Land Accumulation in China: A Case Study of Hunan Province

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Abstract: This paper provides a review on the institutional reform process of land management in rural China since the country's economic reform began in 1978 to the present day. The focus is on analysing the methods and models implemented in Hunan Province since the 18th National Congress of the Communist Party of China (November 2012) to now. The province is a major agricultural region representative of land circulation and accumulation for large-scale production and business in rural China through various models. These include: the shared-stock field model of Liuyang (浏阳) City; land circulation to develop a collective economy in Kaihui (开慧) Village; cooperation for professional development between dissimilar players in Changsha (长沙) County; and mixed land planning in Xunlonghe (寻龙河) Village. This paper therefore makes some recommendations relating to experiences of land accumulation in China.

Keywords: China, Hunan, rural area, land circulation, land accumulation.

Subject classification: Economics

1. Introduction

Along with China's open-door policy, industrialisation, modernisation, urbanisation, marketisation, and service industry creation, the country's rural land tenure system has also gradually changed, creating resources for China's economic development. With these foundations, Hunan Province has become a relatively developed agricultural area within Central China that could represent the rural land institutional reform process. In particular, it is one of a number of provinces that experimented with, and pioneered the circulation of, contracted agricultural land, and thereby has contributed to land accumulation for efficient large-scale agricultural production and service industries in rural China.

Within the framework of this paper, the authors briefly introduce an overview of the transfer of contracted land rights and trade in land accumulation. An outline of the situation in Hunan Province is presented, examples of land accumulation in the province

are highlighted and the authors make some recommendations having learnt from the experience of China and the province.

2. Transfer of contracting and trading rights to accumulate land in China

Since the 1960s, the Communist Party and the Chinese Government have categorised rural land under the regime of collective ownership, whereby hundreds of millions of Chinese farmers have been deprived of private ownership of land [9]. After the reform and open-door policy, China redistributed land, assigning responsibility to households, determining that ownership belonged to the collective, and freedom of land-use rights was given to farmers. This was "the first time China reformed the institutions of rural land management" [6]. Since the 18th National Congress in 2012, along with the process of industrialisation and urbanisation, a large number of rural workers have moved to urban areas for work and to carry out business. This gave rise to the situation of the transfer of land contracting rights and trading rights in rural China. With this scenario, the Communist Party and Chinese Government issued a number of guidelines and directions for the extension of contracting tenure of agricultural land. This has made it easier for people to transfer land contracting and trading rights, contributing to rural land accumulation for production and business activity. For example, a number of papers and reports have been issued on the subject: *"Opinions of the Office of the Central Committee of the Communist Party and the General Office of the State Council of China on the orderly transfer of the right to trade on rural land to develop agribusinesses on an appropriate scale" (November 2014)*.

In October 2016, the above-mentioned two offices issued the "Opinions on measures to complete the separation of land ownership, contracting rights, and trading rights in rural land".

The Report to the 19th National Congress of the Chinese Communist Party proposed to extend the tenure of contracted rural land by 30 more years upon expiration of the arrangements in place [19].

More recently, in November 2019, the Chinese Government issued the "Opinions of the Central Committee of the Communist Party of China and the State Council on ensuring the land contracting remains stable and unchanged on a long-term basis". The above have led Chinese observers to regard this as "the second institutional reform of land since the open-door policy", the main connotation being separating land contracting into two: the contract right and the management right.

Thus, land ownership and land-use rights in rural China can officially be determined to include three types of rights: (i) collective ownership of land, (ii) land contracting rights, and (iii) trading rights of contracted land [11].

The difference between the second reformation of land institutions compared to the first is the right to trade on contracted agricultural land assigned to farmers. It also means that in accordance with the existing directives and regulations of the Communist Party and the Chinese Government, the rural and ownership reform policy sets out to give farmers the right to transfer their contracting rights, while, legally rural, land

is still collectively owned. The purpose of the transfer is to conduct agribusiness on an appropriate scale, to improve land-use efficiency while keeping the land-use purposes unchanged. This is because, as well as making policy adjustments promoting balanced development towards urban-rural integration, the Communist Party and Government of China also currently pay attention to ensuring food security for the country and protecting certain cultivated land areas, such as imposing a red 'zone' to retain 1.8 billion *mu* (Chinese acre, equivalent to 666.7m^2, or 0.06667 ha) of cultivated land for agricultural use. This has been consistent during recent years and has accelerated the basic long-term planning of agricultural (cultivated) land [15]. If the process of urbanisation and development of sectors affects land resource, China will apply a policy of converting, balancing and making adjustments between localities in order to retain the total area of arable land and maintain food security. However, not all land is suitable for converting into arable land, hence the need for re-planning. The latter was assigned to the Ministry of Land and Resources, and the Departments of Land and Resources at the provincial level [1]. Based on these documents, many localities in China are piloting reforms on the separation of land contracting and trading rights, promoting the scaling and intensifying of agribusiness to improve land usage and production efficiency, which is beneficial for developing new types of business entities. However, the reality in many localities revealed: after receiving the first plot of contracted land, farmers tended to sublet it to others for cultivation. According to Chinese state data, in 2017 about 30% of all contracted land was transferred by farmers in rural China totalling 479 million *mu* [21]. Based on the "Report on the land circulation market" in China between 2015 and 2017, transactions (transfers) of agricultural land took many forms, leasing and transfer of land being the most popular. Statistically: 51% transfer, 36% lease, 7% contracted transfer, 4% based on cooperation, 1% mutual exchange, and 1% share participation [18].

The current practice of land accumulation in China also generated a number of opinions and debates regarding non-land issues. According to Mr Chen Xiwen, China's leading expert on agricultural, peasants' and rural affairs, the country must initially come up with tangible solutions in advance, for stimulating agricultural output in order to promote land circulation or large-scale business development. To be able to alter farmers' disparate business methods, three conditions are needed: (i) to promote the new urbanisation and shifting the rural population; (ii) to accelerate scientific and technological progress while improving measures applied in agricultural production; and (iii) to strongly develop the agricultural service system of the shehuihua character (i.e. mobilising the participation of social, implying non-public, strata). Under these three conditions, land circulation to accumulate large-scale land for trading would naturally arise [7]. In addition, as Mr Chen stated on the issue of generating new jobs for farmers, the number of people working in the agricultural sector must reduce together with "urbanising farmers" in order to stimulate agricultural modernisation [7].

As of 2017, statistics showed more than 280 million farmers[3] had moved from their farmland areas to work in non-agricultural

sectors in the cities, which facilitated the process of agricultural modernisation.

However, since 2010 the number of farmers moving to urban areas has gradually decreased. This poses the question: what can farmers do when they try to migrate to the cities but cannot secure residency? The answer is to create more jobs dedicated to farmers.

New employment opportunities should not be based on farming but rather on the development of new professions. Consequently, the need to reduce the number of farmers while conducting large-scale business, developing new occupations, and encouraging the combination of agriculture, industry and services, is crucial for the efficiency improvement and integrated competitiveness of the agricultural sector [7]. Thus, in order to concentrate and accumulate land for production capacity improvement, not only is the mechanical accumulation of rural land needed but this should to go hand in hand with other measures to solve issues relating to jobs, incomes which are sufficient for decent living, and farmers' living conditions.

3. Some models of land accumulation in Hunan Province

3.1. Overview of Hunan Province

Covering an area of 211,800km^2, Hunan Province accounts for 2.2% of China's land mass making it the tenth most extensive province in the country and the largest in the Central region. By the end of 2019, Hunan's population of permanent residents numbered 69,184,000 [13].

In the province, the 4,148,800ha of arable land accounts for 3.1% of China's total arable land [12]. In 2018 the province's urbanisation level stood at of 56.4%, 4% lower than the national average. There are four economic regions within the province: the Eastern economic region has three major cities, while the Southern, Western and Northern regions each have three, four and three large cities respectively.

Changsha, a prefecture-level city, is the capital of Hunan Province, accounting for 12% of the province's total population and one-third of its GDP. The demarcation of these economic regions is based on both the province's geographical location and economic development strategy. The latter includes a number of 'zones/areas' such as: poverty alleviation, resource-saving and socio-ecological, and economic and technical development (CETZ). Such planning was the brainchild of the Hunan authorities, which was submitted to the Central Chinese Government for approval [1]. The issue of land accumulation in Hunan is an extremely important one given the limited area suitable for cultivation. This is only 0.06ha per person and mostly surrounded by mountains and hilly terrain. However, rice farming is well suited to Hunan due to its natural conditions. In 2018, the province's total food output reached 30 million metric tonnes, 80% of which was rice, making the province China's second top rice producer (with 26,740,000 metric tonnes) behind Heilongjiang Province (with 26,860,000 million metric tonnes). A number of other agricultural products have also yielded good harvests such as oranges, tea, and vegetables. Currently, the province's agricultural development has been directed towards the consolidation of industries which focuses on stimulating massive agricultural output of rice, oranges, tea, vegetables, fruit,

freshwater fish, and so on. In addition, processing agricultural products is also being focused on, which was valued at RMB 1.6 trillion in 2018 [1].

3.2. Land circulation for accumulation in Hunan

Hunan ranks as one of China's major agricultural provinces, and with large-scale land accumulation it is considered to be representative of the country [1]. Like other provinces, rural land in Hunan is collectively owned. Consequently, the right of land ownership resides neither with the farmers nor the rural households. There are, however, three land rights that they might own: non-tradable ownership, contractual rights, and tradable land-use. In recent years, arable land circulation and accumulation in Hunan's rural areas has grown rapidly, with increasing transference year after year.

During the three years of 2013, 2014 and 2015, the arable land transfers amounted to 13.79 million *mu*, 14,490,000 *mu* and 18,940,400 million *mu* respectively. In 2016, this figure rose to 21,372,600 *mu*, accounting for 41.71% of the total contracted land area of the province. The statistics reveal 451 instances of transferring tradable contracted land-use rights of areas over 2,000 *mu* in size, 3,014 transfers for areas between 1,000 and 2,000 *mu*, 5,125 instances for 500 to 1,000 *mu*, while land ranging from 100 to 500 *mu* was recorded with 30,475 transfers [17].

Presently, the land contracting circulation in Hunan mainly exists in three forms:

Firstly, the circulation (transfer of contracted land) between households, which accounts for approximately 45%.

Secondly, the circulation (transfer of contracted land) for specialised cooperatives, accounting for 33%.

Thirdly, the circulation (transfer of contracted land) for businesses, which only accounts for 13% [17].

The transfer price of tradable rights or contracted land rights differs, depending on the location of each land area. The Government decides on the land transfer price (the market sets the base rate through a number of circulation stations in the villages); however, in reality the authorities still rely on the market and agreements of all parties involved. The land transfer price in Hunan is higher than the average national rate which is approximately RMB 800 per *mu* per year. In Hunan, however, land located in advantageous areas may have a transfer price ranging from RMB 800 to 1,300 per *mu* per year falling to approximately RMB 200 per *mu* per year for land in remote and isolated areas. Not only are land rental costs high but so too are the operational and cultivation 'overheads' including spraying, fertilisers, etc. These are relatively high, up to RMB 1,000 per *mu* per year. Also to be factored in are capital losses in the event of natural disasters. Many issues still facing the trading of agro-food cultivation will force tenants to switch to cash crops. Only 45% of the current transfer of contracted land is used for food cultivation; the rest is allocated for other crops. The switching of crops may affect food security in agricultural provinces such as Hunan, which are mainly food cultivation areas [1]. An enterprise can accumulate land via several methods: (i) sub-leasing land directly from the farmers; (ii) sub-leasing farmers'

land through specialised cooperatives which in turn can participate as shareholders in the enterprise; and (iii) transferring all contracted land of a village to the enterprise for lease, the latter can invites the farmers to participate in the agricultural production and processing operation. Enterprises in Hunan accumulate land mostly through the villages. While converting business rights of an enterprise into shares is strongly encouraged by the Chinese government and local authorities at all levels, it is not favoured by the enterprises themselves as complications arise when farmers are entitled to 'interrupt' business activities [1]. According to regulations in China, the tenure of agricultural land-use rights is granted for 30 years and, as previously mentioned, the 19th National Congress of the Chinese Communist Party ruled that farmers could extend the rights by an additional 30 years. Nevertheless, if a farmer household leaves the village to settle in an urban area, they should return the contracted land to the collective. Consequently, the contracted land granted to a rural household may change when the term of land use expires or if new planning comes into effect. If some members of a household remain in the village, then they would still retain the land-use rights [1]. Regarding the Government's policies, it is mainly in the form of guidance and encouragement, which might on occasions provide additional financial support for the land circulation. The Government also requires the establishment of land circulation stations in the hamlets and villages in order to check and monitor land accumulation in these areas. Such stations are obliged to guide, testify and supervise, including resolving disputes between stakeholders in the process of transferring land-use rights [1].

Hunan also encountered some difficulties during the process of land transfer and accumulation. Issues include:

Firstly, the stability of land accumulation has not yet been guaranteed. Farmers' psyche remains uneasy due to the possibility their land-use rights could be revoked after they transfer their contracted land. Consequently, many farming households would rather leave land fallow than transfer their trading rights or lease land to others.

Secondly, the likely rapid change in the price of land is also a reason farmers are unwilling to lease it. They prefer other methods such as leasing land on short term contracts, or allowing others to use their land for free without a binding contract, which enables them to take their land back at any time. This is something that also affects the area of land accumulation.

Thirdly, there have been instances of scams in the business of renting land for farming revolving round false trading of land accumulation and drawing up fraudulent documents. The Hunan provincial authority is therefore tackling the situation by applying stricter control measures [1].

3.3. The shared-stock field model applied in Liuyang City

In China in the early 2000s a model was piloted in a number of localities under the premise of the collective ownership regime and land-use rights allocated to households. Under this scheme farmers possessed contributory shares by using their land-use trading rights in a voluntary manner. The share contribution would be initiated by large-sized business households, economic organisations, or industrial enterprises on a

voluntary spirit - "win-win" or "share of weal and woe" [16].

Liuyang, a county-level city in Hunan Province, started implementing the shared-stock field" transfer regime in 2005. It originated from Jintian（金田）Village, Zhentou (镇头) Town, located in a rural area in west Liuyang. Statistics from research conducted by the Changsha authorities in Hunan [4] shows the town had a total population of 54,900 zoned in 13 villages over an area of 158km^2 with 42,300 *mu* of cultivated land, while mountains and forests accounted for 130,000 *mu*. In the mid-2000s, along with increasing rural productivity, more and more labourers who were made redundant gradually moved away from traditional agricultural production work. Some moved to the cities, while others switched to working in the industrial sector and service industries. When this resulted in a large surplus of agricultural land the village authority organised a meeting with the households to discuss the idea of agricultural land circulation with compensation [4]. This model was then adopted by other villages and developed effectively, resulting in villages specialised in vegetables or flower seed production, promoting modern agricultural processes and increasing people's income [16].

The implementation steps are mainly as follows:

Firstly, based on the local situation at the time, the local authority establishes a leadership team in charge of agricultural land circulation. Members include representatives of the authority management, land management authority, agricultural office, forestry, business management and construction management stations, with a land circulation centre established in the business management station.

Secondly, the business management station organises and sets out regulations, encouraging the signing of land transfer contracts in compliance with the legal procedures.

Thirdly, the land transfer price is clearly defined and consistently set for the whole town, such as RMB 600 per *mu* for renting cropland increasing by 10% every three years. In addition, the rental price would be valued following a contract drawn up between the two parties involved, based on the differences of the regional environment and the soil fertility, with the proviso the price increase remains unchanged at 10% every three years.

Fourthly, working arrangements should be organised in an effective way for landless farmers, specifically taking into account the employment issues in place for these farmers from three aspects: (i) local factories prioritise those landless farmers who apply for work; (ii) enterprises which lease or expropriate land consider landless farmers first when recruiting; and (iii) land tenants give priority to landless farmers' employment in the form of daily wages.

Fifthly, clear determination of land reclamation, to ensure it is correctly used after being transferred. Enterprises and land tenants shall pay the land-use guarantee at the rate of RMB 300 per *mu*, which will be used to reclaim the land when the lease term expires.

Lastly, a gradual finalisation of the village-level administrative regime. This begins with clearly defining the administrative responsibilities of the person in charge of land transfer in the village to ensure the process is within the daily scope of the village authority. After this, the procedures of signing contracts and settling disputes

during the land transfer process are developed. The organisational flow should be: the people report to the village authority, the latter is responsible for signing land transfer contracts, and then the village authority reports to the town authority [4].

In the process of transferring the "shared-stock field" in Liuyang, the principles of voluntarism, mutual benefit, equality and compliance with laws must be obeyed regardless of whether the transfer is made by an enterprise or an individual household. It should base on the principles of equal shares, equal rights, discussion and decision making, as well as respecting members' opinions and encouraging them to speak their mind and propose policies in meetings [16]. The most notable result is that Jintian has created the first form of land circulation under the shared-stock regime and the model of a "shared-stock field" company in Hunan. The company and households with land turned Tianquan (天泉) into a production facility and a business model growing all kinds of flowers on a thousand *mu* field [4]. In 2005 the Tianquan-Hunan Ecological Technology and Science Development Company (or Tianquan, for short), in Jintian Village, Zhentou Town, Liuyang City was comprised of seven individual farming households which contributed their farmland as shareholders officially registered with the Ministry of Economy, Trade and Industry (at that time 10 to 20% of farmers were allowed equity participation in Tianquan. Each farming household was given a 1% share right [10]). The success of the Tianquan company model, however, can be attributed to the local authority working behind the scenes to promote this project, since the authority's performance and image could be judged by the company's success or failure. With over 20,000m^2 of land for cultivation, in this example the company was entitled to exclusively provide flowers and plants for landscaping golf courses, highways and public spaces in Hunan in an effort to promote the company's output. Therefore, the Tianquan "shared-stock field" model is a pilot scheme operating under the local authority "umbrella" rather than the "free" market system [10].

3.4. Model of land circulation for collective economic development in Kaihui Village

In 2013, Kaihui Village (Kaihui Town, Changsha County, Hunan Province, established a cooperative in order to promote the circulation and accumulation of agricultural fields, land and mountainous areas which could be exploited by the organisation for business and exploring a new way of collective economic development, which differs from the pre-reform collective economy.

The "five benefits" model has been implemented to encourage the proactiveness of the rural population. This is based on: (i) enjoying the minimum guaranteed amount; (ii) compensation earned from land reclamation; (iii) a salary when working as part of the cooperative; (iv) supplementary pension benefits for people from 60 years of age; and (v) dividend payments when the business is profitable. Farmers' joining the cooperative means they circulate their land to the cooperative. Where land has yet to be reclaimed and where farmers cultivate the land by themselves, they are also entitled to receive a minimum guaranteed sum of RMB 100 per year per *mu* of field and RMB 100 per year per *mu* of forest. When

land is reclaimed, cooperative members are entitled to receive a compensation package of 300kg of paddy per year per *mu* of cultivation land, and RMB 100 per year per *mu* of forest. At the same time they could be employed by the enterprise and receive a monthly salary. Five years after joining the cooperative, members who turn 60 will receive a monthly pension of RMB 100 per month rising to RMB 300 per month if they have been members for ten years. In addition, cooperative members are entitled to receive dividends relative to the contributed ratio of one portion per *mu* of field and two portions per *mu* of forest land.

In 2015, 96% of local farmers joined the cooperative and signed land circulation contracts which helped overcome situations of scattered individual land circulation as well as obstacles encountered by the enterprises involved [8].

On the basis of land circulation, Kaihui Village has continuously established professional farmers' cooperatives (specialised in rice cultivation, pig rearing, growing fruit and fresh vegetables) for farmers to produce and explore market opportunities. At the same time, many services are supplied by cooperatives such as technology, capital for agricultural production, product consumption, and large-scale business promotion. Cooperatives also invited the Huixiang Agricultural Science and Technology Company to participate in planning the village's ecological agricultural development for cultivation, animal husbandry projects, and improving the business efficiency of land. In addition, thanks to the Yang Kaihui Memorial Hall[4] which ranks among China's AAAA scenic areas, the cooperative has focused on developing tourism, experiential tourism, attracting the film industry, developing youth training schemes, and promoting the integration of agriculture, industry and the service sector. This approach has attracted more than 1.8 million holiday makers to the village in recent years [5].

3.5. Cooperation model involving different actors to develop business sectors in Changsha County

Since 2012 to now, three villages in Changsha County, Changsha City, Hunan Province, namely Piaofengshan (飘峰山), Xifu（锡福） and Xiangfeng (湘丰） have gradually cooperated with the Hunan Agricultural Science and Technology Limited Company (Huirun (慧润） for short) in developing modern agriculture, rural tourism and a homestay-based economy [14]. The primary objective of the Huirun model is to attract modern enterprises with real economic and business capacity in the market, to develop into a new mechanism used by multiple stakeholders - the village collective, enterprises, and farmer households. The village collective shall be in charge of linking enterprises and farmer households; enterprises invest capital in the land circulation process; while farmer households invest a small amount of money to renovate residential areas, participate in business, and mobilise under-utilised resources in cooperation with Huirun. The result is a new cooperation model formed of "enterprises plus village committee and farmer households" [5]. This approach has boosted the development of Piaofengshan Village as a tourist and leisure destination in recent years. This has brought the village an annual turnover of RMB 10 million, over 200,000 visitors per year, and nearly 100

farmer households participate in rural tourism-related businesses. Three large-sized homestay areas have been developed in Xifu Village: Yujiadong (喻家洞), Daminghu (大明湖) and Xintaoyuan (新桃源) with 21 homestays amassing a total revenue of RMB 3 million. Meanwhile, Xiangfeng Village now has ten tent hotels, 21 village hotels and one large restaurant. Revenue from these businesses accounts for RMB 2 million while approximately 100,000 people visit the village each year. This has now become a typical model in the leisure tourism industry, thereby creating a link between agriculture and the service industry. In recent years, online businesses selling local specialties and tourism products have resulted in a gain of over RMB 8 million for the villagers [5]. Huirun company has played a role not only through capital investment in land accumulation but also by providing a comprehensive design plan, helping villagers renovate their homes turning them into characterful homestays and bringing many traditional attractions to the area for visitors. In addition, the company has transformed the whole appearance of the village in terms of design and infrastructure. The initiatives include: the installation of a sewage treatment system in many locations using advanced Australian techniques, domestic wastewater treatment, provision of fertilisers and pesticides, dealing with domestic waste, 'greening' and beautifying accumulated land areas, developing a chain of homestay tourist accommodation without negative impacts (such as destroying the mountainous landscape, dredging rivers, removing farmland, demolishing or relocating large architectural structures); combining modern homestays in harmony with traditional accommodation, promoting the development of homestays and ecological civilisation [14]. The Huirun model has boosted the development of the village tourism, thereby promoting the development of new countryside areas. Accordingly, such a model has been referred to as "a model to attract visitors to the Chinese countryside", "a nationwide model for leisure agriculture and rural tourism", "leading enterprise in the industrialisation of Changsha's agriculture", "Hunan five-star village hotel", etc. [14].

3.6. Model of mixed land planning in Xunlonghe

Located in the northeast of Changsha City, ten years ago Xunlonghe was a poor provincial level village in a "typical area of poverty" made up of "seven parts mountain, two parts water and one part field". In recent years, the determination of land-use rights, land circulation and accumulation, attraction of capital, etc. have revived the available local resources such as hills and mountains, farmland, water sources and human resources. This has made Xunlonghe one of Hunan's typically developing villages, pursuing the overall objectives of the Rural Revitalisation Strategy of the Report of the 19th National Congress of the Communist Party of China: "prosperous industry, ecologically liveable, civilised local style, effective governance, and prosperous life", especially having prosperity and progress in the areas of education, employment, income, poverty reduction, health care, housing, etc. [3]. In particular, the Xunlonghe model has become a "brand name", gradually being replicated in other localities in the country. China's Xinhua News Agency has

praised it referring to it as Life of people above all: The operation of the brand "Xunlonghe", a unique small town. The unique feature is the fact that the village has solved the development issues of farmers based on land and agriculture without them being dependant on either [20]. Xunlonghe's story started ten years ago when a local enterprise pursued a successful business outside the village and then returned to the area to lead the local development. Mr Liu Zhonghui, Chairman of the Board of Directors of Xunlonghe's Hunan Investment Joint Stock Company (established in May 2014) was elected to be first secretary of the village with 100% of the votes by Xunlonghe Village. He is viewed as the "leader of the way" and the "spokesman" of the village [20].

In order to re-plan the local land area, the village committee established an inspection team on land rights (property rights to land). From March to May 2010 the team carried out an investigation to identify: (i) which land is contracted land for farmers and farmer households with trading rights; (ii) which land is collectively owned; (iii) which land is acceptable for housing development; and (iv) the specific usage of each type of land such as the land acreage, location, production conditions, production costs, business issues [2, pp.88-90]. After having a good grasp of the situation of land property rights and land conditions, Xunlonghe started to carry out land circulation following legal principles, on a voluntary basis and ensuring equality. Villagers circulate (transfer) their land to the village collective which in turn circulates (transfers) the land to enterprises to carry out modern agricultural business. According to the local estimates, the per capita income earned from such circulation of arable land reached RMB 2,090 per year [2, p.253].

Xunlonghe Village has been identified by Hunan Province as the collective-oriented pilot site for trading the province's construction land. An area of 300 *mu* of land has been assigned for commercial projects that could be in the form of the village collective shared-stock model (valued at RMB 600,000 per *mu*, with a total value of RMB 180 million). Commercial projects include: a supermarket, private school, hospital, petrol station, and a culture and sports centre. The share dividend distribution to the villagers shall be in accordance with their shareholding in the cooperative.

Regarding residential land, Xunlonghe Village applies the policy of re-planning, demolishing old houses and taking back land, then consolidating and planning a concentrated area, and building adjacent houses for the villagers. Any surplus or redundant land is allocated for business projects. Specifically, each household is compensated from between RMB 500,000 and 600,000. In addition, a household with three or more members is entitled to purchase a 210m^2 neighbouring house. If a household increases by one more person, they can be offered an additional 70m^2 house, i.e. an average allocation of 70m^2 living space per person. First floor apartments are valued at RMB 1,300 per m^2, while those on the second and third floors are RMB 800 per m^2. After buying a new house, households still have surplus money to finance their businesses. Through such exchanges, farmers can have newly built houses with front porches, gardens, and parking spaces, with access to

playgrounds, equipment and infrastructure equivalent to the facilities of their urban counterparts. This approach allows the whole village to follow a mixed land-business model. Out of a total multi-use land area of 14,700 *mu*, 14,500 *mu* is re-zoned as follows: (i) 10,000 *mu* of land are allocated for agricultural use and cannot be used for any other purpose. This land is dedicated to circulation and accumulation for cultivating food crops such as rice, green vegetables, canola, etc.; (ii) 4,500 *mu* are allocated for construction *mu* of which 3,500 *mu* are transferred to enterprises for building factories processing agricultural products or rural resorts for tourism. The remaining 1,000 *mu* are assigned to collective construction in areas of housing, public works, and infrastructure including public squares, roads, parks, hospitals, schools, petrol stations, supermarkets, etc. [2, p.254]. This kind of land re-planning has helped Xunlonghe villagers diversify their sources of income as the collective economic income is divided into four categories: (i) proceeds from land accumulation held by the village committee; (ii) providing public services such as car parks; (iii) income generated from motels or petrol stations in which villagers can have participatory shareholdings; and (iv) reserving plots of land for constructing businesses such as restaurants and hotels in which the villagers would be entitled to a profit share. These are low-risk industries and market sectors which could offer stable incomes. Investment would be made in other industries and businesses would take risks. In addition, Xunlonghe villagers have other livelihoods including: revenue from the right to lease land, as each person has been allocated two *mu* of land generating an annual income of RMB 300 before the land re-planning. Currently, profits are distributed respectively by a share ratio calculated on the annual land price. It can therefore be said that the Xunlonghe villagers have very diverse sources of income [1]. The decisive role of Mr Liao, Party Secretary cum Chairman of the Company's Board of Directors should be mentioned when referring to the above achievements. He shared his rationale with the delegation of the Vietnam Academy of Social Sciences' state-level research project: (i) the prerequisite is that the local community must have a leader with broad experience and an international vision who dares to break the mould; (ii) Xunlonghe's advantages include a convenient traffic system, a clean and beautiful environment, hard-working population and unique cultural features; (iii) specifically, it is necessary to have the capital from business people, who also are bold to invest (in fact, there are enterprises in Xunlonghe which rent forest land in order to build resorts or luxury nursing homes close to nature [1]. When asked about the reasons behind the development of Xunlonghe, Mr Liao shared his experiences as follows: (i) policy innovation - breaking down policy barriers, creating mechanism for investment activities and diversifying investment sources. The three main players involved in the development process are the Government, the business community and the people. The Government must pay attention to the public categories regarding the community, whereas businesses should focus on the development of occupations, while village-level committees are responsible for land accumulation and preparing new residential areas; (ii) planning innovation - Xunlonghe has introduced ecological and spatial planning, as well as forest, land and industrial sector planning. Such initiatives are

considered the antithesis to the approaches of many other localities in China, while the village has initially approved spatial planning before that of industrial sector planning; (iii) land policy innovation - since the process was implemented ten years ago the village has been at the forefront of the China's efforts with the transfer of land trading rights by farmers and creation of mixed business ownership between agricultural and construction land. The Ministry of Natural Resources of China referred to and visited Xunlonghe to inaugurate the policy of mixed agricultural, construction and residential land; and (iv) application of many reform measures - China is now piloting many types of reforms which are applied by Xunlonghe in developing new rural construction and urbanisation. The Central Committee of the Communist Party of China considers this a method for harmonious development towards the integration of urban and rural areas [1].

4. Recommendations

From the above investigation into land accumulation in China via the Hunan Province study case, the authors make the following recommendations:

Firstly, in terms of the overall national land planning, it should start with the development targets and development planning, as well as the socio-economic development strategy of the country in general, and each region or economic area with its own characteristics should ensure the specific planning of land accumulation is adequate for each locality. Also, in addition to focusing on the development of the agricultural and rural economy in various forms and sectors, it is necessary to pay attention to maintaining and securing land resources to address food security. *Secondly*, regarding the specific planning for each locality, before the accumulation of large-scale production land, the state (local authority) along with enterprises and farmer households must first adopt spatial planning in order to create the roadmap and set targets for agricultural land usage. This is to avoid the situation where land accumulation and the planning of sectors/occupations precede spatial planning, which may end up being wasteful or lead to inefficient accumulated land use. Land accumulation is successful when it is profitable, thus it is always necessary to consider which business sectors or disciplines the land should be used for. *Thirdly*, regarding the participants or players involved, the experiences of some regions in Hunan Province show that the key to success in land accumulation and large-scale business lies with the participants in land circulation and accumulation. Accordingly, authorities at all levels, heads of enterprises or self-regulated organisations in rural areas lead the participation of farmers and households. Specifically, authorities at all levels should support policy and implementation conditions; the enterprise leader must be a go-getter with a good reputation, able to bring people together, with a strategic vision, business experiences and be a creative thinker in an institutional environment; the self-regulated organisation in rural areas should promote its role as a coordinator and representative of farmers during the land accumulation process, as well as linking farmers and businesses.

Fourthly, in terms of benefit distribution, during the process of land circulation and

accumulation, the interests of all involved parties, such as farmers, businesses, localities and other stakeholders, must always be taken into account. In addition to considering their profits, businesses and local authorities must also pay attention to the distribution of benefits to farmers. In particular, it is important to secure the meeting of farmers' interests by providing them with accommodation, jobs, social welfare and various sources of income. To boost people's confidence, there should be social consensus, an avoidance of conflict in the process of land circulation and accumulation while carrying out large-scale and sustainable business.

Lastly, there are many ways to accumulate land, such as circulating cultivated lands of farmers into shares of an enterprise, converting land into the collective's shares, converting a variety of land types into multi-purpose land, etc. in order to develop sectors adequate for each locality. During the land accumulation process, the relevant players need to continually negotiate following the principles of compliance with laws, equality, voluntariness, mutual benefit, and agreeing on a reasonable land price in line with market rates in accordance with other areas of the country.

5. Conclusion

Land, especially rural arable land, is the valuable resource in the economic development of every country. Therefore, the question of how to use this resource effectively always remains. Research into China's experience shows that the institutional reform of land management has motivated and facilitated the economic development of the rural population. It has contributed to freeing up resources of arable land in rural areas for large-scale production while avoiding the fragmentation and scattering of land, and supported the industrialisation and modernisation of rural areas. To achieve this requires the participation and creativity of the Communist Party and the Chinese Government in giving direction and policy-making, together with the willingness of enterprises and people in rural areas to take risks.

The key to the success of the institutional reform process for land circulation and accumulation is how to integrate the interests of landowners in using and trading the land-use rights in rural China, thereby requiring the participation of people, businesses and local authorities benefitting from the land resources.

China's above-mentioned experiences and approaches also prove the diversification of land circulation for accumulation, which differs between localities are in line with the reality and expectations of local people, enterprises and authorities. This raises many suggestions for other localities and regions in China as well as other countries operating ownership regimes similar to those of China.

Notes

[1, 2] This paper was published in Vietnamese in*: Nghiên cứu Trung Quốc*, số 5 (225), 2020, then developed into this English version. Translator: Do Quynh Nga. Language editor: Stella Ciorra. The paper is a result of the State-level research project "Solutions to promote land accumulation and concentration in modern agricultural development in the Mekong Delta in the new context", (Reference code: TNB.DT/14-19/X17) *under the Programme of*

Scientific and Technological Research for Sustainable Development in the South-western Region (Reference code: TNB.DT/14-19).

[3] By the end of 2019, China had had 288 million farmers moving to urban areas to work and carry out business [11].

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