

# INSTITUTIONAL FRAMEWORK OF CHINESE AGRICULTURAL POLICY

Compiled by DCZ, 2016

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## 1. Introduction

Although the importance of agriculture in the Chinese economy has fallen, it is still one of the key sectors accounting for 15% of GDP and providing above 40% of employment. About 60% of China's population continues to live in rural areas. Since the reform process started in 1978, agriculture has been transformed from a tightly controlled, centralized system of commune-based farming into a household-based system increasingly driven by markets rather than plans and targets fixed by the government. In response to this change, agricultural production surged and incomes increased, thus helping to alleviate a large part of rural poverty. Currently, China's agriculture supplies food for 1.3 billion Chinese citizens and contributed to the annual net exports of agro-food products at about USD 3-4 billion between 2000 and 2002.

China's leaders are now de-emphasizing formal economic planning and allocation by command, and are increasingly accepting allocation by markets, but the agriculture sector remains a sensitive area and subject to central guidance – especially for food staples. China's official policy of encouraging a "socialist market economy" implies that production of and trade in commodities considered of strategic importance will continue to be managed, with state-linked enterprises still playing an important role. This dual approach to the basic regulatory mechanisms of the economy contributes to the creation of a complex organisational framework supporting the implementation of agricultural policy goals and measures. This "spider web" of institutions has been evolving – at varying speed and sometimes with unintended consequences. Often, new institutions have been added or appended to existing ones. As a result, their roles often overlap and are sometimes in conflict.

China's institutional framework for the formulation and implementation of agricultural policies remains complex with at least 16 central government institutions involved. Co-ordination amongst these agencies is attempted by Leading Groups consisting of high level representatives from the Communist Party and State Council bodies. However, as their functions frequently overlap and budgets at their disposal often serve similar objectives, the co-ordination remains challenging. In addition, since the reform of the fiscal system in 1994, sub-national governments have been required to co-finance policy-related costs from their own budgets and, in fact, have become the dominant source of transfers to cover such costs. Due to the differences in financial capacity of sub-national governments across China, the implementation of some national policy programmes is adjusted by local governments to match local conditions. As a consequence, although they have no specific policy formulation role, sub-national governments have considerable control over how policy is actually implemented within their jurisdiction.

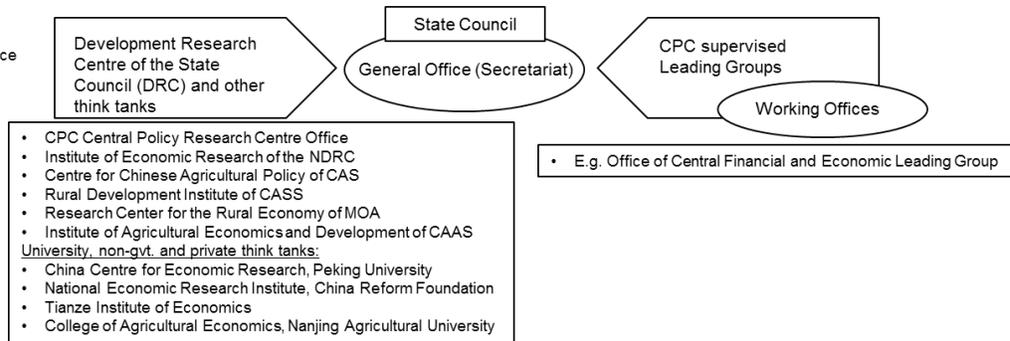
This being said, important strides have been made during the latest reorganisation, with the number of redundancies and conflicts in mandate being reduced, and improvements made in accountability and professionalism in decision processes.

This chapter's main objectives are to provide an overall organisational structure of Party, state administration and parliamentary institutions dealing with agricultural policies.

## 2. Key decision-making and advisory bodies

- **Tier 1: State Council and Top Leadership**
- Political and Administrative Leadership
- Functional Oversight

- **Tier 2: Policy**
- Policy Analysis and Guidance
- Day to Day Oversight



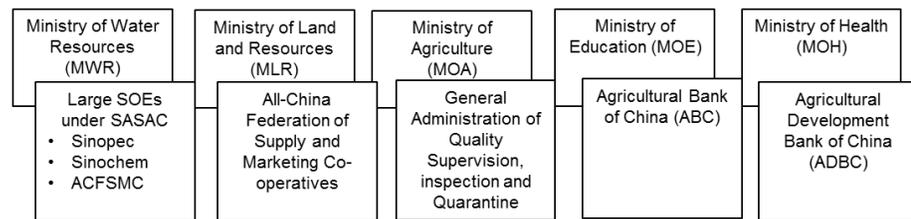
- **Tier 3: Tone Setting and Macro Oversight, Overarching Commissions and Ministries**

- Economic Reform
- Institutional Reform
- Market Reform
- SOE Management
- Credit/ Banking
- Finance
- Domestic and International Trade



- **Tier 4: Operational Line Ministries, Administrations, Agencies and Specialized Banks: Sectoral, Resource and Services**

- Resource Policies
- Sectoral Policies
- Extension Education
- Production Inputs
- Inspection/ Food Safety
- Rural Credit
- Other Services



**Figure: Central institutions with oversight over China's agro-food sector**

### Tier 1: State Council and Top Leadership

To a degree, the President and the Vice-President, senior CPC leaders within the Politburo, high-ranking members of the State Council and members of CPC leading groups perform the leadership functions within China's governing apparatus – determining broad government policies and directions and ensuring integration and consistency of effort across government activities and bodies.

The Chinese Communist Party (CPC) purports to represent the population at large and interprets and expresses the will of the people. Communist Party officials and institutions are thought to outrank officials and institutions that are part of the formal state apparatus. Through its extensive network, the CPC solicits input and advice from a broad cross-section of society over matters of concern, providing guidance and direction to the formal state apparatus. The **top 25-35 senior leaders** meet in several overlapping decision-making bodies, including: the CPC Politburo, the CPC Secretariat, the Standing Committee of the State Council and the Central Military Commission.

### Tier 2: Policy

**Leading Groups:**

Senior leaders are informed and advised in their decisions by CPC “leading groups”. Leading groups are typically made up of well-respected and influential specialists in the areas of focus and concern. These specialists are often senior-ranking CPC members or respected professionals from within the formal civil service, academia and other parts of society that have been invited to serve. Leading groups serve as multi-purpose instruments. Members within leading groups can serve as technical secretariats to China’s senior leaders, including the president, the Prime Minister and the State Council. They can also provide analysis and advice directly to senior leaders. They act as catalysts, overseers and co-ordinators of analysis, advice, and implementation relating to the work of the government and directives of senior leaders. Because of their ties and rank, leading group members can ensure that the activities of commissions and ministries within the formal state apparatus are consistent with the direction and approach of senior leaders. Under each leading group there is a working office responsible for, among other things, preparing documents for both the CPC and the State Council and for providing advice for the top leaders. For example, under the leading group dealing with financial and economic issues is the “Office of Central Financial and Economic Leading Group”. This office ranks at the ministry level. Normally, a deputy in this office is responsible for agricultural and rural affairs and plays a leading role in refining agricultural policy directions, with a rank roughly equivalent to that of a minister.

The ascendancy and formalization of the role of different leading groups has been critical in the development of more cohesive policies and in expediting decision-making, including in the agro-food sector. However, the deliberations of the leading groups fall under the supervision of the CPC rather than within the state apparatus and are not open to the general public or subject to significant scrutiny.

Policy options are fed into the leading groups from many sources, including research Institutes and think tanks. Several think tanks have been particularly influential.

**Think tanks:**

**Development Research Centre of the State Council (DRC)** (国务院发展研究中心 Hanyu Pinyin: Guówùyuàn Fāzhǎn Yánjiū Zhōngxīn) of the State Council is a state agency responsible for policy research, strategic review and consulting of issues related to the economic and social development on mainland China. It is an advisory body which recommends policies to CPC Central Committee and the State Council.

Its major functions include:

1. Conduct follow-up and advanced study on overall, comprehensive, strategic and long-term issues in national economic and social development and provide policy recommendations and advice to the CPC Central Committee and the State Council; provide decision-making proposals for mid- and long-term development plans and regional development policies; participate in and sponsor the study and demonstration of development programs by relevant departments and localities and offer its advice and proposals;
2. Study trends in the development of the national economy and analyze the macro-economic situation so as to provide advice and proposals for the overall application of macro-economic policies;
3. Study industrial economic development and industrial policies; offer advice and proposals on adjusting the industrial structure, investment structure, enterprise organization structure and ownership structure; offer advice on policies for technology selection and innovation as well as the development of new and high technologies;
4. Study issues in agriculture and rural economic structure adjustment, rural economic system

change, rural economy and social management as well as coordinated development of urban-rural areas;

5. Study the new situation and new issues in China's opening-up, as well as foreign trade and foreign investment utilization policies, and provide policy recommendations; conduct research on trends in world economic development, as well as on relevant experiences and lessons, so as to provide reference for China's reform and development;
6. Study policies for human resources development, income distribution and social security in national economic and social development, as well as policies for rational development and utilization of natural resources, ecological balance and environmental protection;
7. Make assessment on major economic and social policy initiatives and effects under the instruction of CPC Central Committee and the State Council; interpret major national policies and experience relating to economic and social development;
8. Undertake drafting of relevant documents and articles entrusted by leading members of CPC Central Committee and the State Council
9. Conduct international collaborative research and exchanges with relevant international organizations and research institutions and provide information and foreign-related policy recommendations to the CPC Central Committee and the State Council;
10. Undertake other missions entrusted by the State Council.

<http://en.drc.gov.cn/>

**CPC Central Policy Research Centre Office** 中央政策研究室

**Institute of Economic Research of the NDRC** 中华人民共和国国家发展和改革委员会

**Centre for Chinese Agricultural Policy of CAS** 中国科学院农业政策研究中心

CCAP established in December 1995 at the Chinese Academy of Agricultural Sciences (CAAS) and a member of the Chinese Academy of Sciences (CAS) since 2000, is now one of the seven core research areas in the Institute of Geographical Sciences and Natural Resources Research of CAS. CCAP is also one of the first to be awarded the distinction of "Innovative Research Group" by China's National Natural Science Foundation. CCAP is comprised of a group of motivated and vibrant young economists dedicated to pursuing CCAP's aims of analyzing policies related to food, agriculture, natural resource and environmental issues in China, and helping formulate practical and feasible policies for the development and modernization of rural China.

Policy Consultancy: CCAP's key role is to combine its research results and expertise to provide policy consulting to domestic and international organizations and departments. The Center is now a key policy consultant for such important government bodies as the Ministry of Agriculture, the Ministry of Science and Technology, and the State Development and Reform Commission, among others, and members of CCAP's research staff are often invited to serve as policy advisors for provincial and local governments throughout of China.

<http://en.ccap.org.cn/>

**Rural Development Institute of CASS** 中国社会科学院农村发展研究所

Rural Development Institute of the Chinese Academy of Social Sciences is a state-level academic organ focusing on rural studies in China. Its study orientation and tasks are to explore socialist rural economy, the law of social development with Chinese characteristics by applying Marxist stand, view and methods and using foreign academic theory and methods, and put forward strategic concept and important policies and suggestions to the state on basic problems about China's rural development. Rural Development Institute of the Chinese Academy of Social Sciences was founded in May 1978 (original name Institute of Agricultural Economics). It

changed its name in 1985. It now has 81 staffs, of which 19 are professors, 27 senior research fellows and 30 of other medium or junior research fellows (by the end of July 2006).

The Rural Development Institute of the Chinese Academy of Social Sciences has seven research sections:

Rural Macro-economic Research section

Rural Industrial and Regional Economy Research section

Rural Economic Organizations and Institutions Research section

Rural Ecological and Environmental Economy Research section

Rural Poverty Alleviation Research section

Rural Policy Research Center

Micro Finance Project Office

<http://rdi.cass.cn/english/>

**Research Center for the Rural Economy of MOA** 农业部农村经济研究中心

<http://www.rcrc.agri.cn/>

**Institute of Agricultural Economics and Development of CAAS** 中国农业科学院农业经济与发展研究所

The Institute of Agricultural Economics and Development (IAED) of Chinese Academy of Agricultural Sciences (CAAS) was established in 1958. IAED is the earliest non-profit national research institute specialized in agricultural economics and policy research in China. The main tasks of IAED are to develop research based policy recommendations for central and local governments and provide consultative service for agricultural enterprises. The Institute studies the issues concerning agriculture and rural economy development strategy, agrotechnical economics, distribution of agricultural products and international trade, rural energy resources and environmental economics, food safety policy, rural poverty, policies of agricultural science and extension of agricultural techniques, agricultural modernization, regional development, and development strategy of agricultural enterprise and so on. IAED also provides training for senior experts on agricultural economics, organizes domestic and international cooperation and exchange, and publishes two national journals, Issues in Agricultural Economics and Journal of Agro-technical Economics. IAED is a house for a national agricultural research information center with two academic associations, Chinese Association of Agricultural Economics and Chinese Association of Agro-Technical Economics.

The IAED is striving for innovations in agricultural public policy theory and methodologies of agricultural and resource economics. The Institute emphasizes the collection and analysis of primary data, conducts researches on the frontier of international agricultural economics fields, takes a demand driven approach, and builds a platform to promote the construction of a well-off rural society. The goal of IAED is to become a national innovation center, an international cooperation-center of agricultural economics and policy as well as an internationally-known non-profit research institution in agricultural economics and policy.

At present, IAED has three administrative offices, eight research divisions, three research centers, and one publisher.

The three offices are: General Administration Office, Research Management Office and Personnel Office.

**The eight Divisions are:**

- Division of Agricultural Policy,
- Division of Agro-technical Economics,
- Division of Industrial Economics - Animal Husbandry Economics,
- Division of Industrial Economics – Planting Industrial Economics,

- Division of Rural Development,
- Division of Agricultural Resources and Environmental Economics,
- Division of Modern Agriculture and
- Division of International Agricultural Economics and Trade.

**The three research centers are**

- Center for Agroproduct Safety and Security Policy,
- International Center for Agricultural and Rural Development, and
- the Center for Cross-Strait Agriculture. The one publisher is Issues in
- Agricultural Economics.

By the end of 2013, there are 96 staff members, including 27 senior researchers (professors or senior editors), 30 associate senior researchers, 29 midranked researchers, 5 junior researchers and 5 others. 58 of staff hold Ph.D. degrees and 11 hold master degrees. 12 staff also enjoy special allowances from the Governments for recognizing their special contribution to the research.

[http://www.caas.net.cn/en/administration/research\\_institutes/research\\_institutes\\_beijing/77770.shtml](http://www.caas.net.cn/en/administration/research_institutes/research_institutes_beijing/77770.shtml)

**University, non-gvt. and private think tanks:**

**China Centre for Economic Research, Peking University**

<http://en.nsd.edu.cn/>

**China Agricultural University, CAU 中国农业大学**

<http://en.cau.edu.cn/>

**National Economic Research Institute, China Reform Foundation 中国经济改革研究基金会  
国民经济研究所**

<http://neri.org.cn/>

**Tianze Institute of Economics 天则经济研究所**

Unirule does not receive financial assistance from any government entities, and instead, is dependent upon social donations and provisional grants for projects from institutions in China and abroad. Projects include research proposals entrusted to Unirule, training programs, and other services provided. Unirule aims for transparency and sound accounting practices and provides financial information regarding all of the organization's activities open to public scrutiny.

Unirule has, since the outset of its establishment, gathered the country's top economists, jurists, and sociologists, who come from various universities (e.g. Peking, Tsinghua, Renmin, Fudan, etc.), institutes, and government departments (e.g. Development and Research Centre for State Council, NDRC, State Economic & Trade Commission, People's Bank of China, State Bureau of Administration for Foreign Exchanges, China Securities Supervisory Commission, Customs Office, State Information Centre, etc.). Not only does Unirule frequently exchange views with these scholars, but it also maintains close relationships with their organizations.

<http://english.unirule.org.cn/>

**College of Agricultural Economics, Nanjing Agricultural University**

<http://english.njau.edu.cn/>

### 3. Laws, documents and decisions

The laws are passed by the National People's Congress (NPC), the legislative body in China. Within the NPC, the Committee on Agricultural Work is responsible for agricultural matters. During the legislative process, the Committee receives substantial contributions from various ministries (e.g. the draft Agricultural Law was prepared by the Ministry of Agriculture, MOA) and benefits from assistance from various above-mentioned advisory institutions. Generally speaking, the role of the NPC is still relatively weak, but in recent years it has progressively begun to assert its power. While the CPC leading groups and their offices play a decisive role in policy formulation, most of the "documents" or "decisions" (policies to be implemented) are issued by individual ministries. Occasionally, for those across-ministries issues/policies, the "decision" is made (or document released) jointly by several ministries and occasionally by the General Office of the State Council (*Guowuyuan bangong ting*) or by the General Office of the CPC (*Zhonggong zhongyang bangong ting*). For the top priority issues, documents are issued under the responsibility of the CPC. For example, in 2004, the No. 1 Document "The Suggestions of the Central Committee of the Communist Party of China and the State Council on Policies for Boosting Growth in Farmers' Income" was issued by the CPC (*zhong fa*). This document addresses the Party and government organs (ministries, departments) at various levels. Despite some progress in recent years, the transparency of the process of document preparation is still a problem in China. Usually, draft documents are not open to public debate. Experimental or informal policies and draft regulations are still regarded as internal matters and access to them remains tightly controlled by the government. Another complicating factor is that laws and regulations in China tend to be more general in nature than in other countries, allowing for flexible interpretations and inconsistency.

### 4. Central bodies under the State Council

Institutions falling under the State Council serve as the administrative arm of the government. They can be divided into those having broad responsibilities (Tier 3), overseeing macroeconomic issues and co-ordinating activities of other ministries, and those taking care of day-to-day operations and the practical implementation of agro-food and rural policies and directives (Tier 4).

#### **Tier 3: Tone Setting and Macro Oversight, Overarching Commissions and Ministries**

##### **The National Development and Reform Commission of the PR China (NDRC)**

The NDRC and its predecessors (formerly State Planning Commission and State Development Planning Commission) have historically played a crucial role in the management of China's economy. The NDRC sets broader targets for annual plans as well as the core tasks for the medium and long-term plans. NDRC relies on a network of planning organs embedded in central ministries and provincial governments to perform its role. It also consults extensively with the Ministry of Finance (MOF) over China's financial situation, the Ministry of Commerce (MOFCOM) regarding trade, and the People's Bank of China (PBC) over monetary and fiscal policies.

As the institution under the State Council with the broadest mandate and the most cross-cutting powers, the NDRC oversees and co-ordinates activities across many areas of importance to the agro-food sector and to China's rural citizens. It is regarded as the key co-ordinating body

overseeing the implementation of agricultural and rural policies in China. For instance, it studies and co-ordinates activities focusing on major issues in agriculture and rural development, co-ordinating regional (and rural) planning, and policy development and implementation. It is responsible for guiding industrial and commercial development in both rural and urban settings. It also proposes strategies and major policies and measures relating to rural-urban disparities and urbanization.

NDRC monitors, studies and analyses domestic and international market situations, taking the lead in managing the trade balance and control of major commodities. It drafts, co-ordinates, and oversees the implementation of import and export strategies for major agricultural and industrial products. It manages the reserves and stocks of key materials and commodities such as grain, cotton, sugar, petroleum and drugs and makes proposals for modern logistics development.

NDRC also drafts and organizes the implementation of industrial and commercial pricing policies, drawing up and revising plans and prices for commodities and services controlled by the state. This includes the “guidance” of prices for many inputs, products and services of importance to the agro-food sector: grain, oilseeds, cotton, seeds, fertiliser, silkworm cocoons, irrigation water, transportation services, interest rates and banking fees.

The NDRC Department of Rural Economy covers such areas as agriculture, fishery, forestry, water management, livestock production, poverty reduction, etc. It oversees areas under the responsibility of the Ministry of Agriculture, the State Forestry Administration, and the Ministry of Water Resources. Being responsible for the infrastructure investment in rural areas, it co-ordinates budgetary allocations from the MOF and investments financed by banks operating in rural areas. The NDRC supervises directly the State Grain Administration and the State Administration for Tobacco.

The NDRC has twenty-six functional departments/ bureaus/ offices with an authorized staff size of 890 civil servants. The candidate for the chairperson of the NDRC is nominated by the Premier of the People's Republic of China and approved by the National People's Congress. Since March 2013 the Commission has been headed by Xu Shaoshi.

### **State-owned Assets Supervision and Administration Commission (SASAC)**

State-owned enterprises (SOEs) used to fall under the jurisdiction of several ministries. In 2003, the SASAC was created and empowered by the State Council to represent the government as the shareholder in SOEs, in accordance with the Company Law of the People's Republic of China and other administrative regulations. The creation of SASAC retains the central government's hand in the operations of the SOEs. The challenge for the SASAC will be to make the relationship between the government and the SOEs more transparent and less easy to manipulate. Increasingly, emphasis is being placed on market orientation and business performance, with office holders and corporate board members being held accountable. Being a major shareholder, SASAC is responsible for governance and oversight relating to business operations and conduct of several SOEs of direct interest to the agro-food sector, most notably the China National Cereals Oils and Foodstuffs Corporation (COFCO); Sinochem dealing e.g. with production and trade in fertilisers, herbicides and pesticides; Sinopec being China's leading supplier of major petrochemical products, including fertilisers; and the China National Tobacco Company.

### **People's Bank of China (PBC)**

The PBC is China's central bank and reports directly to the State Council. The PBC is in charge of formulating and implementing monetary policies and exercises macro-control of the monetary sector. Among other things, it supervises rural financial institutional systems, including rural credit unions and two banks specialized in extending loans for agriculture and rural businesses: the Agricultural Development Bank of China (ADBC) and the Agricultural Bank of China (ABC).

The PBC is the main source of loans for the ADBC for the procurement of major crops such as grains, cotton and oilseeds.

#### **Ministry of Finance (MOF)**

Among other functions, the MOF is officially responsible for overseeing and administering all central financial expenditures. Technically, this means that any official expenditures in the agro-food sector made by central bodies or by their subordinate bodies at the provincial or sub-provincial level should in some way be accounted for in MOF reporting. The MOF has 20 departments, including departments specifically dedicated to economic trade, public expenditures, (primary) agriculture, international affairs, capital construction, state-owned capital administration, state-owned capital statistics, property appraisal and agricultural and rural development.

The Department of Rural Finance within the MOF is responsible for the drafting of policies supporting agriculture, participating in the formulation of agricultural development plans, allocating and managing financial funds on agriculture, participating in the allocation of the poverty reduction funds, etc. Even if the MOF is just the implementing body of the government plan and policy, in reality it plays a more important role. As various policy measures tend to be general in nature, allowing for rather flexible interpretations, and are not always assured by the sufficient allocation of funds, this leaves ample room and liberty for the MOF with regard to the actual distribution of funds. Therefore, the implementation of agricultural policy (like direct payments to grain farmers in the producing areas announced in Document No. 1/2004) depends to a large extent on the effectiveness of the allocation and delivery of funds from the MOF and its branches at local levels to the targeted population. Moreover, while all expenditures at various levels of government administration should be accounted in MOF reporting, it is difficult to verify whether this is the case. Publicly available budgetary data, including on expenditures related to agricultural policy, tend to be strongly aggregated, not allowing for a precise assessment of the amounts actually spent on various policy measures and for the evaluation of their effectiveness.

Within the MOF, there is an Office of National Agricultural Comprehensive Development, an agency with its own organisational structure. This agency is responsible for the drafting of the agricultural development projects and for managing and arranging corresponding funds (more than RMB 5 billion spent annually for this purpose). These projects involve not only many ministries at the central level, but also co-ordination with bodies at the provincial and local levels.

#### **Ministry of Commerce (MOFCOM)**

MOFCOM supervises domestic and international trade and international economic cooperation. It manages imports and exports of agricultural products and deals with WTO issues (with the Ministry of Agriculture involved in the agricultural trade negotiations). In 2003, MOFCOM took over from NDRC the responsibility for the implementation of Tariff Rate Quotas (TRQ) on agro-food imports established within China's WTO commitments. But for grain products such as wheat, rice and corn, the implementation of TRQs is still administered by NDRC.

### **Tier 4: Operational Line Ministries, Administrations, Agencies and Specialized Banks: Sectoral, Resource and Services**

#### **Ministry of Agriculture (MOA)**

Nominally, the MOA is responsible for a broad range of issues related to primary agriculture,

rural areas, and rural economic development and assumes wide responsibilities including: i) drafting the agricultural development strategy and organizing the implementation of such strategies once they are approved; ii) drafting the agricultural sector's policy to guide agricultural structural adjustment; iii) proposing opinions on the reform of the rural economic system; iv) drafting the development plan for the marketing system of agricultural produce; v) making suggestions and recommendations regarding policies for agricultural prices, tariffs, rural credit, taxation, fiscal support and the distribution of bulk agricultural products. The MOA oversees China's formal extension network and handles day-to-day work relating to the State Council's Leading Group for Poverty Relief and Development.

However, it is considered that the actual influence of the MOA on agro-food and rural policies is rather limited, in particular compared with institutions presented in the previous section. However, it may be expected that with further market and service orientation of China's agro-food sector, and the diminishing role of planning and institutions rooted in the centrally planned economy, the MOA will be given a stronger co-ordinating role in this sector.

**Departments:**

The General Office

Department of Personnel and Labor

Department of Sectoral Policy and Law

Department of Rural Economic System and Management

Department of Market and Economic Information

Department of Development Planning

Department of Finance

Department of International Cooperation

Department of Science, Technology and Education

Department of Crop Production

Bureau of Seed Management

Department of Farm Mechanization

Department of Livestock Production

Veterinary Bureau

Bureau of State Farms and Land Reclamation

Bureau of Produce Processing

Bureau of Fisheries

Bureau of Quality and Safety Supervision for Agro-products

CPC Committee of MOA

Bureau of Retired Cadres

Yangtze River Fisheries Administration, Ministry of Agriculture

Inspection Bureau, Discipline Inspection Group of the CPC Central Commission for Discipline

Inspection at MOA

Permanent Representation of the People's Republic to the UN Agencies for Food and Agriculture



**Ministry of Water Resources (MWR)**

The MWR is responsible for formulating policies, regulations, and development strategies and plans for water conservation. It has a mandate that extends from the construction and supervision of hydroelectric projects to flood control, irrigation, drainage and sometimes transportation. As water resources are critical to agricultural production, but are not always well-used, the role of the MWR is increasingly important.

**Ministry of Land and Resources (MLR)**

The MLR is responsible for the investigation, planning, management, protection and rational utilization of natural resources – including land, mineral and marine resources. The responsibilities of the MLR also include the protection of the lawful rights and interests of the owners and users of land and other natural resources, including mediating and coming to decisions regarding major disputes over rights. The ministry's 14 departments include an arable land protection department, a land registration department, a land use department, a law enforcement department, an international co-operation department and a science and technology department. The land tenure system in China remains very unclear.

**Many other ministries, administrations and government-held institutions** also deal with agriculture and rural development issues. They include e.g. the All-China Federation of Supply and Marketing Co-operatives (AFSMC), the State Forestry Administration, the Ministry of Science and Technology (MOST), the Ministry of Health (MOH), the Ministry of Education (MOE), the Ministry of Civil Affairs, the Ministry of Labour and Social Security (MOLSS), the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), the State Food and Drug Administration, the ABC and the ADBC. Their responsibilities vary from the supply of agricultural inputs (e.g. AFSMC) and the provision of social services in rural areas (e.g. MOH, MOE and MOLSS) to the supply of preferential credits for agricultural and rural businesses (e.g. ADBC).

In general, horizontal co-ordination of policy implementation across ministries should be assured by the higher ranking commission/ministry and the vertical co-ordination by a selected ministry having its branches and offices at different vertical levels. However, in practice, co-ordination is very complex as the whole agro-food management system is a mixture of institutions still carrying characteristics of the planned economy and those charged with the implementation of policy measures based on market principles. Quite often their functions are over-fragmented and overlapping. It is generally believed that in total 14 ministries and commissions are directly involved in governing agriculture and its upstream and downstream sectors. Among them eight are involved in the management of the quality and safety of agro-food products, eight are responsible for agricultural investment, six for processing and allocation of farm products and five for the provision of inputs.

## 5. China's grain administration system

**Planning and management strategies.** The NDRC manages China's grain balances. The State Grain Administration (SGA), falling under the NDRC umbrella, is in charge of the national grain procurement and distribution system, guides the national grain sector and administers China's central grain reserves. It also works out plans for the construction of national grain

distribution, storage and processing facilities. The provincial governments administer the regional grain supply and demand balances.

**Grain management laws, policies and guidelines.** The MOA is responsible for initiatives related to grain production, including guidance on the readjustment of crop production and its allocation. The SGA drafts plans, laws and reform programmes for the national grain distribution and grain reserve system and supervises their implementation.

**Grain prices.** The NDRC technically has oversight over grain purchasing and marketing prices. The SGA proposes a framework for grain purchasing prices, including minimum guaranteed purchasing prices for rice. The Grain Bureaus implement them.

**Trade.** The NDRC fixes grain export and import plans. MOFCOM is responsible for grain trade negotiations, dispute settlement and import quota allocation. COFCO is the state trading company responsible for the implementation of the government trade policies for agricultural products, including grains. The MOA suggests policies related to major imported farm products and to import duties. It is responsible for exports and imports of seeds, including grain seeds.

**Grain reserves.** The SGA supervises the management and maintenance of grain reserves and makes proposals as to the appropriate level and distribution of grain reserves together with plans for procurement, marketing, import and export of the central grain reserves. Subsequently, it supervises the implementation of the plans agreed upon by NDRC and other central bodies as well as inspecting the central grain reserves' stock for its quantity, quality and safety. The SGA also drafts and implements reform proposals for the national grain distribution system and provides guidance to the China Grain Reserves Corporation (Sinograin) and regional and local Grain Bureaus. Sinograin is responsible for the purchase, storage, delivery, processing, and import/export operations for the central grain reserves. The Grain Bureaus manage domestic marketing of grains at provincial, prefecture and county levels. The Agricultural Development Bank of China (ADBC) relies on loans from the People's Bank of China (PBC) to supply on preferential terms funds destined for Grain Bureaus for the purchasing, storage and marketing of grains.

**Grain quality control.** The SGA works with the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) to manage grain quality standards. It formulates technical standards for grain storage, handling and transportation, and oversees their implementation. The AQSIQ is responsible for the implementation of quality standards, inspection and quarantine of grains and grain products as well as for the sanitary supervision of grain imports and exports. The MOA drafts laws and regulations on plant quarantine and monitors their implementation.

**Grain marketing and processing.** The NDRC and the MOA are responsible for building the farm produce market system. The NDRC is also responsible for food processing policy, while the Light Industry Association provides services and advice to the value-added industries and enterprises.

**Input supply.** The NDRC prepares overall plans for input supplies. Several enterprises under the SASAC (including Sinopec, Sinochem and the All-China Federation of Supply and Marketing Cooperatives [AFSMC]) are involved in the distribution of inputs. AFSMC is responsible for the management of supplies of agricultural inputs, including for grain production. The MOA is responsible for the organisation of quality supervision, inspection and registration of chemical fertilisers, pesticides and seeds. It is also responsible for the examination and

approval of crop seeds. The MOA also draws up regulations on farm mechanization, industrial policies and technical standards for mechanized operations in agriculture.

**Research, vocational training and extension.** The MOST manages key agricultural science and technology research programmes and demonstration projects, including those linked with grain production. While the MOA oversees the formal agricultural extension system, the SGA also provides vocational training, guides and promotes technological adoption, and is active in related agricultural extension work.

## 6. The distribution of land rights across levels of authority

**National government.** The central government establishes national land laws and directives that provide guidelines for local policy makers.

**Provinces.** The implementation of general laws differs across provinces. For example, while the central government's policy is to extend the length of lease contracts to 30 years, some provinces strongly support such policy and discourage reallocation activity, but others have been less supportive and allow for the frequent reallocation of plots of land among households.

**Counties.** County governments are responsible for the overall planning of land utilization within their respective jurisdictions. Their duties also include issuing Land Contract Certificates to farmers, ratifying the conversion of farmland to non-agricultural uses. It is only at the county level and above that land can be approved for conversion to nonagricultural uses, with the approval level required increasing progressively in accordance with the area of land being considered for conversion.

**Townships.** In some areas, townships may influence village land policies, including village-wide land reallocations. A township district contains roughly 10-20 villages.

**Villages.** China's villages typically comprise between 300 and 500 households. Village leaders usually have ultimate authority on land allocation, but often delegate some or all of this authority to *xiaozu*.

**Xiaozu.** These are groups of 30 to 40 households (remnants of production teams of the collective era). *Xiaozu* are often the *de facto* collective owners of the land, but generally work with village leaders on land allocation. *Xiaozu* leaders may periodically reallocate land among member households, usually to provide land for new households at marriage but occasionally based on births and deaths in households. Such reallocations occur every three to five years, but currently they are less frequent in more developed villages, which may be less attached to egalitarian rules.

**Households.** Households are allocated rights to use land, usually several non-contiguous small plots. Specific rights on each plot may vary, but are mainly the right to farm the land for a finite period and to keep or sell the produce. Individuals do not have rights to the land, but farm the land allocated to their household. Farmers take most of the production decisions on their land, but the land must stay in agricultural production. Villages sometimes impose compulsory planting requirements on some of the land allocated to farm households. For example, households are required to produce and deliver a fixed amount of grain to the state, although

the grain delivery obligation has not been enforced in many provinces in the last few years. More recently, some villages have sought to promote the cultivation of specific cash crops, and have imposed compulsory planting requirements on some plots. Some villages allow land to go fallow, but others enforce fallow taxes.