

72nd Plenary Session  
International Cotton Advisory Committee  
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Third Open session: Cultivating a new crop of entrepreneurs

# Promoting a new generation of farming entrepreneurs

Overview of the Chinese case



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# Commendable achievements

- 7.0% of world arable land for 18.6% of world population
- Famines belong to the past
- Strong position in cotton production
- Factors
  - Policy changes
  - Investment in ag research
    - Several China-specific technologies
  - Investment in irrigation (albeit some disruption)
  - High intensity of fertilizer use

# Relative "decline" of agriculture

## Average annual growth (%)

	1985-95	2001-05	2006-10
GDP	9.70	9.90	11.10
Agriculture	4.00	4.30	4.50
Population	1.37	0.63	0.50

## Share (%)

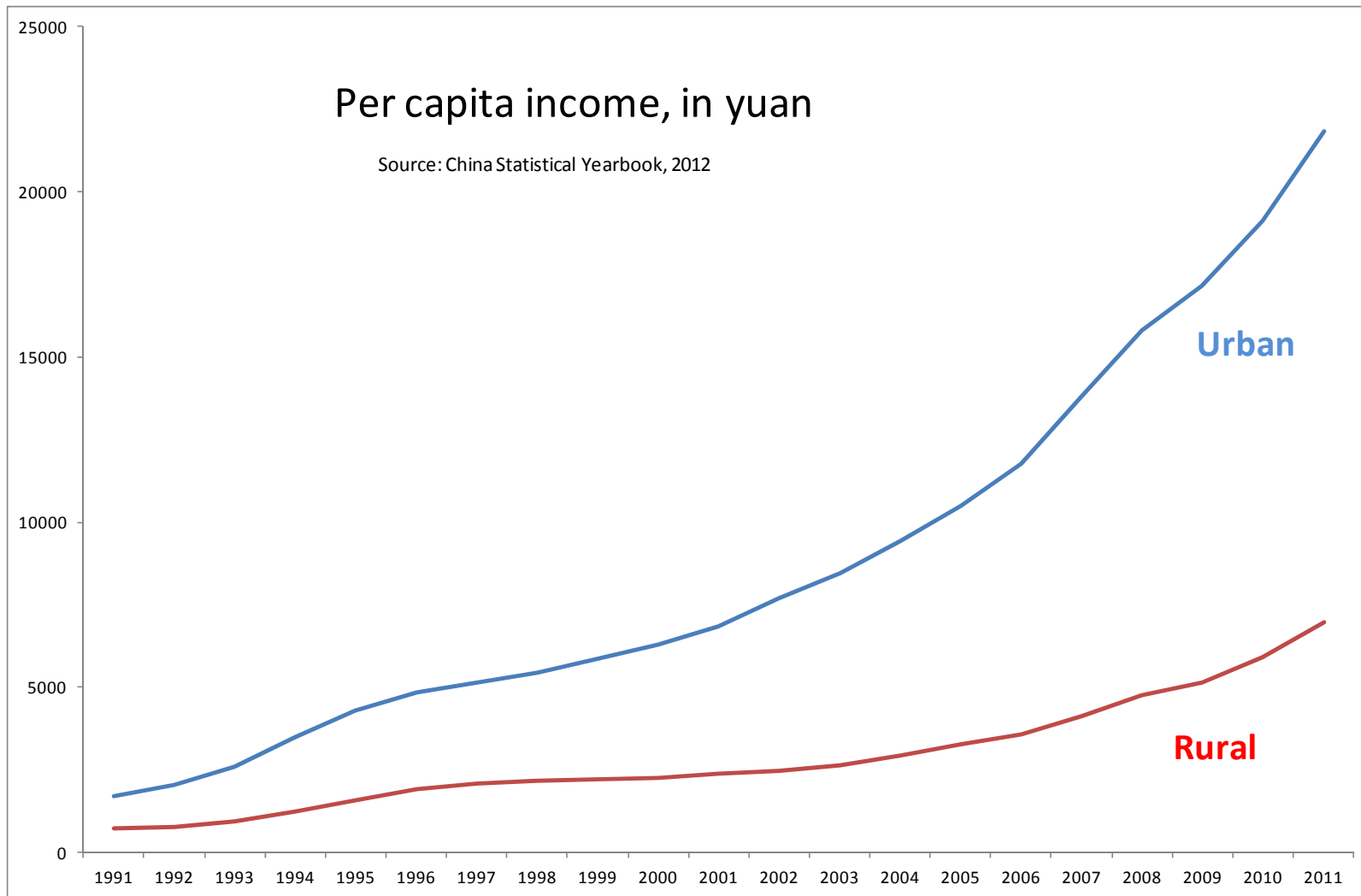
	1990	2000	2010
Agriculture in GDP	27	15	10
Ag. In Employment	60	50	37
Rural Population	74	64	50

# Fluctuation of agricultural growth indicative of policy changes

## Average annual growth (%)

	1979-84	1985-95	1996-00	2001-05	2006-10
Agriculture	7.1	4.0	3.4	4.3	4.5
Grain production	4.7	1.7	-0.7	1.1	2.5
Rice	4.5	0.6	0.4	-0.8	1.9
Wheat	8.3	1.9	-0.6	-0.4	3.0
Maize	3.7	4.7	-1.3	5.6	4.4
Cotton production	19.3	-0.3	-1.9	5.3	-0.9

# Being a farmer: not such a privilege



# Some features of the farmer status

- "Hukou": residential registration
  - rural vs urban
  - Hard to shift from rural to urban
- Land use right allocated to farming families
  - For 30 years
- Unfavorable access to public services for "rurals" (e.g. health care); no pension scheme
- ...with some recent corrections
  - Free 9-year education in rural areas (since 2006)
  - 2007: no more taxes by farmers

Farmers' families have got wealthier...



# Durable consumer goods (Number per 100 rural household)

Washing Machine	63
Refrigerator	62
Air Conditioner	23
Exhaust Fan	13
Bicycle	77
Motorcycle	61
Telephone	43
Mobile Telephone	180
Black and White TV Set	2
Color TV Set	115
Camera	5
Computer	18

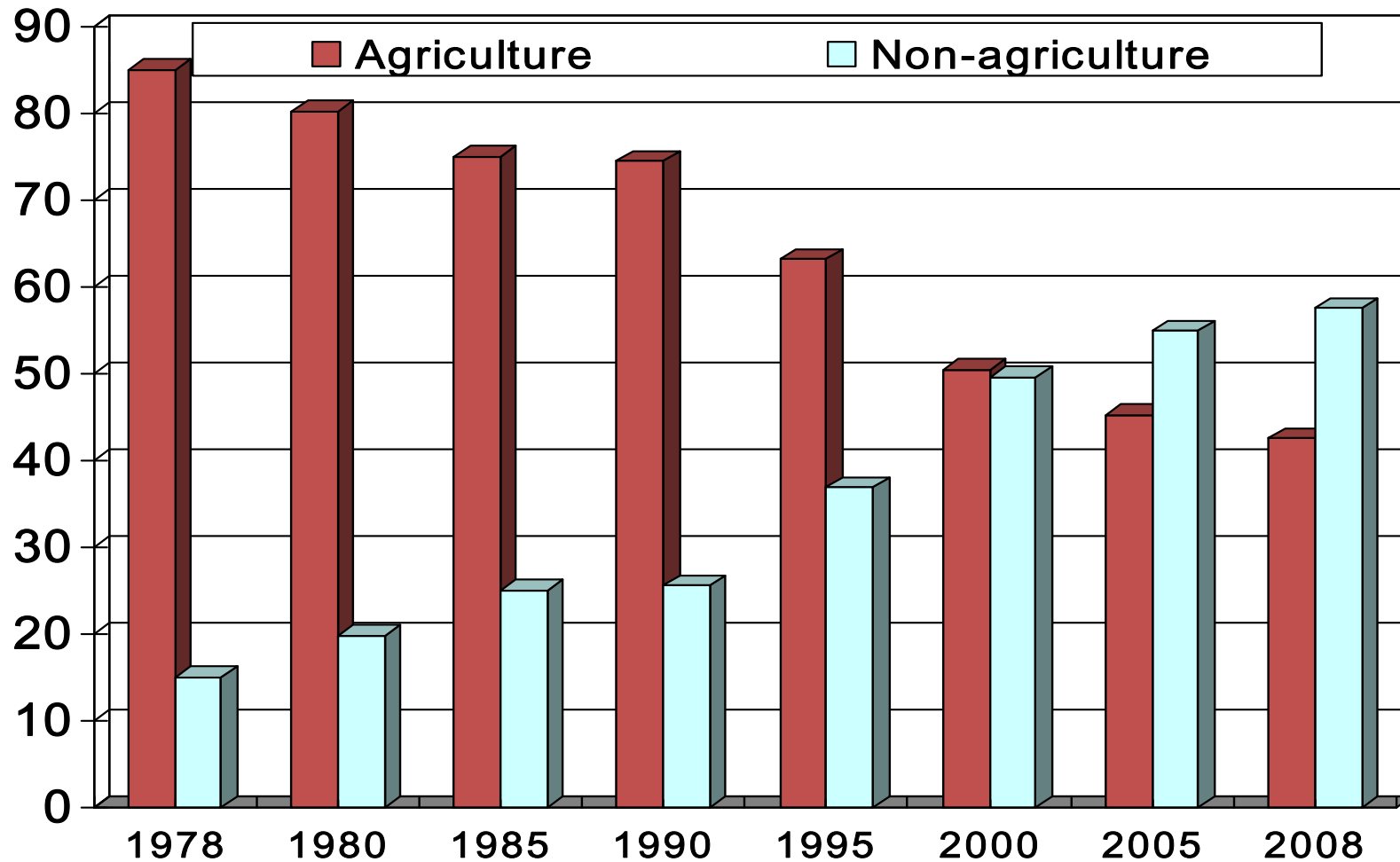


# ...thanks in part to off-farm activities

- ...due to very small farm size
  - 0.4 - 0.7 ha
- ...providing diversified sources of income
- Implying Part-time farming
  - Not all family members are permanently involved
- And aging and feminized agriculture
- ...till frequent cases of abandon of farming
  - Land available to others

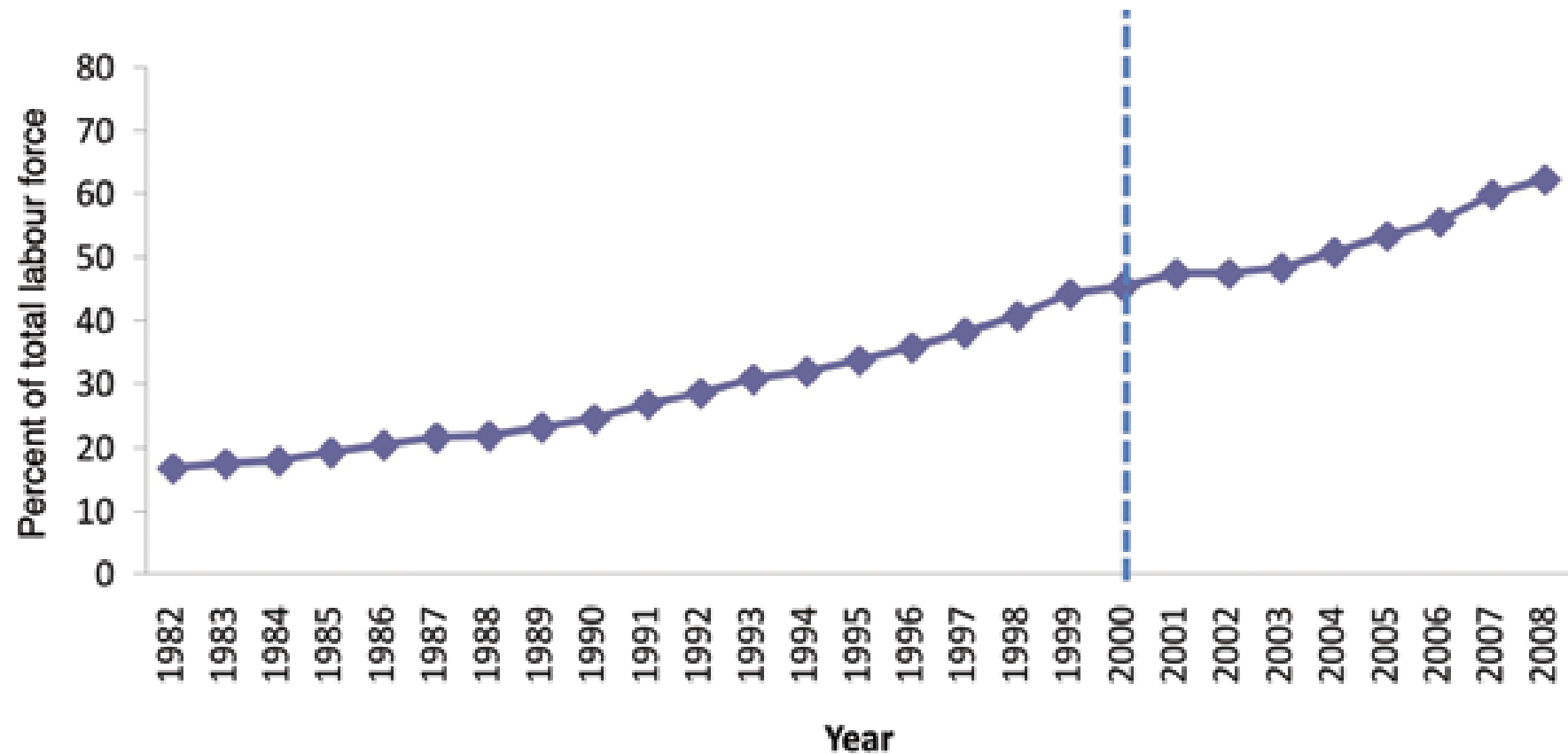


# Sources of farmers' income (%)



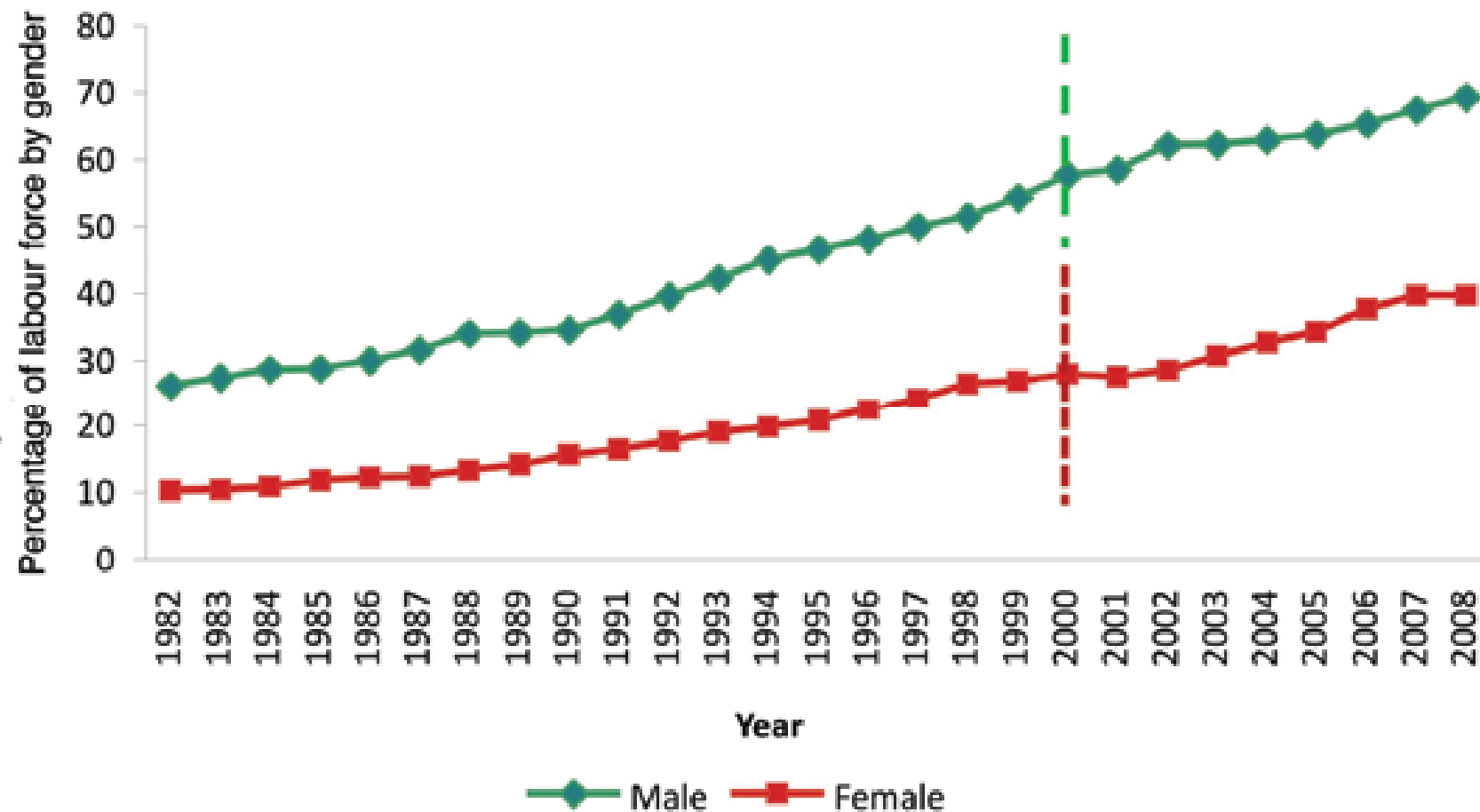
Source: Huang J. et al, 2012 [http://www.sow.vu.nl/pdf/AgDevCh\\_EUMay27\\_JH.pdf](http://www.sow.vu.nl/pdf/AgDevCh_EUMay27_JH.pdf)

# Increasing trend of rural labour force's involvement in off-farm activities



Source: Huang J. et al, 2012 [http://www.sow.vu.nl/pdf/AgDevCh\\_EUMay27\\_JH.pdf](http://www.sow.vu.nl/pdf/AgDevCh_EUMay27_JH.pdf)

# Involvement in off-farm activities: females are catching up



Source: Huang J. et al, 2012 [http://www.sow.vu.nl/pdf/AgDevCh\\_EUMay27\\_JH.pdf](http://www.sow.vu.nl/pdf/AgDevCh_EUMay27_JH.pdf)

# Matter for concern: no interest of youngsters for farming

Age cohort of farm heads	% farms
16-25	1.3
26-35	11.2
36-45	35.1
46-55	38.7
>55	13.7

Participation to field work	%
Sons	8.8
Daughters	6.8

Source: surveys on cotton farms, 2006-2009, Hebei province

# Anxiety about the future of farming

A big cereal producer claims that, for sure, he would not let his son farming

中国新闻网 首页 → 新闻中心 → 社会新闻

字号：

种粮大户年利润40万 称以后肯定不让儿子种田



Who will farm in the future ?

# Greatest risk for abandoning cotton growing?

- Great sensitivity to price fluctuations
- Greater sensitivity to price fall than to price increase
- Greater sensitivity to the labour cost
  - Which has increased a lot the last years

# Political concern

- 2007: debate on "who will farm in China"
- 2008: Notion of "3 Nong"
  - Agriculture, farmers, rural communities
- 2012: Edition of the blue book on rural & city integration
- Central government "Policy N°1 documents"
  - 2012: notion of "professional farmers"
  - 2013: notion of "Family farmers"



# Blue book of urban and rural integration

- Urbanisation
  - not as high as possible nor as quick as possible
- Challenge of food shortages with less land, less water and less farmers
- Preserve local culture and heritage in rural areas
- Integration does not imply similar model of development in rural communities and cities

# Actions retained

- Support the land use by those most committed in farming
- Promotion of cooperative
- Promotion of mechanisation
- A new generation of farmers through adjusted training
  - Educated
  - Technology commanding
  - Management skillful

# Enhancement of farmers' training

- Budget Increase in 11th Five-year Plan
  - Allocation to Ag Department: 5.6 billions yuan (US\$ 0.9 billion)
  - Adjustment of the training system
    - Enhancement of ag TV
    - ...
  - New : special vocational training program to secondary school graduates for farming
- Various experiences engaged since 2012
  - Lot of analysis by scientists

# Program of "family farmers"

- From late 2012
- New status conditional to application and authorization
- ...for land security and financial advantages

# Imposed conditions for the status of "family farmer"

- Farmers must submit application
- Family labour must be the main labour source
  - Applicants must farm permanently
  - Extra labour hiring: only occasionally
- Production program in compliance with local political objectives
  - Not grow whatever you want
- Commitment to cultivation and management standards
- Compliance to an evaluation process
  - Evaluation result: conditional to the payment of subsidies
    - Amount may depend on localities
    - Average: 200 yuan/mu (US\$ 480/ha)

# Major advantages

- Security in land use right
  - Land rented in is secured for 5 years, through a contract officially validated
- Direct payment subsidy
- Subsidy in farm production machineries
  - Up to 70% of the equipment value
  - Local subsidy for fuel


# Experiences under light

财经 > 新闻 > 地方经济 > 正文

字号：大 中 小

上海试验家庭农场：场主夫妇人均收入已超公务员

Shanghai experiences "family farming": average individual income of the farming couple exceeds that of civil servant

 **sina** 新闻中心

家庭农场：180亩地一年净赚20万

Family farming: annual net income of 200,000 Yuan (US\$ 32,000) from 12 hectares

# Distance still lacks

- Very recent experience
- Number of "family farms": unknown
  - 2013 : around 162 farms in a county close to Shanghai
- Most experiences reported pertain to cereals as main production
  - Cotton not/less eligible?
- Income comparison
  - In 2012
    - Average farmer's income : 18,000 yuan
    - Average family farmer: 30000 yuan



# Cases of family farming of cotton?

Yes, kind of, but at limited extent

Farm types	Traditional	Specialized	Small entrepreneur	Big entrepreneur
Land rented in, ha	<0.33	0.33-1.00	1.00-6.67	>6.67
Nombre de farms, %	88.3	7.7	3.1	1.0
Total cultivated land, ha	0.66	1.18	2.36	16.76
Own land, ha	0.63	0.59	0.70	0.46
Cotton area, ha	0.39	0.75	1.79	15.04
Cotton/total land, %	58.9	63.2	75.9	89.7

Out of 1561 farms surveyed between 2010 and 2012, Hebei province

# Viability conditions

- Net Income must be at least double than from wages
- ...implying that the farm size be above 12 ha
  - Size range: 12-14 ha
- Mechanization is key
- Various sources of income
  - Cropping
  - Husbandry
  - Service provision for mechanized operations
  - Possible subsidies by government

# Sustainability depends on local funding

- Low contribution from central government :
  - Only 14% of the total subsidies
- Viability mainly depend on the wealth of local authorities
  - Not repeatable everywhere
- Subsidies: contribution to 3/5 of farm income
  - Without subsidies, monthly income down to 1500 yuan, not worthy at all

# Sustainability depends on addressing additional issues

- How long will last the current support?
- The farming mode promoted implies high financial cost
- Uncertainty remains about the security of land use right
  - What will happen after 5 years?
- Points missed
  - No correction of the residential registration system
  - No change of the welfare system to improve farmers' social status (health, pension...)

# A new program to be followed up

- Program under experiment
  - Adjustment very likely
- WYSINEWIP
  - What you'll see is not exactly what I've presented

# Thank you for your attention

