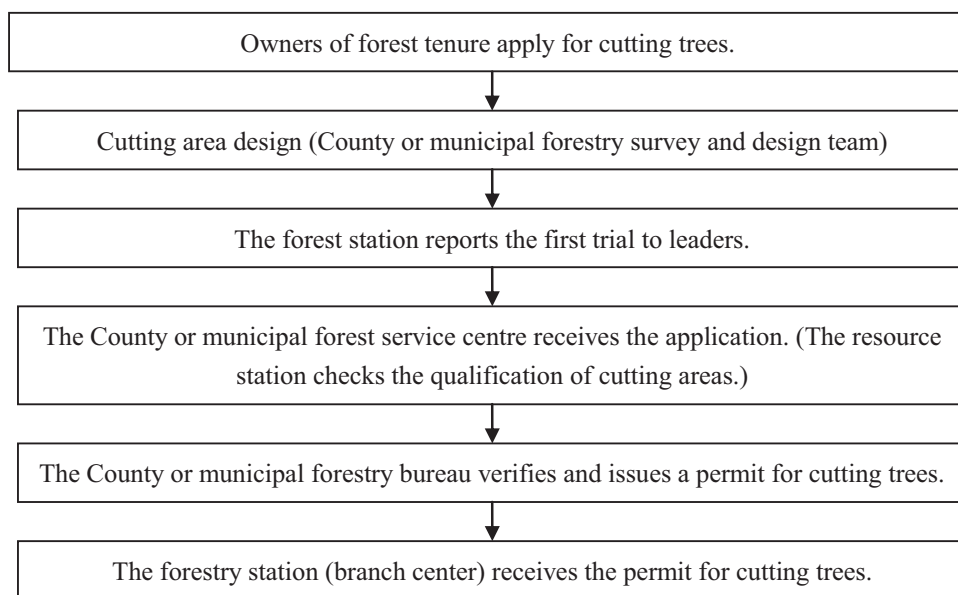


Figure 12 Flow Chart of Application for the Permit for Cutting Trees

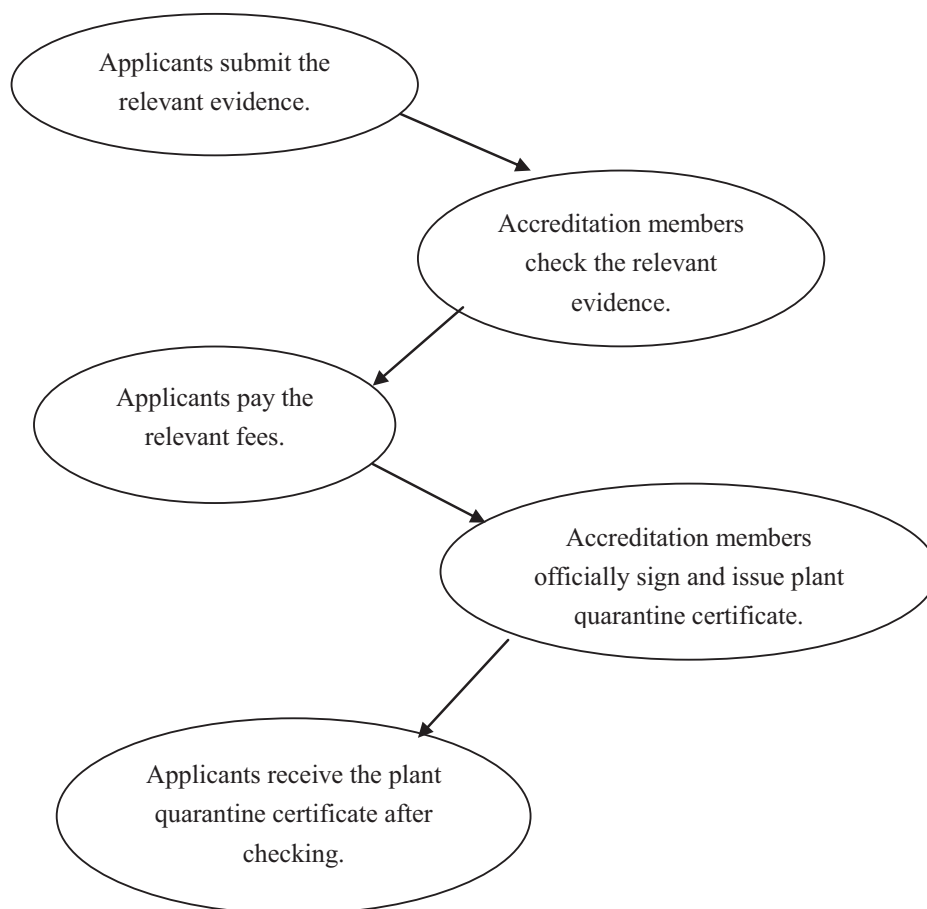


Figure 13 Flow Chart of Application for Forest Plant Quarantine Certificate

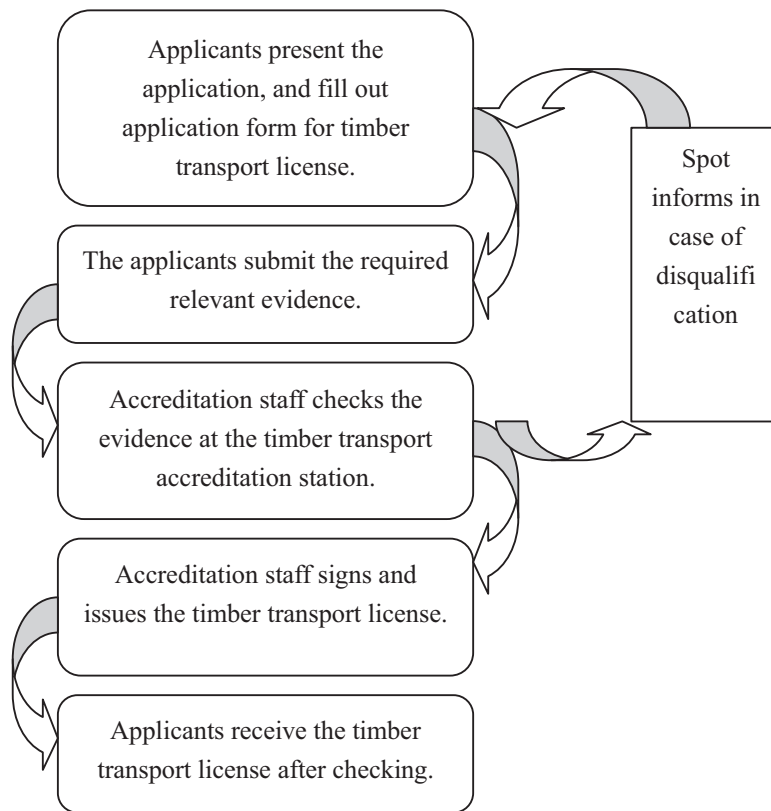


Figure 14 Flow Chart of Application for Common Timber Transport License

5.2.6 Other forestry public services

Other forestry public services include forestry technology and legal services, forestry workforce training services, and network information services. Forestry and legal services include: to provide the before, during, and after-technical services for the forest farmers in the activities of forestry management; to manage Forestry Association; to promote inter-association; to carry out the production, technology, management experience sharing and technical cooperation; to promote scientific and technological progress and the healthy development of the industry; to organize and launch training of forestry science and technology and legal knowledge; to provide forestry laws, regulations, policy advice; and to provide 96,355 forestry hotline services for forest farmers, including technical services, information services and policy services. Forestry workforce training services include: to carry out fact-finding survey about forest farmers; to keep abreast of understanding the forestry production technology of forest farmers needs; to draw up training programs; to organize and launch training programs, and establish a training class of forestry science and technology; to provide new forestry knowledge and technology for the forest farmers; to give timely feedback forest farmers on training methods, content and effect of the comments and suggestions. Network information services mainly are responsible for the normal and safe operation of "digital forestry business information system"; applying the network technology to collect and publish the information of

the latest bamboo and wood products, market demand and supply information of forest products and transfer of forest resource assets. It shows the delivery process of over service in Figure 15, Figure 16 and Figure 17.

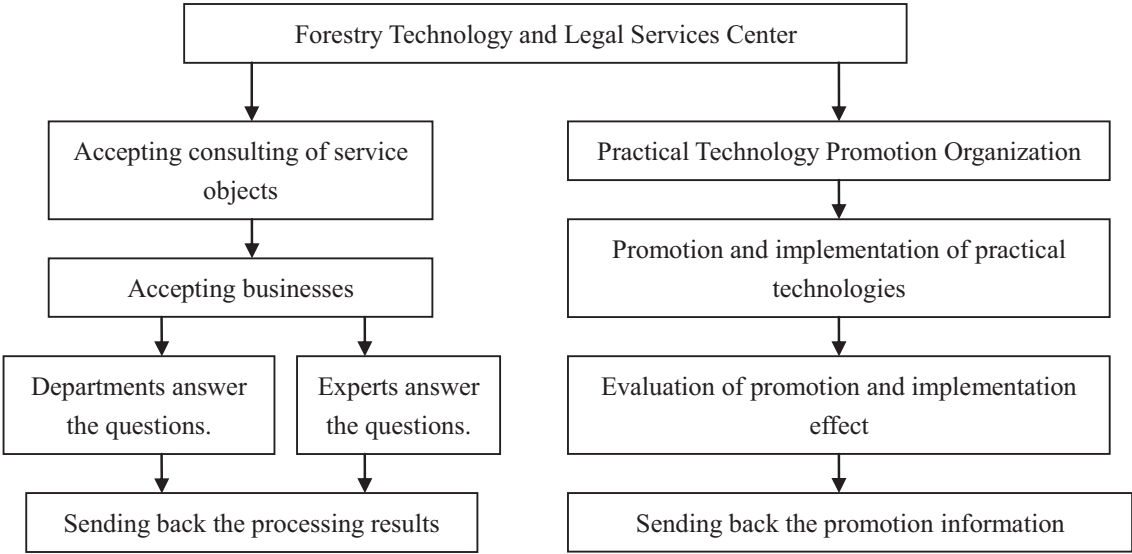


Figure15 Flow Chart of Forestry Technology and Legal Services

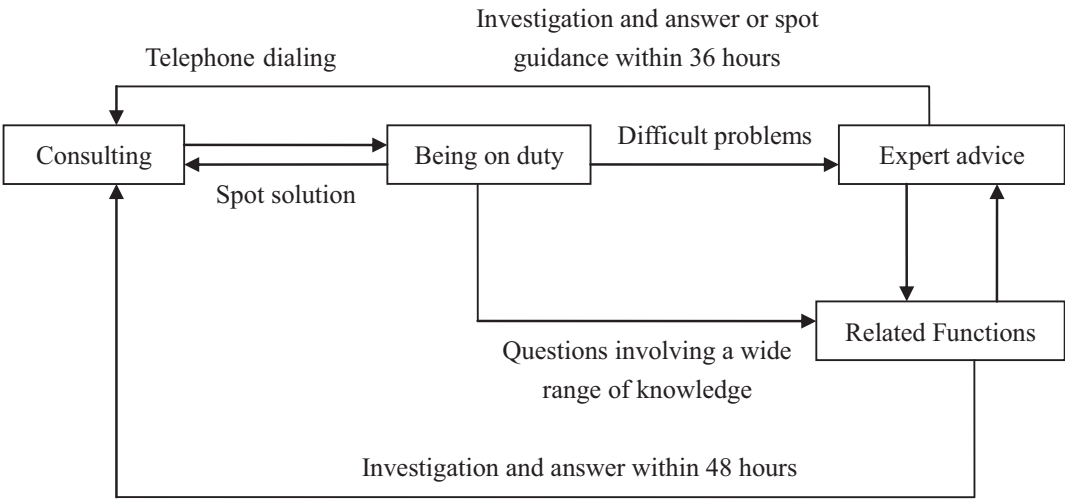


Figure 16 Workflow Chart of the Forest Service Hotline

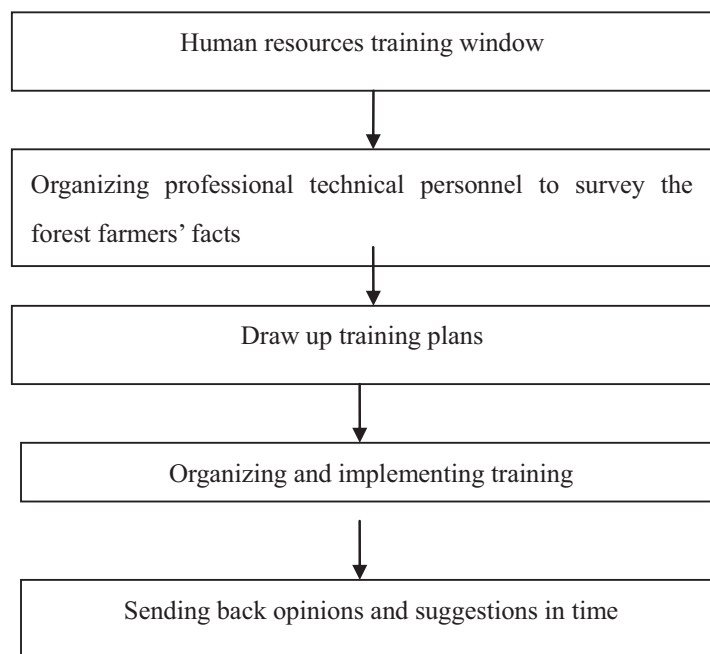


Figure 17 Flow Chart of Human Resources Training

5.3 The advantages and disadvantages of the transaction in forest trade centers in comparison with other trade forms

From the research results by the project team on the reasons for trade in the centers of the 21 forest farmers who had trade there (detailed in Figure 18), and 114 forest farmers who did not have trade in these centers (detailed in Figure 19), and the function recognition of trade in the centers by two types of forest farmers (detailed in Table 18, 19, 20 and 21), compared with other forms of trade, trade through the forest tenure centers has the following four advantages:

- 1) To protect the legitimate rights and interests of all parties, to achieve open and fair trade;
- 2) To reduce the incidence of forest tenure disputes;
- 3) To receive more professional services from forest tenure trade centers;
- 4) To enable traders to obtain information on forest tenure trade easier (detailed analysis, see Part 4.3).

Besides, it also has the advantages in the following aspects:

- 1) To achieve large-scale property trade. Large-scale forest tenure trade has higher requirements on related professional and comprehensive services, and the protection of legitimate rights and interests, and the forest tenure trade centers have some advantages in these aspects. Thus large-scale forest tenure trade is more likely to be traded through these centers. Among the 21 forest farmers who traded in the center, they are 10 forest farmers (47.62% of

such type forest farmers) to who chose the center for transaction, and 17 forest farmers (80.9% of such type forest farmers) who consider that the center has achieved better performance on large-scale forest tenure trade;

2) To improve trade efficiency. Existing forest tenure trade centers are generally comprehensive management and intermediary service organizations, combining forest tenure management and services, and many other integrated features. Specifically, the forest tenure trade centers collect the functions of all departments of the forestry administrative authorities originally, and provide one-stop transaction services, including gathering and disseminating forest tenure trade information before trade, the organization of forest tenure trade, the dynamic management of forest tenure after trade. Theoretically, it simplifies the trade process and contributes to improved trade efficiency. Among the 21 forest farmers who traded in the center, they are 11 forest farmers (52.4% of such type forest farmers) who consider that trade in the center can improve trade efficiency, and 11 forest farmers (52.4% of such type forest farmers) chose trade in the center based on this point;

3) To be conducive to ensure forest farmers' right of disposal on forest resources. On the one hand, the establishment of forest tenure trade center directly provides a new form and way of forest tenure trade; on the other hand, centers ally with information service platforms, such as cable television, forestry service hotline (96355), forestry information network to provide a very good way to release and collect forest tenure trade information for forest farmers, so as to promote forest resources tenure trade and realize rights of disposal on forest resources. Among the 21 forest farmers traded in the center, there are 13 forest farmers (61.9% of such type forest farmers) considering that trade in the center can ensure right of disposal on forest resources;

4) To promote optimal allocation of production factors and scale operation. Centers provides convenient forest tenure trade platforms for forest management units, which contribute to organize and carry out forest tenure trade activities, so as to improve on allocation efficiency for forest resources and scale operation. Among the 21 forest farmers traded in the center, 12 forest farmers (57.1% of such type forest farmers) believe that the center has achieved better performance on it;

5) To improve the trade price of forest tenure and increase forest farmers' income. Forest tenure trade centers increase the competitiveness of forest tenure trade by the organization of bidding and auctions in the transaction process, improve the forest tenure trade price and increase forest farmers' income. Among the 21 forest farmers traded in the center, 15 forest farmers (71.4% of such type forest farmers) consider that the selling price in the center is higher than the average price.

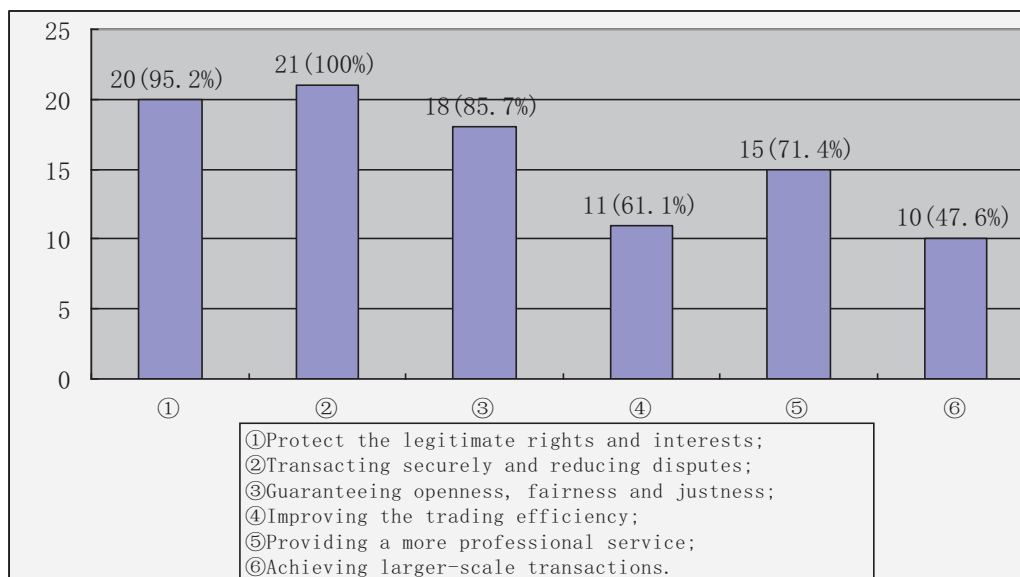


Figure 18 Distribution Chart of the Reasons for Selecting Forest Tenure Trade Forms of the 21 forest Farmers' Who Trade Through the Center (21 forest farmers selected centers for trade)

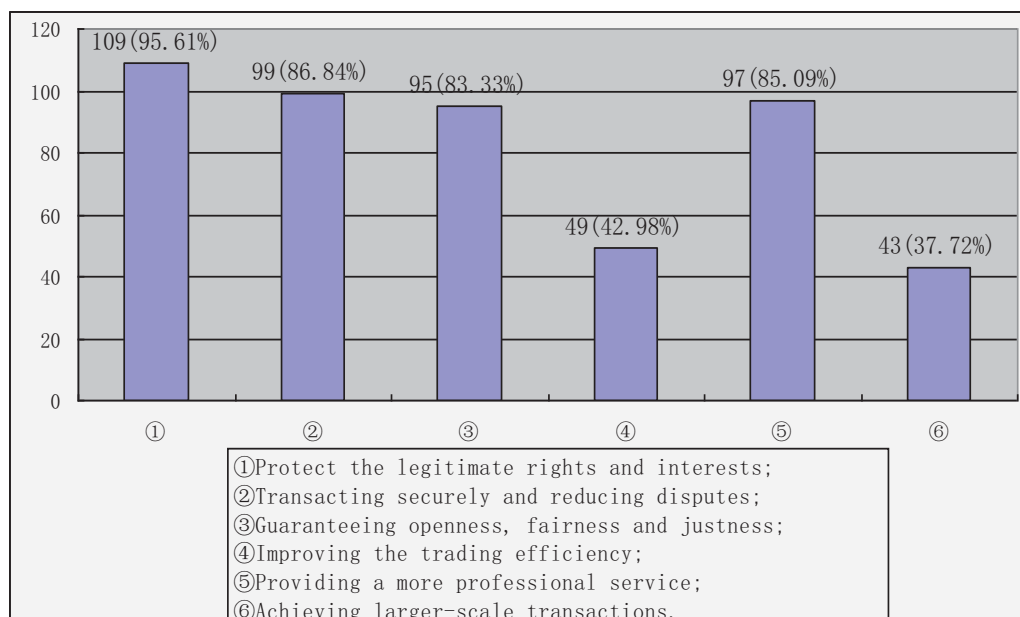


Figure 19 Distribution Chart of 114 Forest Farmers' Opinions about the Advantages of Trade Center (114 forest farmers did not select centers for trade)

Table 18 Recognition survey of the effect of forest tenure centre which the 21-foresters trading in

	Protect the legitimate interests of all parties		Reduce the occurrence of new disput	Ensure trade open,fair and impartial		Improve the efficiency of forest tenure trade		Trading parties have a more professional service		Contribute to come out the larger transaction		Achieve the farmers to obtain the	Promote mountain forest resources with scale-operation and optimal allocation of	
Recognition	Number	Percentage	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Number	Percentage
Good	19.0	90.5%	85.7%	18	85.7%	11	52.4%	16	76.2%	17	80.9%	13	12	57.1%
General	2.0	9.5%	14.3%	3	14.3%	8	38.1%	5	23.8%	3	14.3%	8	9	42.8%
Poor	0.0	0.0%	0.0%	0	0.0%	2	9.5%	0	0.0%	1	4.8%	0	0	0.0%

Table 19 Recognition survey of the effect of 114 forest farmers who die not have trade in forest tenure centre

	Protect the legitimate interests of all parties		Reduce the occurrence of	Ensure trade open,fair and impartial		Improve the efficiency of forest tenure trade		Trading parties have a more professional service		Contribute to come out the larger transaction		Achieve the farmers to obtain the disposal-right to mountain		Promote mountain forest resources with scale-	
Recognition	Number	Percentage	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Importance	107	93.8%	85.1%	92	80.7%	32	28.1%	88	77.2%	73	64.1%	48	42.1%	73	64.1%
General	6	5.3%	14.0%	22	19.3%	65	57.0%	25	21.9%	38	33.3%	58	50.9%	38	33.3%
NOT importance	1	0.9%	0.9%	0	0.0%	16	14.0%	1	0.9%	3	2.6%	8	7.0%	3	2.6%
Unknow	0	0.0%	0.0%	0	0.0%	1	0.9%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

Table 20 Evaluation survey of the effect of 21 forest farmers who have trade in forest tenure centre

	Enhance influence of the centre		Expansion and improve	Improve the level of service of the centre		Promotion of efficiency of the centre		Making trade of mountain forest resources		Invigorate living forest resource and provide used		Avoid fragmentation of management of mountain	
Evaluation	Number	Percentage	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Good	16	76.2%	66.7%	14	66.7%	10	47.6%	20	95.2%	15	71.4%	16	76.2%
General	5	23.8%	33.3%	7	33.3%	10	47.6%	1	4.8%	5	23.8%	4	19.0%
Poor	0	0.0%	0.0%	0	0.0%	1	4.8%	0	0.0%	1	4.8%	1	4.8%

Table 21 Evaluation Survey of the Effect of Forest Tenure Center which the 114 Forest Farmers Did Not Trade In

	Enhance influence of the center		Expansion and improvement of related business of the center	Improvement the level of service of the center		Promotion of efficiency of the center		Making trade of mountain forest resources open, fair and impartial		Invigorate living forest resource and provide used benefit of mountain forest resources		Avoid fragmentation of management of mountain forest resources
Evaluation	Number	Percent	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Importance	39	34.2%	32.5%	44	38.6%	16	14.0%	110	96.5%	70	61.4%	61
General	74	64.9%	64.9%	68	59.7%	85	74.6%	4	3.5%	44	38.6%	49
NOT Important	1	0.9%	1.7%	2	1.7%	13	11.4%	0	0.0%	0	0.0%	4
Unknown	0	0.0%	0.9%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0

Of course, through the center of the transaction there are also some disadvantages, according to the questionnaire survey by the project team on the 114 forest farmers who did not have trade in the centers. There are respectively 53.51% and 41.23% of the surveyed forest farmers unwilling to trade in the center for complex trade procedures and higher trade cost expenses; besides, there are 83.33% of the forest farmers who did not choose the center for trade for their incomprehension to the center. This view can be confirmed by the main problems survey of the center approved by the 21 forest farmers who traded in the center (detailed in Figure 20). Meanwhile, according to these 21 traders survey, there are respectively 33.3% and 42.9% (detailed in Figure 22) forest farmers who believed that there need higher trade costs, or nearly the same as other trade forms, which display the center's establishment was not as

anticipatory to save trade costs from another aspect. It indicates that there needs to be improvements to some extent in the workings of the current centers.

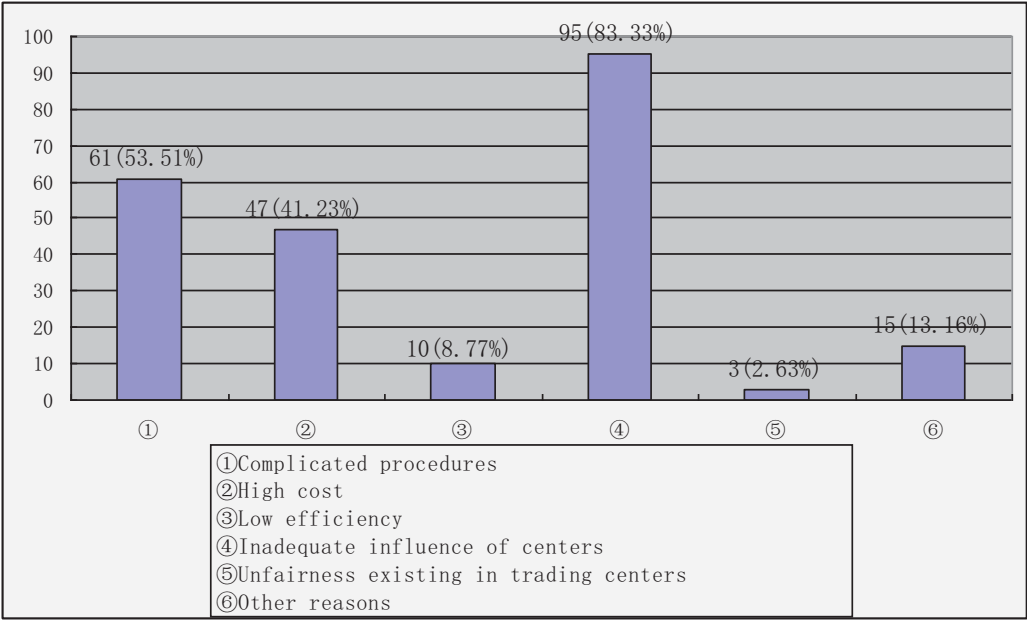


Figure 20 Distribution Chart of the Reasons for 114 Forest Farmers' Not Selecting Centers for Trade
(114 forest farmers did not select centers for trade)

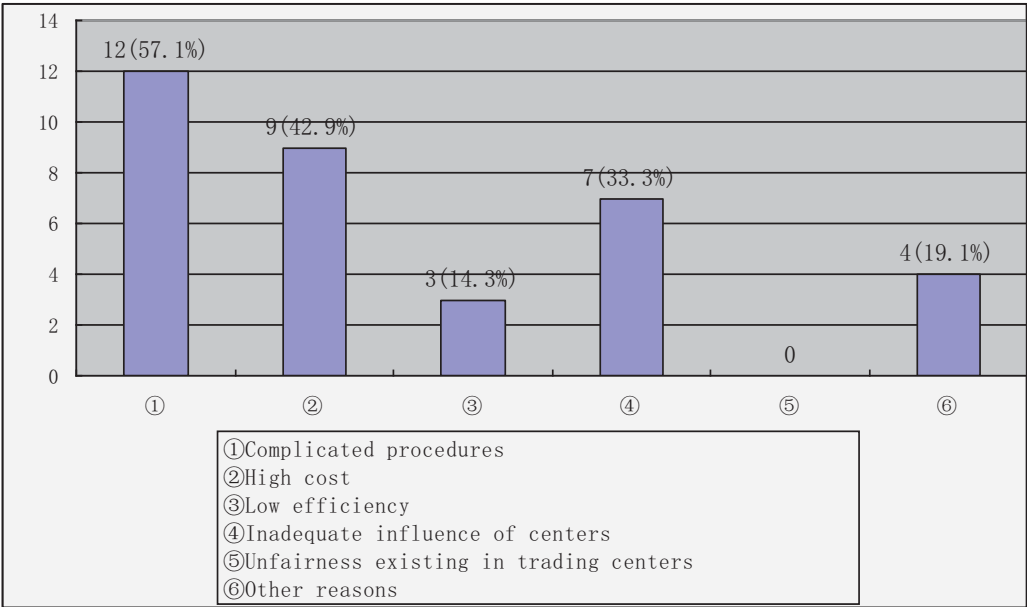


Figure 21 Distribution Chart of 21 Forest Farmers' Opinions about Problems Existing in Trade Centers
(21 forest farmers selected centers for trade)

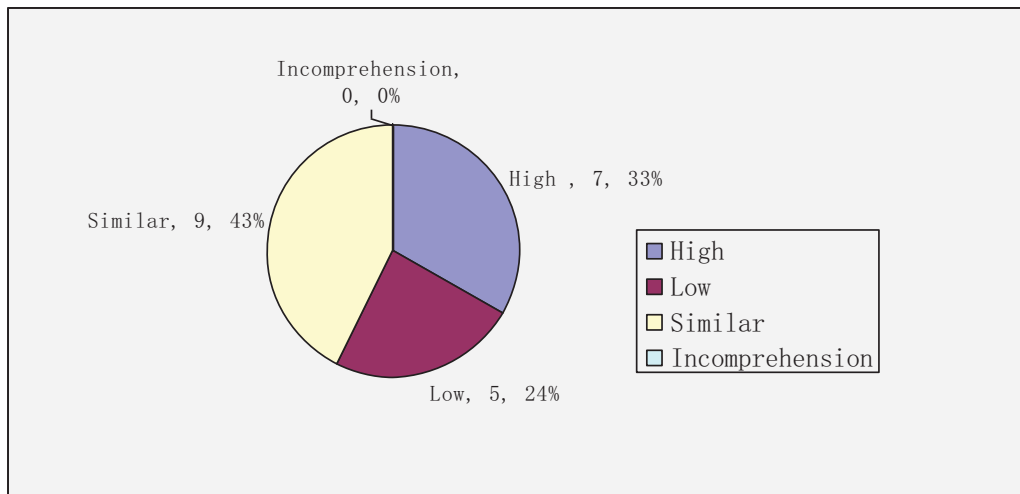


Figure 22 Distribution Chart of 21 Forest Farmers' Opinions about Transaction Cost in the Centers (21 forest farmers selected centers for trade)

5.4 The lessons and experience in the operation of FCCT

According to current actual operation process and result of forest tenure trade centers in the four counties, the forest tenure trade, one of the most significant functions of FTTC, is not carried out smoothly. Only the forestry element markets of Yong'an City and Sha County forest resource transfer centers are involved in specific forest tenure trade by the effort of relevant government departments, while the forest service centers of Shaowu City and You Xi County were barely engaged in trade activities in forest except providing the information before property transaction and certificate management service after the transaction. The effect of the actual operation is not ideal, and does not quite reach to the original intention of establishment of trade centers. Based on the result from the project group's research, the primary reasons are as following:

- 1) The majority of forest farmers are not fully aware of the function and specific operation procedure of local FCCT;
- 2) Compared with the underground transaction between forest farmers, the process of the trade centers are relatively complicated;
- 3) The transaction costs are relatively high due to certain fee or trade margin in accordance with the relevant provision, for example, woodland survey fees, resource assessment fees, forest resources transfer fees, trade margin and so on. (It should be noted that, these fees are not the income of centers but collected and received by trustee.);
- 4) Owing to the dispersion of forest farmers' residence in the forest and the fact that forest tenure trade centers are located in county towns, it is very inconvenient for forest farmers to handle related transaction;

5) Policies are limit from local government. For instance, Shaowu City and Youxi County prescribe that collective forest tenure transaction should be carried out in the County Bidding Office;

6) The amount of forest tenure transaction shrinks. In these years, the transaction amount of mountain and forest tenure related with group and state has reduced sharply. And most of forest tenure trade between forest farmers is reached in private'

7) The competition is from other forms of transaction.

FTTC was newly founded a few years ago. However, the forest tenure trade has been prosperous gradually since 1980s. Different regions has formed relatively steady ways of transaction during the long-term process of forest tenure trade, for example the private deals between forest farmers, the direct deals between forest farmers and forestry processing enterprises and so on, which become competitive with FTTC and those ways has the advantage of simplicity. Therefore the trade amount of FTTC decreased partially. The existence of these factors limit the center's development and it must be addressed. Obviously, it is still very hard for the trade through FTTC to take the dominant position in forest farmers' first choice on the way of trade. It is observed in Figure 23, 43% of investigated forest farmers consider that FTTC and other trade modes will be in long-term coexistence.

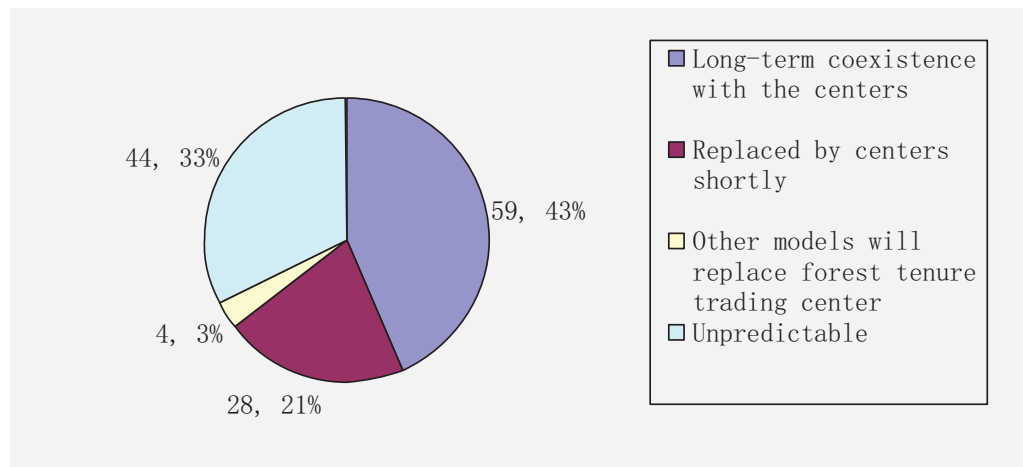


Figure 23 Opinions of 135 Forest Farmers Under Investigation about the Relationship between Centers and Other Trade Patterns

However, based on not only the recognition of the forest farmers to FTTC (see Table 18, Table 19), but also the evaluation on the effect of FTTC (see Table 20, Table 21), it still has unique advantages, such as reducing the incidence of forest tenure dispute, expanding the supply of trade information, protecting the legitimate rights and interests of all parties, providing more professional services, guaranteeing the openness, fairness and impartiality of the business.

FTTC also gained recognition from various dealers and achieved some success. The effectiveness in these areas is the necessity to promote the development of FTTC. Besides, as the further development of a new round of forest tenure reform, in order to avoid fragmentation of forest resource management and satisfy the needs to raise the efficiency of forest management, the management of forest resources will become inevitably centralized and optimization and reformation will also be unavoidable. It is not the only challenge to FTTC but also a great opportunity to deepen its development. As can be obtained from Figure 24, 76% of the 21 forest farmers who made transaction through FTTC hold optimistic attitude towards for the future development of the centers. Meanwhile, it is clear in Figure 25, after a thorough understanding towards the centers, the willingness of dealing with centers from forest farmers has risen remarkably.

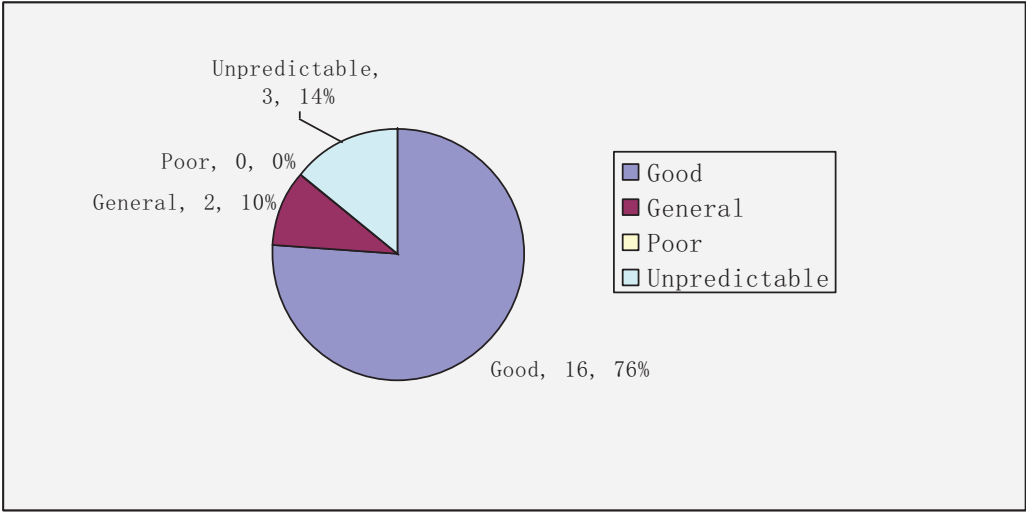


Figure 24 Judgments of 21 Foresters on the Prospects of Trade Centers

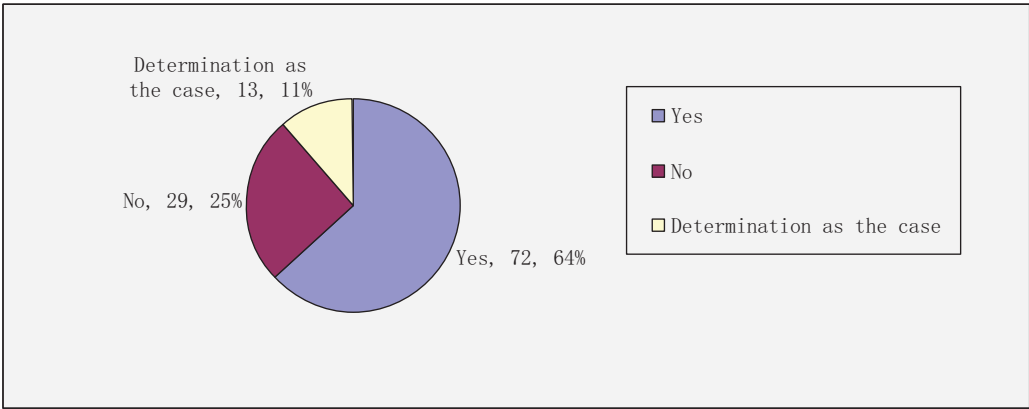


Figure 25 114 Foresters' Wills for Trade in Trade Centers in the Future

In view of the analysis above, we reckon to focus on following tasks to promote the growth

and development of FTTC:

1) To clarify the statue and nature of FTTC. So far, the vagueness of the statue of FTTC has caused differences between the employees in the centers and the centers themselves, which has influenced the assertion of the centers, its staff as well as the effectiveness of its function. According to the survey, forest farmers share high expectation on FTTC to protect legitimate rights and avoid forest tenure dispute (see Table 18, Table 19). If it is possible to define the center's nature as an institution, the credibility of forest farmers to the centers will be enhanced and the problems of operation fees could also be solved by governmental financial assistance to reduce the transaction fees for dealers. This could also help to promote the authority of centers and clean the forest tenure business market to avoid emergence of problems like colluding and hiding collusion;

2) The centers should step up public relations to upgrade their influence gradually, among the local forest farmers and the forest tenure trade body. As the analysis shows, although the reasons that cause the insufficiency of transaction amount in FTTC are from different aspects, one of the main reasons is the related subjects of forest farmers do not understand the functions and operations of the centers and have questions about the stability of policies for forest reform. Therefore, the enhancement of the public relations of these trade centers and forest tenure reformation policies are very beneficial to further understand the policies and increase the forest farmers' confidence on forest tenure centers, which leads to the boost up their confidence on the transaction in trade centers and will also be helpful to raise the active degree of forest tenure transaction;

3) To simplify the operation process and improve the transaction efficiency. The complex transaction operation related process is stable and useful to avoid disputes but also reduces the transaction efficiency and makes the trade centers become less attractive to common forest farmers;

4) To expand the content of their service. Currently, the trade centers offer many kinds of services, for instance, forest administrative accreditation service, forest tenure transaction and property agency service and so on. However, during the research, the project group discovers that the services provided by the trade centers now generally concentrate on the areas of forest administrative services (including the management services of forest tenure certificate), while the services that are really related to forest tenure transaction are relatively less, only involving with the collection and distribution of transaction information. They rarely deal with other services, like the direct forest transaction between suppliers and demand sides, tracking management service after the transaction and so on. The forest tenure trade related to forest resources and assets evaluation and design is mainly entrusted to those qualified organizations

by the centers. The absence of those services mentioned above, resulting in no difference between the trade centers and common forest administrative organizations, which is against promoting forest farmers' understanding and trust towards the centers, and limits the effect of the centers' function;

5) To decrease the number of charged items and reduce the standard of charging fees. At present, the items of the entrusted collective charges in trade centers are plenty, which is not part of the income of centers, but the negative influence is obvious and these charges directly restrain the initiative of the principal parts to have trade through centers. Meanwhile, some local government describes that trade through the trade centers are not entitled to the preferential policy of the self-marketing products which can exempt VAT. It imposes heavier burden for dealers and represses the forest farmers' willingness to do transaction through trade centers. In view the three benefits of the forest business, government should prune the charged items further and reduce the standard of charging fees to support the development of forest and help to raise confidence on all parts of the transaction through trade centers;

6) To persist in the openness of transaction information. This is a significant measure to ensure the fairness, openness and justice of trade as well as one of the major advantages attracting forest farmers to do transaction through trade centers. On the one hand, the openness of transaction information enables the centers to reduce the costs of information collections for forest farmers. On the other hand, it is also in favor of protecting the legal rights of dealers and increasing the confidence of them;

7) To improve the professionalism of employees. High-quality professional services require professional staff. At present, most of the current staffs in all the centers are general clerks transferred from relevant departments of the original Forestry Bureau. Only few of them are experts on property transaction services, bidding and property evaluation services. Consequently it is difficult for the centers to provide high-quality professional services to forest farmers, which results in the homogeneity with other forms of trade and the inability to enhance the core-competitiveness of trade centers.

6. Analysis from the perspectives of different stakeholders

The stakeholders analysis is to systematically collect, arrange and analyze the information about the characteristics of stakeholders (including awareness of policies, influence by the policy, attitudes to policy, possible associations with other stakeholders, the ability of influencing the policy process, etc.). Then the information is an important basis for determining the key stakeholders, and submitted to decision makers with other information, in order to make decision makers be aware of the importance of the key stakeholders on policy implementation

and accordingly adjust policies.

As a general point of view, stakeholders are a crowd that they can affect business objectives of organizations and be affected by the objectives (Freeman, 1984). According to this view, the stakeholders of forest tenure trade center is made up of a group of stakeholders, and these different stakeholders achieve their intended objectives through concluding and performing a variety of formal or informal contracts (that is to maximize their own interests). Forest tenure trade centers, which are a kind of the forest tenure trade intermediaries, are widely used in various counties and cities in Fujian Province. The stakeholders of forestry service centers generally include the following aspects. The first is the staff of centers. The second is the beneficiaries of centers such as forester cooperative societies, small-scale forest farmers, forest related processing industries. The third is the local township government and the county forestry bureau. The fourth is the provincial forestry departments. The fifth is other aspects such as the local administrative villages, villager groups and so on. The stakeholders of these centers control or affect the resources in centers and their function, and thereby affect the survival and the performance of centers. Different stakeholders have different demands for centers, and simultaneously obtain various profits from the existing operation modes of centers and form various costs. To maximize their own interests, the comparison between costs and profits influence the opinions of different stakeholders about the center, which is also a property rights trade platform. The opinion affects the survival of centers, the reform of its operation mode and specific measures of reforms.

On the basis of the significance and impact of stakeholders on centers in the above description, the project investigates in depth and finds out forestry service centers (or forestry factor markets) in 4 county cases and all the aspects related to these centers and markets, and finishes the questionnaire survey on all case points and the interview of all relevant departments or institutions critical people, who are master of lots of information. The project, depends on the arrangement, statistics and analysis of relevant information obtained from the investigation, analyzes all the stakeholders (mainly including relevant departments and agencies staff of forestry service centers, forest related processing industries, Forest farmers cooperatives (FFCs), forest farmers, the township forestry stations at the investigation case points, various county forestry bureaus, policies and Regulations Department of forestry department in Fujian Province, etc.), in order to find out their opinions on trade through forest tenure trade centers and other trade modes. The specific analysis is as follows.

6.1 Staffs

In recent years, simplifying government function departments and reducing the staff have

become a trend with deepening reforms of government institutions. Fujian Province is without exception. In this context, various regions all established forestry service centers, which is one of supporting measures of a new round collective forest tenure reform promoted by forestry administrative responsible institutions. The centers can solve the employment problem of the staff. From the actual situation in various regions, the relevant staff of forestry service centers generally comes from the interior of original forestry system. This situation contributes to lightening the impact of the new round collective forest tenure reform on forestry management departments, and reducing the resistance.

For the staffs in the centers, currently there are some problems in forestry service centers. First, at present, most of the forestry service centers are the institutions subordinated to the local forestry bureau, but small quantities of the existing staffs in centers are staffing of government affiliated institutions. The staffs get unequal pay for the equal amount of work, which affects the initiative of operation and management, and brings about a fear of trouble in the rear. Second, because of the existence of various factors, nowadays the volume of forest tenure trade in centers is small. And centers mainly act as providing relevant services to the parties of trade. As a result, centers cannot solve the problem of inadequate funding through fees, and the staffs in centers are not enthusiastic. Third, some staff positions in centers need to be supplemented. Existing staffs of professional qualities are to be improved, especially auctioneers, assets assessment personnel are urgently needed in the process of property transaction services. These problems affect the salary levels of relevant staffs in centers, and go against improving the motivation of staff and hinder the provision of professional services from staffs in centers. These will affect the efficiency of staff and the future development of centers directly or indirectly.

6.2 Beneficiary

Nowadays, in parts of Fujian Province the beneficiaries of forest tenure trade centers (forestry service centers) mainly including small-scale forest farmers, forester cooperative societies, and forest related processing industries. On the basis of the materials obtained from this investigation, these different beneficiaries propose opinions about the affect of the existing forest tenure trade centers, problems existing in its operation and its future trends.

6.2.1 Small-scale forest farmers

In this investigation, the project team primarily surveys three types of small-scale forest farmers as following. The first type is the forest farmers who have done the forest tenure trade through forest tenure trade centers. The second is the forest farmers who have done the forest tenure trade through other trade modes instead of forest tenure trade centers. The third is the forest farmers who have their own forest in operation, but have not done the forest tenure trade.

The project team finds out the impact of forest tenure trade centers on the above three types of forest farmers and their opinions about the future development of centers through field interviews and questionnaire surveys.

To the first type of forest farmers, most of them believe that forest tenure trade through forest tenure trade centers are conducive to raising trade price of forest tenure, reducing trade costs and then increasing trade revenue. The reasons mainly include the following areas:

- 1) Selling prices are often higher than the average trade price through centers;
- 2) Forest tenure trade centers provide supply and demand information on trade to the parties of trade. To traders, this reduces the difficulty of accessing to relevant information and expenditure in this area;
- 3) Trade through centers often needs the necessary procedures and the payment of related expenses to ensure justice and legality of trade.

But centers provide comprehensive one-stop services and more specialized services for ensuring legality, openness, fairness and justice of procedures, reducing transaction disputes and effectively reducing the transaction costs in other areas. Their choice of the future transaction modes (100% of the surveyed forest farmers said that in the future they will choose to trade through centers) and their opinion about the future trends of centers (76.2% of the surveyed forest farmers hold a positive view on the future of centers) all show this type of forest farmers hold a positive view on the future of forest tenure trade centers in the mass.

To the second type of forest farmers, if they choose centers for trade, their profits and possible costs should be similar to the first type. According to the results from 52 valid questionnaires for the second type of forest farmers, they recognize the advantages of forest tenure trade centers in the following areas, including protecting the legitimate rights and interests, preventing disputes, providing more professional services and realizing the openness, fairness and justice. Simultaneously, in the 52 survey respondents, there are 32 survey respondents (61.53% of such type forest farmers) considering that they will choose forest tenure trade centers for transaction instead of the original trade mode, if there will be a new forest tenure in the future. However, from their satisfaction with the current trade mode, there are 42 forest farmers (80.77% of such type forest farmers), whose attitude is only ‘satisfactory’ or ‘basically satisfactory’ towards the current trade modes (the trade modes not through centers). This seems to be inconsistent with the above conclusion. The main reason may be that most of the forest farmers do not quite understand the nature, function, operation processes of forest tenure trade centers. So there still exist some concerns, and their attitude which are not clear enough. Before the feasibility and the advantages of forest tenure trade centers have not been

proven better and widely accepted, forester often prefer the way that they can control currently, such as self-dealing. This is able to be confirmed from the results of relevant questionnaire surveys. When answering ‘the reasons for trade through centers, there are 37 forest farmers (71.15% of such type forest farmers) considering that it is caused due to lack of any acquaintance with centers. At the same time, there are 12 forest farmers (23.07% of such type forest farmers) even unaware of the existence of the forest tenure trade centers at home.

For the third type of forest farmers, if they chose centers for trade, their profits and possible costs should be similar to the first type. So the results of the comparison between costs and expenses should be similar to the first type. According to 62 valid questionnaires for the third type of forest farmers, most forest farmers also recognize the advantages of forest tenure trade centers in the following areas, including protecting the legitimate rights and interests, preventing the dispute, providing more professional services and realizing the openness, fairness and justice. However, from the actual survey, there are 24 forest farmers (38.71% of such type forest farmers) unaware of the existence of the forest tenure trade centers. At the same time, there are 58 forest farmers (93.55% of such type forest farmers) having no acquaintance with the nature, the function and the operation processes. This shows that the work of the local forestry departments to sensitize the forest farmers to these institutions, particularly trade centers has not been handled properly, and is needs to be improved in the future.

6.2.2 Forest farmers cooperatives (Forester cooperative organization)

After the new round collective forest tenure reform, ownership of forest tends to disperse with most of the collective forest equally distributed to every household. This has brought a certain difficulty and inconvenience to forest management. In this context, forest farmers in various regions start to spontaneously and voluntarily organize and set up various types of cooperative organizations under the support and guidance of the local government and the relevant parties, such as share-issuing cooperative forest farms, forester professional cooperatives, united household cooperative forest farms, family cooperative forest farms, and so forth. From this investigation of the county cases, every city and county begins to attach importance to this work, and gradually establishes a number of forester cooperative organizations. But most of these organizations were set up not long ago. The forests under management are basically combined by members of organizations voluntarily. And the number of resources obtained from trade through forest tenure trade centers is still small. So the investigation does not involve too much of this type. It should be noted that the dispersive forest tenures create an excellent opportunity for the development of various types of forester cooperatives (or cooperative societies) after the new round collective forest tenure reform. Simultaneously the establishment and the continuous improvement of forest tenure trade centers,

as one of supporting measures in the new round collective forest tenure reform, provide a variety of convenient services for forest tenure trade of forester cooperative organizations (see 6.2.1), such as information services, property transaction services, and mortgage services. To a certain extent, this contributes to enhancing the operational efficiency of forester cooperative organizations and raising the income level of members of cooperatives.

6.2.3 Forest products processing industries

In this investigation, the research group mainly conducted interviews with the principals of several forest products processing industries, including Youxi Hongsheng Forestry Co. Ltd., Youxi Hongqing Forest Farm Co. Ltd., Youxi State-Owned Forest Management Station, Sha County Forestry Cutting and Cultivating General Area, and Yong'an Senfa Technology and Trade Co. Ltd.. The group has finished the interview records with the persons grasping key information, and learned their fundamental state of forest tenure trade and their opinions or suggestions on forest tenure trade centers. According to the results of interviews, except Yong'an Senfa Technology and Trade Co. Ltd., other industries basically organized bidding by themselves before the establishment of trade centers when they did forest tenure trade. But after the establishment of centers, they mainly organize bidding through centers, and their main trade object is the transferring of forest harvesting rights. The reasons mainly are the two following aspects. The first is the nature of an enterprise and the relationship of industries. The first four industries are state-owned industries or institutions with enterprise management. And there is a certain relationship between them and centers, so the transaction mode is more simple. However, Yong'an Senfa Technology and Trade Co. Ltd. is a privately-run enterprise. Its transaction modes are more diversified. They choose Yong'an forestry factor markets for trade, privately trade with forest farmers, and also trade through bidding offices in villages and towns. The second is the provisions of the local administrative departments. For example, Youxi County requires that state-owned forest trade must be organized by Youxi Hongxin Forest Trade Brokers Co. Ltd., and collective forest must be traded through bidding offices in villages and towns. Sha County also definitely requires that all the state-owned forest and collective forest in the whole county must be traded through the county transferring and trade centers of forest resources.

To sum up the opinions of the above industries, they consider that there are the following advantages in forest tenure trade centers. First, more standardized trade procedures are less likely to lead to forest tenure disputes. Second, the number of persons involved in bidding is larger. Involvement aspects are even more. Competitions are greater which would help in raising the trade prices. Third, the follow-up services of forest tenure trade are more streamlined (registration of changes of forest tenure, etc.). Fourth, centers are more severe, and can effectively avoid the interference of other factors and prevent irregularities such as colluding

bids. Fifth, centers are conducive to achieving large-scale forest tenure trade. At the same time, they also points out that there are some weaknesses or limitations in trade through forest tenure trade centers. The specific performance is as follows. First, the transaction costs are relatively higher. Because the organization costs of bidding are higher, and the transaction parties through centers must pay taxes in accordance with the relevant tax norms. For example, the forest tenure traded through centers cannot enjoy preferential policies with the sale of forest cutting rights. For instance, agricultural producers marketing their own agricultural products can be exempt from paying value added tax. It will increase the tax burden on traders. Second, the preparation time for transaction is shorter. Transaction subject to tenders often cannot go to the forest to be traded for finding out the situation on the spot and reasonably evaluate the subject matter of trade. So it is difficult to determine the exact tender price. Third, sensitization work of trade centers is insufficient, and the influence is also weak. Fourth, nowadays property transaction services are too few provided by centers. At present, some centers only involve the release of information and the management of warrants. As for other property transaction services, they are not provided even at the most basic level. Fifth, various certificates handling formalities are a little cockamamie. For example, the change of forest tenure certificates needs to be agreed and sealed by the local village collective in the first place.

According to the views of these forest related processing industries they consider that the work of forest tenure trade centers should be improved in the following areas. First, centers should extend the content of services such as forest resources assessment services, guaranteeing money for trade, collection and payment of bidding funds, and so forth. Second, centers should reduce the charge scope, and explicitly implement the preferential policies, which stipulate that agricultural producers marketing their own agricultural products can be exempt from paying value added tax. Third, centers should clean the transaction environment, and take effective measures to prevent all kinds of social forces breaking the rules and affecting the normal bidding activity in centers in order to safeguard the legitimate interests of industries.

6.3 Local governments at the township level and county forestry bureaus

The local government departments at the township level and the forestry departments at the county level (such as county forestry bureaus) have a direct impact on the survival and development of the FTTC. Among the stakeholders, some are the direct leaderships of the trade centers, some are the direct competitors of centers and some stakeholders affect the forest trade of the trade centers directly through unveiling the relevant policies. So in this research process, the project group focused on interviewing the principals of the township level forestry stations (the departments which are in charge of the forestry in the local government departments at the township level), township bidding offices in the case points, county forestry bureaus and other

relevant departments. Furthermore, the project team finished the interview records about the crucial informant and found out the opinions of the stakeholders on the restrictions and related questions that the existing FTTC face in its operations and also the recommendations they offer to improve the operational efficiency of the trade center.

The stakeholders consider that most of the collective forest tenure is clear to forest farmer families or villager groups with the new round of forest tenure reform in full swing. Accordingly, a large number of forest tenure trade has gradually emerged in many places. Therefore, the establishment and good operation of FTTC, the forest tenure trade platform, are of great significance on regulating forest transferring and improving the forest farmers' income. Meanwhile, the establishment of the center also has the following roles:

- 1) It is beneficial to the traders for providing the one-stop forest trade services so as to enhance the efficiency of forest trade;

- 2) It is conducive to reduce transaction disputes for providing regular forest trade services and thereby reducing the holding stability pressure of the local government and the forestry administrative departments.

Of course, there are also some problems and restrictions in the operation of the existing centers. The existence of problems or restrictions will directly or indirectly influence the improvement of efficiency in the trade center and the orderly operation of trade work. The influences are embodied in the following respects:

- 1) The volume of business trade traded through the center is less. In recent years, with the further development of the forest tenure reform, activities of the forest tenure trade are relatively fewer than that in the early stages of the new round of forest tenure reform. The volume of business trade is small, and even less through the centers;

- 2) The competition is among the township bidding offices. At present, in the point counties, most of the township administrative departments rule that the collective forest and state-owned forest transaction within the scope of the provisions should be traded within the organization of the township bidding offices, undoubtedly, this behavior will limit the business development of the trade center;

- 3) The related procedures are involved so many complicated formalities within the service that the trade centers provide, resulting in the relatively complex trades;

- 4) Generally, the trade centers charge a certain amount of related fees and taxes (specifically, the property assessment fees, the bidding fees, the forest design and planning fees and the necessary taxes, etc) by providing services, this reduces the attraction of the centers;

5) The number that the forest farmers trade the forest through the trade centers is also very limited. Most of the forest farmers do not have a good understanding of the policies about forest transaction in the trade center and also many of them know little about the operation and function of the trade center as well;

6) In the point counties, the existing policies are in accordance with the provisions of Fujian Province uniformly. It rules clearly that it is not allowed to change the first contract management after the forest management contracting rights is transferred, but also not to change for a new forest warrants. This provision is not reasonable, because it is detrimental for the assignee of forest to apply for mortgage loans and other related business trade, since it cannot obtain a new forest warrants. And this behavior directly affects the enthusiasm between the traders in property trade;

7) Currently the nature of the forest tenure trade center throughout the country is not clearly defined. In reality, the services that the trade centers provide are exist institutions of administrative services and also purely market-based trade intermediary services. The need for fees, how to charge and other related questions then arise. These problems not only affect the enthusiasm of the staff in the center, but also affects the identity of the definition and treatment of the staff in the center and so on.

View of the problems and restrictions mentioned above in the operation process, the stakeholders also give some relevant suggestions for the improvement:

1) To strengthen the sensitization efforts of forest tenure policies and trade centers, enhance the general management of the main forest resources (especially the large number of forest farmers) to grasp the relevant policies and increase trust on the trade center so as to enhance the active level of the forest trade activities;

2) To encourage forest farmers to trade the individual and private forest in the trade centers to increase the volume of the forest property trade;

3) To simplify procedures of the centers, improve trade efficiency and the level of service in the centers;

4) To clarify the nature of the forest tenure trade centers legally, if the centers operate in the form of public institutions, fees and charges should be reduced as much as possible, the centers' costs of operation should be borne by the government's financial resources; if the centers operate in the form of company, the charges of various services need to be clear, meanwhile strengthen the supervision of the relevant government departments;

5) To improve the dynamic management of forest warrants in time, the management of

forest warrants should be combined with the actual situation around to avoid across-the-board ruling. In the areas where the operation income in those mountains is not to protect farmers from the main living, the forest traders should be allowed to change the first contract management after the forest management contracting rights are transferred, but also to change for a new forest warrants.

6.4 Provincial forestry departments

Provincial forestry department is the forestry administration department in Fujian Province. The project group interviewed Director Weng, the director of policies and regulations department of Fujian Provincial Forestry Department, and learned the perception that the provincial forestry administrative department view on the restrictions and problems of the forest tenure trade centers in its existing operation, as well as policy recommendations they offer for the improvement of operational efficiency of the trade centers.

Director Weng believes that Fujian Province, having been the first pilot province through the country in the new round of forest tenure reform, takes the leading to launch the new round of forest tenure reform activities. Fujian Province has been in a leading position in the country in enacting and promulgating policies, laws and regulations relevant to the forest trade; at the same time, the forest trade activities in Fujian are relatively frequent. For these reasons, the establishment of the forest trade platform in Fujian Province is also in the forefront in the country. In the early stages of the new round of forest tenure reform, Yong'an, in Fujian Province, took the leading in the country in setting up an organization with the forest trade center function -- Forestry Factor Market in Yong'an; subsequently, other various cities and counties in Fujian Province, especially those relatively more developed forestry forest districts and counties (cities), all have set up the institutions- forest service centers to serve for the forest tenure reform. Whether the initial establishment of the Forestry Factor Market in Yong'an or the following forest service centers that other counties (cities) set up, most of them are affiliated institution of the county forestry bureaus, and its services are mainly related to evaluation of forest resources asset, supply and demand information release of forest trade or transferring, forestry technology and policy consulting service, property transfer, and so on. Service for the forest trade activities for all parties is one of its most important functions. Currently, the forest service centers in Fujian Province are mainly distributed in the mountainous counties; basically, a county has a service center, some counties and cities have sub-centers; but the coastal counties and cities do not generally set up the centers. The main purposes or advantages of setting up the forest service centers contain the following aspects:

- 1) To seek to provide one-stop services by the platform of the center to enhance the

business efficiency related to the forest transaction and then prompt the general forest farmers to complete the businesses related to the forest transaction within the shortest time possibly;

2) Center trade rather than private trade, can help to ensure equity and safeguard the interests of the forestry management entities particularly the forest farmers;

3) It can help to reduce forest disputes and maintain the social stability in forest areas;

4) It is beneficial to prevent the loss of assets of collective forest resources and protect the interests of the collective;

5) It is conducive to meeting the actual needs of the increasing trade activities after the new round of forest tenure reform.

Director Weng considers that the current restrictions and problems in the operation of the existing forest tenure trade centers in Fujian Province embody the following aspects:

1) The laws, regulations, and policies are not well-developed in the forest property trade. It has not yet formed a complete system and cannot meet the need for the current forest tenure reform to continue to develop in depth;

2) A number of deficiencies are still present in the existing related policies and regulations in the values. It inclines to ensure equality, but small considerations on efficiency relatively. For example, with the occurrence of the forest trade, it is also the case that the provision that it is still not allowed to change the first round of contracting management entities and the renewal of forest warrant after the contracting management entities have changed. The government consider the forest more as an important living information protection approach in order to guarantee stability and promote the deadline, limited circulation to prevent the loss of mountain forest and the landless;

3) The supporting reform policies related to development of the FTTC (or Forest Service Center) are also difficult to keep up with the development of the situation which is not conducive to deepening the forest tenure reforms;

4) The forest service centers, the major trade platform of the forest trade have not really played out their roles, particularly the forest farmers that trade their forest through the trade center is still relatively small, the forest service centers in many cities and counties contribute little to the forest trade;

5) The charge problems, although most of the links are not charged, there are also some links such as asset evaluation and other aspects need to be charged from the forest owners;

6) The related trade links are relatively more which is not conducive to enhancing the trade

efficiency;

7) The personnel quality in the center cannot meet the needs of professional services. It needs to add a certain number of professional and comprehensive people to ensure the normal operation of the center;

8) The advantages that centers seek to improve efficiency and effectiveness by providing the one-stop services do not really play.

In this end, concerning the centers' future development, he pointed out the key is to seek advantages and avoid disadvantages, exert strengths and overcome weaknesses. From a realistic point of view, whether the forest service center of the nature of the public institution or the business trade company of the nature of the company, it has its own advantages and disadvantages. The advantages of public institutions are that its helpful to provide one-stop services to improve efficiency, but the premise is that the government's commitment to bearing the expenditure of the centers completely. The forest trade intermediaries of the nature of the company can charge in accordance with relevant provisions and it will help to raise enthusiasm of staff in the center, but it may increase transaction costs and expenses of the transaction subjects. If the centers continue to maintain the nature of government-led institutions in the future, they should attach the importance to the following aspects. First, the centers should strengthen the supervising function to motivate employees to improve service levels and efficiency. Second, the centers should cut down the related fees as much as possible to provide services for the majority of forest farmers and attract them to trade through the center. Third, the expenditures of the center should be included in the government's budget in order to alleviate the burden on the forestry departments, but also relieve worries from staff in the center.

6.5 Others

In addition to the direct stakeholders mentioned above of the forest trade center, the project team also conduct a survey of eight point villages in four point counties to understand the impact that the new round of forest tenure reform has played on the village collective and the basic information related to the forest trade in the villages, as well as the relevant principals' opinions on the FTTC in the administrative villages.

Seeing from the investigation of this project group, although the situation in all administrative villages varied a lot, there are many common places, for instance, the main sources income of most of the village collectives is from the forest management, specifically including the transaction income of collective forest, forest contracting revenue, from the revenue that forest co-operation income is divided and income from the forest using fee. With the further development of the new round of collective forest tenure reform, the majority of

collective forest is clear to forest farmers gradually and the collective forest held by the village collective is still generally about 10% of the total, which decreases the sources income of village collectives, and there is a certain difficulty in village finance. Correspondingly, the income of the forest farmers increases to some extent, in particular, income from forest has a gradually increasing trend. Besides Yong'an City and Sha County, which are in accordance with the requirements of the governments that the village collective forests should be traded in the county (city) trade centers, other places generally trade the forest in township bidding offices. As for the trade between forest farmers, direct trade in private are essential in other places in Fujian Province at present, the volume of trade through the forest tenure trade centers is still relatively small. From the interviews of each point village, we also found out that ordinary villagers are not very familiar with forest tenure trade centers, but village heads have a better understanding of them. Most of them think that procedures are more transparent and formal through the forest tenure trade centers as opposed to the private trade between forest farmers. So to some extent, it can guarantee the transaction justice and reasonableness, moreover, it is conducive to achieving the large-scale forest trade; but there are also some disadvantages such as high cost, influence is relatively inadequate, forest farmers are not familiar with them, it is inconvenient for work, the procedures are relatively complex, relevant laws, regulations and policies are still not well-developed through trade in the centers.

7. SWOT analysis (the challenges and threats to the FTTC will be identified)

The so-called SWOT analysis, is trend analysis, which is to directly cite the major internal strengths, weaknesses and external opportunities, threats and other factors closely which are related to research objects by survey, and further to arrange these according to matrix, after that it makes use of the idea of systematic analysis to analyze factors by matching each other, and then draws a corresponding conclusion which usually comes with some decisions. “S” stands for strength, “W” for weakness, “O” for opportunity and “T” for threat.

On the combination of the above brief analysis on relevant content of SWOT analysis, and according to research groups' local interviews and questionnaire survey conducted from different subjects, the following will illustrate strengths and weaknesses of Fujian Province' forest tenure trade centers, and also the opportunities and threats of the future development.

7.1 Strengths

The strengths of FTTC include in the following aspects:

- 1) Formal trade platform protects the legal interests of trade parties;
- 2) Transparent trade process makes the trade open, fair and impartial relatively;

- 3) Full-bid trade methods between trade parties improve trade price of the forest tenure and further improve the income of forest farmers;
- 4) Complete trade procedures reduces occurrence of dispute of forest tenure relatively;
- 5) Professional staffs supply more professional property trade services for trade parties;
- 6) Perfect organizational structure helps the traders to supply a one-stop forest tenure trade services;
- 7) The advanced technology platform helps traders obtain related trade information

7.2 Weaknesses

The weaknesses of FTTC include in the following aspects:

- 1) Relatively complex trade procedures are detrimental to the improvement of trade efficiency;
- 2) Relatively higher trade cost expenses, because of trade conducted according to relevant provision which collect necessary fees in the forest tenure trade center;
- 3) Publicity of the centers is not in place so that many forest farmers still do not understand the trade center, and the influence does not achieve the expected target;
- 4) Quality of some staff of the centers hardly meet the needs so that it could not support professional property trade services such as the lack of professional auctioneer, assets appraiser;
- 5) The counties' trade centers located in county town, which are far away from forestry plantation so for the forest farmers to take part in trade in the center is quite inconvenient;
- 6) Some planned services of the centers cannot be supported truly. To improve the forest tenure trade efficiency and benefit through originally expected provided one-stop service could not really play;
- 7) Trade partners' range of the centers is narrow and also bound by a large geographical area, mostly limited to the local counties (cities), not open to other cities and counties, which easily leads to fragmentation and limits the necessary competition.

7.3 Opportunities

At present, with the development of Fujian Province's forest tenure trade centers, the opportunities include in the following aspects:

- 1) A new phase of reform of the tenure system for collective forests is one of the most

important reforms of the rural land system following the household contract responsibility system in China. Now this reform has been received great importance which has attached from the central to local levels of government. The success of the forest tenure reform is significant. To some extent, it becomes a political mandate for all levels of government, and the cultivation and development of forest tenure transferring market, as one of matched policies along the new phase of reform of the tenure, is significant to the reform of the tenure very specially, so that it makes much easier to access to relevant policy support;

2) With the gradual deepening of the new phase of reform of the tenure system for collective forest, it promotes the property rights of collective forest clearly, to make the forest farmers become the chief property holder of forest resources. After that, it takes the increase of forest property transaction and the joint of forest management between farmers, and solves some problems resulted from the each forest management and promotes the forest management in scale. Therefore, the forest property trade should make great progress, which provides a broad market space for the development of the forest tenure trade center.

3) With the gradual deepening of the new phase of reform of the tenure system for collective forest, relevant laws and regulations and support policies also need improvement continually, in order to ensure the operation of forest tenure trade center more standardization and rationalization, which further highlights its advantages to attract the participation of traders.

7.4 Threats

The threats that forest tenure trade centers face probably include in the following aspects:

1) Although the existing laws, regulations and policies tend to ensure fairness, the considerations for efficiency are relatively less, to some extent, which limits to carry out activities of forest tenure trade;

2) The current policy, which does not allow the first contract operator to transfer their forest management rights, is unreasonable. To the assignee, it limits negatively their rights to apply for mortgage loans and other related forest business, thus affecting the enthusiasm of traders;

3) Definition for the nature of forest tenure trade center is vague, so that it leads to the fact that the operating cost of the center cannot be guaranteed, the center and its staff often lack of enthusiasm;

4) Competitions from other forms of transaction, such as forest farmers in private trade the tenure directly, trade through the bidding organized by town, shunt part of the center's possible clients and affect the further development of the center;

5) With the gradual deepening of the new phase of reform of the tenure system for collective forest, the quantities of collective forest managed by the village directly will gradually decrease and it could cause an atrophy of current trade volume which accounts for the collective-state-owned forest resources;

6) The influence of traditional concepts may go against further expansion of the center business. In China, many forest farmers with traditional concepts think that the woodland has a similar capacity of a sense of security with farmland. Thus, some forest farmers may be reluctant to trade and transfer their tenure, which affects the expansion of the center business.

SWOT strategic analysis matrix of forestry service center, such as Table 22.

Table 22 SWOT Strategic Analysis Matrix of Forestry Service Center

<div style="text-align: center;"> Internal Capacity External Factors </div>	Strength	Weakness
	1) Legal and formal trade platform that protects the legal interests of trade parties; 2) Relatively transparent trade process that achieves the trade open, fair and impartial; 3) full-bid trade methods that improve trade price of the forest tenure; 4) Relatively complete trade procedures that reduces occurrence of dispute of forest tenure; 5) Provide more professional, one-stop trade services; 6) Relatively advanced technology platform that help traders obtain related trade information.	1) Relatively complex trade procedures; 2) Higher costs; 3) Publicity is not in place, forest farmers do not understand the center, so the center has a weak effect; 4) some staff's quality is lower; 5) Location is far away from the plantation owners and trade facilitation is poor; 6) some service cannot be provided, narrow trade partners and also be constrained by region greatly.
Opportunities	SO(growth strategy)	WO(twisting strategy)
1) Access to policy support easily; 2) The future target customer trend to expand and market prospect is broad; 3) Perfection of the laws and the supported policy contribute to play itself role.	1) Continue to strengthen construction of forest tenure center and improve organizational efficiency; 2) Further expand the scope of services and strengthen the tracking service after the forest transaction; 3) Improve capabilities of collecting information and promote timeliness of releasing information; 4) Clean trade environment to prevent the colluding and the rigging.	1) Streamline procedures and improve trade efficiency; 2) Support for policies to reduce the content about charge and lower fees; 3) Strengthen publicity to enhance awareness of forest farmers to the center and improve the center's influence in local and other places; 4) Enhance training to improve staff and service's quality; 5) Introduce professionals or contract its

		professional service out.
Threats	ST(multiple business strategies)	WT(defensive strategy)
1) Existing laws and regulations consider forest management less efficient, which do not favor forest tenure trade; 2) Definition to the nature of the existing forest tenure center is vague, and its staff's initiative also is poor; 3) Collective forest gradually decreased, making its trade volume shrink easily; 4) Affected by traditional concepts; 5) Competition with other trade forms.	1) Definite location and nature of the forest tenure trade center to make forest farmers stable; 2) Encourage individual and private forest tenure enter into the trade center to increase the trade volume of the center; 3) Strengthen the propaganda of the changed forestry policy and the trade center ,to gradually change traditional concept of the forest farmers; 4) Come their superiority out, improve trade efficiency and effectiveness; 5) The center should provide personalized trade services for different customers.	1) Streamline redundant personnel and institutions and practice economy; 2) Reduce trade costs through a variety of ways; 3) Stabilize related policies; 4) Contract part of the trade service out.

8. Reforms and suggestions of improving the operation of forest tenure trade centers based on policies, legislation, financial affairs and institutions

In sum, the forest tenure trade centers of the county cases in Fujian Province have achieved some success, and accumulated many referential experience and lessons in the operational process. But it should be noted that there are still some problems urgently needed to be solved, which needs further reform and improvement in policies and legislation related to forest tenure trade centers, and the specific operational process of each center. The project team considers that the forest tenure trade center is an entirely new forest tenure trade platform. Primarily, relevant state departments should give a certain support in policies and legislation to trade centers for eliminating limited factors in these areas in macroscopic view of forest tenure trade. Relevant state departments should speed up the cultivation of forest tenure trade markets and create a favorable external environment for the healthy and orderly development of trade centers. Simultaneously, forest tenure trade centers should strengthen governance; improve the management institution; and establish a sound, advanced and efficient trade system as soon as possible in order to get the further development and growth. So the project team will put forwards specific suggestions on improving the operation of forest tenure trade centers in the four aspects including policies, legislation, governance and institution, trade system.

8.1 Policies

At present, in the four county cases in Fujian Province surveyed by the project team, the local forestry departments of Yong'an and Sha County have promulgated relevant provisions, which require the trade and the transfer of state-owned forest and collective forest must be handled by forestry factor markets or forest tenure trade centers. The local government departments in the county level of Youxi and Shaowu have not promulgated the similar relevant provisions. But they require that the transfers of the local collective forest tenure must go through the township bidding offices. The two entirely different policies lead to completely different consequences at the location. The forest tenure transfer at the former locations is relatively normal and orderly. Needless to say, the amount of the forest tenure transfer in centers is relatively larger, where the forest tenure transfer is more active. But the forest tenure trade centers at the latter locations have organized few relevant forest tenure activities. And its forest tenure transfer is relatively disordered and non-standardized. So some policy guidance is necessary for the development of forest tenure trade center. Based on this, the project team proposes several suggestions. First, the local forestry administration departments have to issue regulations for this, which require or do not restrict at least trade of state-owned forest and collective forest through forest tenure trade centers. Second, some concrete and workable policies, measures or regulations should come into being for encouraging traders, particularly forest farmers to trade through centers. For example, like in Yong'an, the local forestry department should give priority to handling forest tenure mortgage loan procedures for forest farmers trade in forestry factor markets so that other traders can be attracted to forest tenure trade centers for relevant trades. Third, government finances should further stabilize and strengthen the loan discount subsidy policy for forest farmers to enhance the attractiveness of centers. Fourth, the standards related to the value assessment of forest resources asset should be drawn up to unify or standardize the process.

Simultaneously, the project team in the survey also learns that the existing forest tenure trade center is an institution, which is a subordinate body of the local forestry bureau in all parts of Fujian Province at present. So there are basically few fees or low fees for relevant forest tenure trade services provided by centers. And the administrative relations and the treatments of relevant staff in centers are different. Many employees in trade centers are not staffed in the relevant government affiliated institutions. Most of them are appointed. These all affect the enthusiasm of the trade center and its staff directly or indirectly. For this, we consider that the nature of businesses provided by centers at present is basically a public service, and that the government does not prepare to adjust and change this situation within the next short period. The nature of trade centers is government-sponsored, service-type. So to continue to uphold the nature, the relevant departments have to do a better job in the following areas. First, the relevant departments should minimize the relevant charge standards of centers and provide all the

services to forest farmers to attract forest farmers to centers for trade. Second, to reduce the burden on forestry sectors, the operating costs of centers should be fully integrated into financial fund supports in governments at all levels. Third, the establishment of staff in centers should be fully integrated into public institutions in order to remove the staff's fears of trouble in the rear and improve their working motivation. Fourth, the relevant department should strengthen the supervision and management of trade centers to promote the center and its staff to increase work efficiency and improve service levels. Certainly with the development of the situation, if governments will adjust the content of businesses in trade centers in the future and then change the nature of centers, that is to promote the reform of trade centers towards the direction of the company operation and to make it a pure intermediary company, they must make clear the expenses to be incurred from the use of various services and strengthen the supervision of relevant government departments.

In addition, currently it is reflected strongly in various regions that the forestland, by the way of household contract system or others after the initial registration and certification, is transferred once again, when forest tenure registration agency has to register according to laws and record the main contents of transfer contract in the forest tenure certificate of the transferor, but not to temporarily renew the forest tenure certificate. In other words, the name of the contractor in his certificate cannot be changed, and rights and obligations of both parties of transfers must be implemented according to the relevant promises in the contract. This provision has significant effect on the forest property rights transfer. It contributes to fairness, but is not conducive to improve efficiency. For this, we consider that Fujian Province should modify and improve the relevant provisions of existing policies in due time in accordance with the principle of 'Suggestions on Comprehensively Pushing Forward the Reform of Collective Forest Tenure Institution' promulgated by Chinese Communist Party Central Committee and State Department (Chinese Communist Party Central Committee (2008) 10) and the demand for the balance between efficiency and equity. Under the premise of forest uses not to be changed by transferees and in the term of contract, the provision should permit owners of forest tenure to do transfers in accordance with the principles of voluntary and compensation, and allow the original contractor to be changed after the forest property right transfer and the forest tenure certificate to be renewed. Certainly, another idea could be considered. The property rights of forests and mountains should be treated distinctively. If forest farmers agree to subcontract and lease forest land using rights, according to the current 'Contract Law', the relation of forest land contract between forest farmers and village collectives remains unchanged, and the forest tenure registration department does not change forest land using rights in the forest tenure certificate. But if forest farmers transfer the forest ownership, after the transfer of forest, the transferee can go to forest tenure registration department and apply for the changed registration of the forest

ownership. To some extent, it will help to promote the forest to reach an appropriate scale in the process of transfer and then improve the efficiency of forest management. The transferee may apply for forest tenure mortgage loan according to it. But this form of forest certificates will lead to a problem, who to hold the certificate. In other words, who can hold the certificate, the transferor or the transferee? It could be also considered to provide the main certificate and the accessorial certificate with the same format and the same effect in laws.

8.2 Legislation

In legislation, for formulating and promulgating the laws and regulations to standardize the forest tenure transfer, Fujian Province has been at the forefront of the country. For example, in recent years, Fujian revised some of the original forestry laws and regulations according to the needs of the new round of collective forest tenure reform. It is more typical that ‘Transfer Ordinance of Forest Resources in Fujian Province’, promulgated in 1997, was promulgated and replaced by ‘Circulation Ordinance of Forest Resources in Fujian Province’ for the demand of collective forest tenure reform in 2005. On November 26, 2009, the 12th Session of the Standing Committee of the 11th Fujian People’s Congress adopted the ‘Registration Ordinance of Forestry Tenure in Fujian Province’, and carried out from March 1, 2010. This is the first parochial registration ordinance of forestry tenure in China. The promulgation and implement of the ordinance is important for standardizing the forest tenure management and transfer. However, it should be noted that the timely amendments and promulgation of the laws and regulations adapting to the situation, like this, is rare. Especially, it is even rarer to be reflected in the form of legislation and combined with the new situation after the new round of collective forest tenure reform. Forestry laws and regulations are also difficult to meet the rapid development of the collective forest tenure reform, and particularly cannot adapt to the need of the current forest tenure trade and transfers. So the process of promulgating forestry laws and regulations should be speeded up for the further improvement and perfection.

Addressing the issues above requires the acceleration of the pace of legislation and standardizes the contents closely related to the forest tenure reform as soon as possible. For example, each item closely related to the forest tenure transfer, including compensation for the use of forest resources asset, transfers of the property rights of forest resources asset and forest resources asset assessment, should be reflected and standardized in the new forest laws and regulations. And the existing laws and regulations related to the forest tenure trade and transfers should be revised as soon as possible to reflect the new situation and new characteristics of forest tenure transfer and meet the actual needs of the continual increase of forest tenure transaction businesses after the new round of collective forest tenure reform. According to these new circumstances above and new demands, currently some laws and regulations urgently need

to be enacted and revised, including ‘Management Ordinance of Changes in Forest Resources Asset Property Rights in Fujian Province’ (different from ‘Circulation Ordinance of Forest Resources in Fujian Province’ revised in 2005, and particularly considering transfer issues of the collective forest and private forest tenure occupying an important position in Fujian as a key standardized content), ‘Management Ordinance of Forest Resources Asset Assessment in Fujian Province’, and the ‘Management Ordinance of Asset-backed Loan for Forest Resources in Fujian Province’.

At the same time of intensifying efforts to formulate new laws and regulations according to development needs of the situation, the original laws and regulations promulgated and implemented should be revised in due time. In particular, when we take efforts to promote the state legislation agency to further revises Forest Law" and its implementing rules, the changes of forest resources asset property right should be considered as an important content. For example, the provision related to the changes of forest resources asset property right, in Article XV of the new "Forest Law", is very general and lacking in maneuverability, but it should have been set out in greater detail in ‘Forest Law Rules’. However, the fact is not such. In the new ‘Forest Law Rules’ promulgated in 2000 in China, this provision is even without any explanation, which futures reduce the maneuverability and make the management entities of forest resources in the face of this issue be without any basis. We advice the state legislation agency to make a detailed explanation of the relevant provisions in "Forest Law" in the form of supplementary regulations, combined with the actual situation of changes in property rights of forest resources asset after the collective forest tenure reform in China, in order to legally standardize the management of changes in property rights of forest resources asset and highlight its importance and authority.

In addition to accelerating the formulation and revision of forestry laws and regulations mentioned above related to the transaction and development of forest tenure, forestry departments in Fujian Province also should strengthen the cooperation between the legislature and various relevant departments, further formulate and complete the local laws and regulations about trade and transfers of forest tenure according to their specific circumstances and needs of actual work, and then report to the Provincial People's Congress or Government for approval to implement for promoting laws and regulations to form a complete system as soon as possible in the property right transfer of forest resources. In addition, generally laws and regulations are briefer and more general. So at the meantime of strengthening legislation, the relevant departments should formulate the implementation details of relevant laws and regulations for promoting laws and regulations, which have been promulgated and implemented, to get the most effective implementation and enforcement and strengthen the guidance of the forest property right transaction and transfer.

8.3 Governance and systems

After making clear the external factors which influence the development of forest tenure trade centers (FTTC), the forest tenure trade centers themselves should adjust governance mechanisms and management systems. Combined with the previous analysis, the adjustment should include as following:

8.3.1 To Perfect internal governance mechanism of the centers

As public institutions, existing forest tenure trade centers affiliates to Forestry Bureau. The businesses are guided by Forestry Bureau and also closely related to it in funding, staff and organization structuring, and so on. So they are prone to suffer administrative intervention from Forestry Bureau. During forest tenure trade, forestry operating entities, including state-owned and collective units, often involve in forest tenure trade, who are undoubtedly closely related to Forestry Bureau, which may affect the confidence level of other traders to forest tenure trade centers, especially the majority of ordinary forest farmers. For this, we suggest that reality needs of forest tenure trade under new reform of the tenure system must be fully considered across our country. If it is permitted, we can consider to separate personnel appointment and staffing, financial revenues and expenditures, organization structuring and other aspects of forest tenure trade centers from local Forestry Bureau, and then be led directly by local government, such as local county government directly takes charge of the human, financial, and material resources of county-level forest tenure trade centers. Besides, we can implement respective management to financial revenues and expenditures, which involves financial charges.

8.3.2 To establishing disclosure system of trade information to ensure the two-way and transparent process

Public information disclosure contributes to reduce information collection costs of traders, especially the forest farmers, and plays an important role in ensuring fair, justice and open trade. At the same time, providing authority information related to forest tenure trade and transferability, it will help to increase the influence of forest tenure trade centers in all parties, including the majority of ordinary forest farmers. Therefore, the center should develop local information disclosure system as soon as possible to insure information delivery to forest farmers timely.

8.3.3 To further improve the operation of centralized auction trade

According to the investigation by the project team, there are mainly two centralized auction trade modes in the process of forest tenure trade, including auction and bidding which could be classified in to open and secret bid. Centralized auction trade is better for increasing trade price,

so as to protect the interests of forest farmers. To forest tenure trade centers, they should do well in the following two aspects: the first, they should stipulate clearly the number of entities involved in the bidding. For example, it must be above 3 entities who participate in the trade, otherwise the bidding is failed and cancelled; the second, the authoritative committee to evaluate the bidding must be formed in accordance with relevant requirements which are also the requirement of invitation and submission of bids law of the People's Republic of China. However, until now, there was no committee in some counties that did the forest tenure trade under the requirement, which would undoubtedly reduce the authority and fairness of forest tenure trade.

8.3.4 To Simplify the trade process and improve trade efficiency in the centers

At present, the procedures of forest tenure trade in the center are relatively complex in the case counties, usually including trade application, qualification check, transferring and trade commission, forest resources and assets assessment, issue of trade notice, trade organization, and registration of forest tenure. Although the procedures can help to avoid forest tenure disputes, they lower trade efficiency and it is often makes it difficult to attract the participation of ordinary forest farmers. For this, we can consider to classify forest farmers by the trade size such as small-scale and large-scale forest farmers. Small-scale forest farmers have higher requirements on the trade convenience, so we can provide relatively simplified procedures. For the large-scale forest farmers, who have higher requirements on the standard and legality, we can provide relatively complete and perfect procedures. For the state-owned and collective forest tenure trade, it also needs relatively complete and perfect procedures because of the more forestry operating entities involved and large-scale trade.

8.3.5 To reduce charging items and standard of charging fees

At present, most services provided by forest tenure trade centers are free, but there are some charging items collected and paid for another agency such as forest resource and asset valuation fees, survey and design fees in cutting area and related forestry tax fees and charges. Meanwhile, trade in the center can not enjoy preferential policies of value-added tax exemption for agricultural producers who produce and sale agricultural products by themselves, which increases the burden on traders and further reduces the will to trade in the center for general forest farmers. Therefore, after clearing the nature of the center, we should reduce charging items and lower charging standards as far as possible because of the characteristics of the trade subject (including ecological benefit, economic benefit and social benefit) to encourage more entities to participate in forest resource operation and attract more traders. At the same time, we should consult with local tax authorities to make preferential policies of value-added tax exemption practicable for agricultural producers who produce and sell agricultural products by

themselves, which can reduce the tax burden on traders, so to attract all parties, including the majority of forest farmers, to conduct trade in the center.

8.3.6 To regulate registration of forest tenure and amendment of register

During the research process in Yong'an City, we learned that there were some existing problems in the issue of forest tenure certificate:

1) Under the same name, there are several parcels of land in a forest tenure certificate. It is hard to record relevant items of a formative certificate if the content needs to be changed. If everyone has his own certificate, it means that thousands of certificates would be issued for forest farmers which is difficult to achieve for forestry registration and administration organizations, and there is more future management difficulty for a certificate of everyone, especially when there are large number of trade, the registration authority has some difficulties to keep working;

2) For consortium forest tenure, it will add working difficulty in work if partial partners disagree or for other reasons to amendment registration. Therefore, consideration should be given to further standardization and improvement of the dynamic management of forest tenure certificate.

8.4 To construct trade system (including hardware and software)

During the construction of trade system for the center, we should improve it from both hardware and software aspects. Specifically in the following aspects:

8.4.1 To strengthen publicity

At present, the forest tenure trade volume is small in the center, and the tenure trade programmed by the center is unable to implement effectively, which can be described to several aspects, but the most important reason is the incomprehension of all parties, especially the small-scale forest farmers. They do not have the clear information and understanding of the policy stability of forest tenure reform, and the function and operation of the center, so it is not conducive to enhance their confidence and trade will on the center. Another important reason is that the forest tenure trade often confines to be published in internet information columns with bidding and tendering notice pasted up in local towns and villages of forest tenure. The scope and receivers of the information are relatively narrow, which is not conducive to full competition of forest tenure trade between all parties. Therefore, we should strengthen the publicity of forest tenure reform policies which will contribute to deepening the comprehension of policies for forest farmers and their confidence level to the center, and increase the participants of forest tenure trade, to improve the center's active level. The center should set

specific positions and personnel to be responsible for external liaison and publicity, and promote the influence among the forest tenure trade entities by positive publicity in local counties in the center. Specific publicity includes the means of television, radio, newspapers, magazines and other public mediums. By the help from local government, the center can take full advantage of modern networks, such as setting internet sites for the centers to increase the publicity, so as to enhance the influence and attractiveness of the center.

8.4.2 To establish additional sub-centers in the trade relatively centralized areas

According to the actual situation of forest resources and forest tenure trade, we can establish additional sub-centers in the towns with rich forest resources and active forest tenure trade to accept the trade commission of traders conveniently, improve the convenience of forest tenure trade services and reduce trade costs of forest farmers. Taking the less volume of business into account, we can make the township forestry station act on center's behalf, so as to save costs and improve efficiency.

8.4.3 To accelerate the pace of constructing the invisible transferability market

In addition to increase the facilities, we should accelerate the pace of constructing the invisible transferability market during the actual forest tenure trade across the country. We should focus on the two following aspects: First, establishing inter-regional forest resources information base. Second, expanding the platform for forest resource trade and establishing a remote on-line auction hall to make the trade open and standardized.

8.4.4 To create better environment for forest tenure trade

From the research by the project team, forest tenure trade was interfered by local forces more or less from place to place, thus the environment of forest tenure trade becomes more chaotic. Therefore, to ensure the legitimate interests of all parties, it is important to know how to effectively guard the normal tendering and bidding and auction against unlawful interference from all kinds of social forces. In particular, forest tenure trade center can cooperate with local police station and forest police department to maintain order during the whole process of tendering and bidding to clean the trade environment. It is more important to perfect the trade mechanism continuously to disrupt violation opportunities, including establishing perfecting the tendering and bidding and auction mechanism.

8.4.5 To expand relevant services, provide differentiated services, and cultivate the core competence of the centers

It is important to consider how to provide differentiated services for different targeted customers while avoiding homogenization services to other trade forms and then cultivate the

core competence of the center. At present, there are considerable services programmed to be provided in the pilot counties, including Forestry administrative accreditation, forest tenure trade service and forest tenure intermediary service, and so forth. But in fact, forest tenure trade centers only involves the collection and release of trade information, instead of forest resource and asset assessment, forestry investment and financing services, or tracking management after trade. Compared to other trade forms, the advantages of the center are not obvious and there is no personalized service for different targeted customers. The lack of relevant services makes forest tenure trade centers functions the same as general forestry administrative institutions, which is not conducive to promote the understanding of the center, thus leading to limitation of the development of the center function. Therefore, the centers should expand related services further and put greater emphasis on expanding these very same services now, such as forestry investment and financing services; forest resource and asset assessment; and tracking management after trade.

8.4.6 To strengthen the training of the existing staffs and introduce specialized talents

High-quality professional services can be provided by the outstanding professionals. The current staffs in the centers are ordinary conducting clerks and there are fewer auctioneers in the tendering and bidding and appraisers' proficient in evaluating forest resources and asset, therefore it is hard to provide high quality professional services for traders, and the severe homogenization services to other trade which makes it hard to improve its core competence. Therefore, we can provide relevant professional training for staffs of professional posts. If the current staffs are not qualified for the positions, the specialized talents can be introduced or the related professional services will be outsourced to the relevant agencies.

Main References

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List of the Project Publications

GCP/CPR/038/EC Working Paper

No.	Title
WP001C	安徽省林农合作组织研究报告
WP002C	福建省林农合作组织研究报告
WP003C	贵州省林农合作组织研究报告
WP004C	湖南省林农合作组织研究报告
WP005C	江西省林农合作组织研究报告
WP006C	浙江省林农合作组织研究报告
WP007E	Assessment of Forest Farmer Cooperatives in Anhui Province
WP008E	Assessment of Forest Farmer Cooperatives in Fujian Province
WP009E	Assessment of Forest Farmer Cooperatives in Guizhou Province
WP010E	Assessment of Forest Farmer Cooperatives in Hunan Province
WP011E	Assessment of Forest Farmer Cooperatives in Jiangxi Province
WP012E	Assessment of Forest Farmer Cooperatives in Zhejiang Province
WP013C	安徽省林权交易中心研究报告
WP014C	福建省林权交易中心研究报告
WP015C	贵州省林权交易中心研究报告
WP016C	湖南省林权交易中心研究报告
WP017C	江西省林权交易中心研究报告
WP018C	浙江省林权交易中心研究报告
WP019E	Assessment of Forest Tenure Trade Centers in Anhui Province
WP020E	Assessment of Forest Tenure Trade Centers in Fujian Province
WP021E	Assessment of Forest Tenure Trade Centers in Guizhou Province
WP022E	Assessment of Forest Tenure Trade Centers in Hunan Province
WP023E	Assessment of Forest Tenure Trade Centers in Jiangxi Province
WP024E	Assessment of Forest Tenure Trade Centers in Zhejiang Province



The project “Supporting policy, legal and institutional frameworks for the reform of forest tenure in China’s collective forests and promoting knowledge exchange” supports the reform of forest tenure in China’s collective forests through strengthening policies, laws and institutions responsible for the management of collective forests in six pilot provinces. Funded by the European Union (EU) and implemented by the State Forestry Administration of China (SFA) and the United Nations Food and Agriculture Organization (FAO), the project will also promote the exchange of knowledge and experiences on forest tenure reform both within China and with other countries.

Website: <http://www.fao.org/forestry/tenure/china-reform/en/>