

Assessment of Forest Tenure Trade Centers in Jiangxi Province



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Assessment of Forest Tenure Trade Centers in Jiangxi Province

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**State Forestry Administration of China
Food and Agriculture Organization of the United Nations**

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Content

1. Introduction	1
1.1 The Description of the Problem	1
1.2 Literary Review.....	2
1.2.1 The Outlines of the Forest Rights Trading Policy.....	2
1.2.2 The Empirical Research of the Forest Rights Trading Theory, System and Reform.....	5
2. Goals and Methodologies	7
2.1 Objectives	7
2.2 Methodologies.....	7
3. The Description of the Basic Information	8
3.1 The Case Point Description.....	8
3.2 The Information of the Surveyed Forest Rights Trading Center	10
4. The Types and Procedures of the Forest Rights Trading	13
4.1 The Forest Rights Trading Types	13
4.2 The Forest Rights Trading Procedures and Transferability.....	14
4.3 The Significance of Property Rights Trading Center in All Forest Rights Transactions.....	16
4.4 The Advantages and Disadvantages of Each Forest Rights Trading Type	16
5. The Analysis of the Forest Rights Trading Center’s Trading Performance and Trading Status Quo	17
5.1 Transaction and Management Systems and Operating Procedures.....	17
5.2 The Situation of Other Services Provided by the Forest Rights Trading Center.....	19
5.3 The Trading Advantage and Disadvantage in the Forest Rights Trading Center	20
5.4 The Experience and Lessons Learned from the Forest Rights Trading Center	21
6. The Stakeholder Analysis	22
6.1 The Trading Center Staff.....	22
6.2 The Beneficiary	25
6.2.1 Foresters Cooperation Organization.....	25
6.2.2 Foresters	27
6.2.3 The forestry enterprise	31
6.3 The rural local government and the County Forestry Bureau	34
6.3.1 The rural local government	34
6.3.2 The County Forestry Bureau	37
6.4 Provincial Forestry Department	41
7. The SWOT Analysis of Forest Tenure Trading Center	43

8. Reforms and options to improve the FTTCs operation based on policy, legal, financial and institutional aspects.....	46
8.1 Policy	46
8.2 Legislation.....	47
8.3 Governance and institutions.....	47
8.4 Trade system including hardware and software	48

1. Introduction

1.1 The Description of the Problem

According to "the decision to accelerate the development of forestry" released by the Chinese government in 2003, the State Forestry Administration launched the Pilot Project Reform of the Collective Forest Rights System in 2004 in Jiangxi Province and other three provinces as the first pilot projects. As of 2007, Jiangxi Province completed the principal reform, which regarded "clearing property rights, reducing taxes, liberalizing operation, regulating circulation," as the main content. After that, the property rights of 152 million acres of the forest land in the province were affirmed and the property rights clearing rate reached 98.5%. Among the 131 million acres of collective forest land having the clear ownership, the sub-mountain-home rate was 82.5%, and involved 6.35 million farmers, and the enthusiasm of the foresters to engage in the forestry production and operation activities was stimulated. At the same time, the subject number of the forestry production and management increased unprecedentedly, while the scale of the subject production and management rapidly declined. Therefore, the forest land transfer has an important practical means so as to promote the collection of the production factors, such as forestry stumpage and forest land, to make the forestry production intensive and in scale, to improve the forestry productivity.

To promote and regulate the transfer of the forest land and trees, ensure the transfer of income to the huge number of foresters and the accomplishment of the forestry production benefits, Jiangxi Province promulgated the "Regulations of Forest Resource Circulation," released the "View about the Reform of forestry ownership system ", Constructed the provincial and county (city) level circulation platform, standardized the transfer process, all of these initiatives made the collective forest land and trees transfer in a relatively perfected framework. As of the end of 2009, the province has established 64 county (city) Forest Rights Trading Centers, the construction area is 26,900 square meters, the number of employees is 532; and another 15 county (city, district) level Forest Rights Trading Centers are under construction; the establishment of a provincial Forest Rights Trading Center, named, the South Forest Rights Exchange, was set up on November 7th,2009 in Nanchang, whose office was located on the first floor in the Jiangxi Provincial Forestry Department. Forest Rights Trading Centers across the province have completed 39,900 forest transfer cases, trading 3.7783 million acres of forest land, and the transaction revenue amounted to 2.449 billion Yuan. Among which, 5900 forest transfer cases were completed by some public ways such as auction, tender, bidding or listing, involving an area of 1.233 million acres of forest land, the transaction revenue amounted to 1.676 billion Yuan. Meanwhile, the province implemented a

business to use the forest rights as a kind of collateral to get the loan, a total of mortgages were 9761, an area of 2.0849 million acres, and the total loans amounted to 1.819 billion Yuan.

As the provincial forest trading platform can be established, the forest land and trees transfer and circulation within Jiangxi Province have become more and more active, the price of the forest land and trees have greatly been improved, the main body which engaged in forestry investment has been diversifying, the social capital which has been invested into the forestry has been increasing, many migrant workers returned home to contract and construct forests forming the joint household forestry, private forestry, Forestry Economic Cooperation Organization and other original operating business. Consequently, the forestry productivity has been advanced to a certain degree. However, several related studies indicate that the forest rights transfer and circulation which are not into the county (city) level trading centers are still brisk, which implies the legal characteristics of the forestry property rights trading centers are not too clear, and to some extent, it is a little difficult to ensure the foresters' transfer income. To this end, considering the county (city) Forest Property Rights Trading Centers as research objects, analyzing in-depth the circulation of the collective forest vegetation types, as well as the problems in the circulation, and exploring the corresponding solutions, all of the above actions possess important practical meanings for ensuring the accomplishment of the reform's purpose. This is the very significance of the implementation of this project.

1.2 Literary Review

1.2.1 The Outlines of the Forest Rights Trading Policy

The central decision in 2003 to speed up the development of forestry pointed out that “to speed up the forests, trees and forest land use rights of the reasonable circulation; On the basis of clear ownership, the county encourages the forests, trees and forest land use rights of the reasonable circulation and a variety of social subjects can participate in the circulation through many available ways like contract, lease, transfer, auction, negotiation, and other forms”. This decision also mentioned that according to the relevant laws, the forests, trees and forest land use rights can be inherited, pledged, guaranteed, put into the stock market and be used as capital or condition to make a joint venture or cooperation. This document advocated to actively foster the stumpage market, to develop the assessment institution of the forest resources, to promote the forest rational circulation, and then to mobilize the operators' initiative to do more investment and development. This is the discussion about the basic policy of the forest rights trading in a new round of the forest rights reform which clearly defined the national policy orientation to the forest rights trading, the trading modes, the development approaches and the trading goals.

Later on, “The CPC Central Council Comments on Overall Promotion of the Reform of the Collective Forest Rights System” was released by the Central Government, which specifically proposed four primary contents for this reform, including deregulating the operation right and fixing the handling rights, among these rules, the basic policy of the forest rights trading was mentioned.

In the first place, on the aspect of the operation right, the forest land contractual operation rights owner possesses the sufficient trading sovereignty to manage and market the forest land and the timber. “The Comments” definitely ruled that “the forester, according to the law, have the right to decide the commercial forest’s operating orientation and mode and to sell the produced wood”. There are three connotations in the statement: First, as long as the forester does not violate the prohibited principles in the laws, they can determine the kind of the tree which will be planted on the forest land, the time to plant and the purpose to cultivate the trees; Second, as long as the forester does not violate the forbidden principles, they can select the distinct operation modes, including the individual operation, cooperative operation, consigned operation, tenancy operation, which means they own the sovereignty of production and operation; Third, the forester can autonomously decide whether to sell the produced timber, how to sell, and to whom to sell . This document also sets the basic policy on the trading activities to transfer the forest land, the forest and the timber, in other words, under the presupposition of not infringing on the related laws, the forester have the sufficient trading sovereignty.

In the second place, for the aspect of the handling rights, the government entitled the owner of the forest land, according to the law, the right to transfer the use of rights of the forest, the wood and the forest land. “The Comments” specifically ruled that “under the prerequisite of not changing the utility of the forest land, the owner can, according to the law, subcontract, rent, transfer, stake, mortgage the forest land’s operation right and rights, or just use these rights as the condition to invest or cooperate. The owner can also legally develop and utilize the forest land and the wood”. The policy validated the forester to transfer and circulate of the use of rights of the forest, the wood and the forest land. The modes to transfer and circulate the forest rights include subcontracting, rental, transfer, exchange, stake, and mortgage. The concrete contents of the various models are as follows:

(1) Subcontracting means the contractor transfers some or all the forest land’s operation rights to other foresters who are in the same collective economic organization. The contractual relation between the contractor and the giving party is invariable. The subcontractor, according to the appointment in the contract, enjoys the forest land’s management rights on condition of paying to the giving party. The subcontractor needs not to get the consent from the giving party, while the

subcontract's contract needs to keep on records to the giving party.

(2) Rental means the contractor leases some or all the forest land management rights to the unit or individuals outside the collective economic organization, and then charges rent. The contractor's contractual relations with the giving party keep the same, without the consent of the giving party, but the rental contract needs to be recorded to the giving party.

(3) Exchange means the contractor exchange the forest land contractual and management rights within the same collective economic organization. Exchange of the forest land contractual and management rights may cause the exchange of the participants' other rights. Therefore, the exchange of the forest contractual and management rights should be reported to the giving party for the record, the party requesting registration, may apply to the forest management institution to change the registration, without the registration, it is not allowed to resist the well-meaning intervention of the third party.

(4) Transfer means the owner of the contractual and management rights will transfer some or all the forest land contractual and management rights or even the forest tenure, in a certain manner and conditions to another person. The transferee can be a member of the collective economic organization or the farmer outside the organization. However, the contractual and management rights transfer should be approved by the giving party, and after the transfer, the original contractor will lose the contractual and management rights of the forest land, simultaneously the contractual relations between the original contractor and the giving party will be officially terminated, and change the registration of the forest rights.

(5) Stake means the contractor use the forest contractual and management rights as equity, to associate or compose voluntarily a stock company, cooperative forms of organization so as to engage in the forestry production and management, the income will be distributed by the stock.

On the transfer transactions, "The Comments" further provides that "transfer shall not exceed the remaining period of contracts, shall not change the forest land use after the transfer." This can be understood from the following four aspects: First, allowing the forest land contractual and management rights owner to transfer the forest land management right and tenure, through which the government deregulated the forest property transfer market, this measure helps the forest resource management transform into the asset and capital management, increases the farmer's income, but the forest resource does not include the wild animals, mineral materials, and buried objects; Second, the legal, voluntary and paid prerequisites are conducive to safeguarding the interests of the farmer and provide the policy to protect the fair trade; Third, as long as the law does not prohibit, the forest land contractual management

owner may choose the transfer mode autonomously; Fourth, the document clarified the transfer period shall not exceed the remaining period of contracts, and the forest use shall not change after the transfer. Due to the land being the farmer's producing materials to live on and survive, the government should guide farmers to take full account of planting on mountains to be affluent and livelihood security needs, thus the transfer period should be shortened and shall not arbitrarily change the original forest land contractual relationship lest the farmer lose the mountain and land in the transfer.

1.2.2 The Empirical Research of the Forest Rights Trading Theory, System and Reform

On the research of the forest rights trading theory, some applied analysis about the cost and efficiency have been implemented, which are mainly from the neo-system and welfare economics perspectives. Yao Xingqi (2007) with his colleagues constructed the framework and structure of the forest rights trading cost analysis on the basis of the trading cost theory in the neo-system economics, and pointed out that the completed participation into the trade of the farmer is an effective approach to lower the forest rights trading cost. Wang Xuele et al (2008), based on the efficiency analysis theory in welfare economics, analyzed the change in efficiency and the element to impact the forest rights trading efficiency in the Southern Collective Forest Area's different levels Forest Rights Trading Markets. Through the theoretical analysis, they think that the forest rights trading in our country is still in the initial stage, the transaction information is asymmetric, the trading market is weak, the special characteristics of the forest rights and the lack of related facilities are the key factors to affect the efficiency of the forest right trade, based on which several practical suggestions are proposed, such as building the Forest Rights Trading Information Platform, establishing the state-guiding services and advocating various trading modes.

The research of the forest rights trading system mainly aimed at the forest rights trading principles, forms, and some of the supporting systems. Huang Xisheng et al (2005) proposed to establish the forest rights trading system based on analyzing the present developing situation of the non-public forestry in our country, which includes forest rights trading principles, forms and supporting systems. Zhao Yong et al (2003) considered that the ecological benefits of forestry and its anti-flood function should be combined together, and put the anti-flood forest rights trading mechanism forward. They think: the Central Government under the flood risk maps requires that each local government must have a certain amount of the anti-flood forest rights.

Meanwhile, based on the anti-flood function and the effect of the forest in the upper and middle stream-flowing area, the government can obtain the corresponding anti-flood forest rights (can be specified to the smallest forest land unit in the forest

census); the downstream government should do an alternative action, whether to plant the anti-flood forest in the local place or to purchase the anti-flood forest rights from the upper and middle stream-flowing area; while the upper and middle stream-flowing area also have two options, the one is to fell the anti-flood forest to sell the timber, the other is to protect and nurture the trees, selling the anti-flood forest rights; the local governments in the downstream make the decision to purchase or to plant the anti-flood forest according to the market price of the anti-flood forest rights; the anti-flood forest rights trade is implemented via the market. Although the forest rights trading mechanism is only aimed at preventing natural disasters and took advantage of the ecological function of the forest, the Southern Collective Forest Area which has the strong outer property can draw a lot of lessons from the mechanism to establish some trading systems.

The forest rights trading empirical research mainly has two aspects: the one is the practice situation of the forest rights trade; the other is to investigate the experience summary and policy proposals about the forest rights trade argued by the scholars on the basis of some real-place investigation.

In the practical development aspect, the Southern Collective Forest Area currently has explored to set up a third-level forest rights trading market: the first-level market refers to the one in which the government transfers the forest use of rights to some contractor through the way of inviting and being the tender; the second-level market refers to the one in which the owner of the forest land use of rights transfer its property rights; the third-level market refers to the capitalized forest rights market. Among these markets, the first-level market is the monopoly market because the purchasing market is monopolized by the government. While the second and third level markets belong to the competitive market. As a result of the building of our country's forest rights trading market not being adequately developed, it is inevitable for the market to possess various shortcomings. Nevertheless, it also shows a strong advantage of resources distribution.

Some scholars did the research of the forest rights trade mainly through the real-place survey on the forest rights trading, started from the actual forest trading status and then summarized the achievements and the existing problems in the forest rights trading building, finally to put forward reform proposals. Hua Wenli investigated the forest trading status in Suichuan County of Jiangxi, Yongan City and Sha County of Fujian in 2009. After doing this investigation, he pointed out that the present forest transactions have many problems: the qualifications of the transferee, four accuracy characteristics of the forest ownership, the immovable property characteristic of the forest, the potential risk and trading platforms. He also proposed the reform suggestion corresponding to these problems. Lin Ping did a research in

2008 on the qualification of the subject in the forest rights transfer and circulation. She assumed that the qualification of the subject is a primary condition to determine whether the transfer behavior is valid and effect. According to the actual reform situation of the Collective Forest Tenure in Fujian, she mainly analyzed and discussed the transfer qualification of the rural contractual and management households and joint families, and then she brought forward that the determination of the rural contractual and management households' transfer qualification should be unanimous with the registration on the forest rights license, while the transfer qualification of the joint families should set the confirmation of their legal nature as the prerequisite. In addition, some scholars focus on some other legal issues in the forest land transfer, such as the legal risk prevention, the identification of the responsibility in the forest trading case; as well as the technical issues, such as the calculation method of the price in the forest land transfer, the value of the forest land.

2. Goals and Methodologies

2.1 Objectives

The goal of this research is to confirm the forestry rights transfer and circulation situation, the operation situation of the county level forestry property right trading center and the position of the center in the local forestry property rights transaction, through the field research of the circulation situation of forestry property rights in four case counties, to conclude the experiences of success, failure and the facing restraining factors in the trading center operation and to table the proposal of regulating and improving the local woodland and forestry circulation and more efficient operation of forestry property rights trading center.

2.2 Methodologies

Four methods followed are adopted in this research:

First, documentation researching method is adopted to master the latest research situation of woodland and forestry circulation and the forestry property transaction market, to provide method for the execution of this research and reference of choosing of angle of view.

Second, Participative Rapid Appraisal method (SPA) is adopted to start research and acquire research data. The participative means of issue tree, restoring groups and sorting and holding meetings are adopted concretely.

Third, commodity chain analytical procedure to analyze the data, confirm transaction procedure of woodland and forestry, i.e. the inner logical relationship between transferor and transferee.

Fourth, SWOT analytical method is used to analyze the advantages and disadvantages, the opportunities and challenges in the operation of the forestry property right transaction market.

3. The Description of the Basic Information

3.1 The Case Point Description

This research bases on forestry property trading center of four counties of Jiangxi province as case point. These four case points stands for different styles. First, of the date of forestry property reform and foundation of trading center, Tonggu county completed forestry property reform earliest and established trading center earliest at October of 2005, then Fengxin county established forestry property trading center at July of 2006, then Yifeng county at September of 2006 and Jing`an county established forestry property trading center. It is propitious to understand the development process of forestry property circulation completely in Jiangxi province to choose these four counties as case point.

Second, of the quantity and style of forestry property transaction, Tonggu County is the first experimental county and the first county in which the trading center was established and the existing transaction style is the most and transaction quantity is more than the other three case counties.

Third, of the geographical position and the situation of forestry resource, Tonggu county states in the mountain area far away from the big city, but Fengxin county and Jing`an county states are in areas where mountain and hill coexist, near big city like Nanchang city, Yifeng county states are in areas where hills and plains are typical. The difference between geographic positions and natural conditions of these four case counties causes the diversity of forestry resource and quantity of forester and woodland in these four case counties.

The following context will specifically introduce the basic reform situation of the forestry and forest rights in the four case counties.

Tonggu County is a key forestry county in the south of Jiangxi Province. The area of wooded region in this county is 2,040,000 mu, accounting for 88.4% of land. With 9,470,000 cu.m standing stock volume and 53,810,000 live bamboos, the forest coverage rate reaches 86.4%, ranking the list in Jiangxi. With beautiful landscapes and abundant forest resources, the vegetation categories is up to 91 families (more than 500 species), including Chinese yew, golden larch, and other rare species as many as 20 kinds. Tonggu County was selected for forest reform in August, 2004 and it took leadership in starting reform of collective forest ownership. Up to May in 2005, after 10 months' reforming, a comprehensive reform was achieved. Tonggu County won

the first prize after unified examination. Through this reform, 78,303 demarcations of forest right were performed (accounting for 100% of forest area) and 34,800 warrants were issued, among which household registration rate came to 96.6% and right certification accounted for 98%. 208,000 mu forest disputes (accounting for 98% of the whole disputes) were mediated. Based on “Forest Resource Transfer Regulations in Jiangxi” and the local business, “Provisional Regulations on Transfer of Forest Resources in Tonggu” was formulated after rights reform was fully completed in July 25, 2005. In October of the same year, the first forestry property rights transaction center was established in this province. This regulation was aimed to promote appropriate forest management and regulate forest Transfer behavior.

Fengxin County is one of the 36 key forestry counties in Jiangxi Province. The area of wooded region in this county is 1,561,600 mu, accounting for 63.4% of land. With 5,000,000 cu.m standing stock volume and 8,000,000 live bamboos, the forest coverage rate reaches 61.2%. Fengxin Country is home to an abundance of wildlife. Over 40% of households in this country live on the rich bamboo resources. Farmers (especially farmers in mountains area) pay particular attention to forest management. Since a new round of collective forest reform has been implemented in 2005, the target of growth in rural incomes, resource utilization, and social efficiency has been initially achieved, which resulted in a general mood of euphoria among the farmers (forest area is in a stable order, and forestry is in a booming development). Foresters’ income (717 Yuan per capita before reform) has increased to 1572 Yuan, with an average annual growth of 21.68% (the average annual growth of forest resources in the county is 7%). With the further promotion of forest rights reform, forest factor market was established in Fengxin Country in July 2006. The market was carried upon trading and constructed in accordance with the requirement of “the six systems, a central”. Previously, based on “Forest Resource Transfer Regulations in Jiangxi” and the local business in forestry, “Regulations on Transfer of Forest Resources in Fengxin” was formulated and acted in January 1st, 2005.

Yifeng County is the home of the top 10 bamboo regions in China and a key country in Jiangxi Province. The area of wooded region in this county is 2,020,000 mu, accounting for 63.6% of land. With 6,048,000 cu.m standing stock volume and 120,000,000 live bamboos, the forest coverage rate reaches 71.9%. Among this the area of bamboo forest is 840.000, accounting for 46% of the forest land. Wood, bamboo, grain, hydropower and tourism are the five superiorities here. Yifeng County launched a collective forest rights reform program in 2004 which was in accordance with the provincial forest reform work requirements. By 2007 the main work of forestry reform had been successfully completed and then been checked and accepted by provincial and municipal officials. Later it began to promote the “one center, six systems” activity to support forest right reform. With this reform, the number of

participating peasant households came to 44,312 and the forest area came to 180.11 hectares. The area of sharing mountain with per household came to 1,243,000 mu (the rate of per household accounting for 82.4%) and land parcels accounted for 84,000 (whose rate is 94.93%). Up to August in 2008, the county has issued 69,000 new warrants with 100% certification. Since the reform, the total number of forest disputes in Jiangxi Province came to 1648, among which 1589 had been mediated (the mediation rate was 96.4%). 700,000 mu forests used as ecological compensation had been implemented and all the irregular charges on agriculture had been firmly lifted. More than 90% masses showed their satisfaction to this reform. Based on “Forest Resource Transfer Regulations in Jiangxi” and the local business, “Regulations on Transfer of Forest Land and Bamboos in Yifeng” was formulated after rights reform was fully completed in April 30, 2007. In May 1st of the same year, the first forestry property rights transaction center was established in this province. This regulation was aim to promote appropriate forest management and regulate forest Transfer behavior.

Jingan County is a key forestry county in the south of China and in Jiangxi Province. The whole area is 2,066,200 mu (13377.49 square kilometers), among which the area of wooded region is 1,756,800 mu, (accounting for 85% of land), with an average of 12.5mu per head. With 6,268,000 cu.m standing stock volume and 36,189,000 live bamboos, the forest coverage rate reaches 82.8%, ranking the front in Jiangxi. With abundant forest resources, Jingan Country is the home of an abundance of wildlife. The vegetation there is more than 3000 species, with rare species reaching as many as 150 (vegetation under the first and second class state protection are 27 species) and the wild animals is nearly 300 species (animals under the first and second class state protection are 31 species). Under the unified arrangement in Jiangxi Province, Jingan Country launches the collective forest right reform. Up to 2005, a comprehensive reform was achieved and it also passed the unified examination. Based on “Forest Resource Transfer Regulations in Jiangxi” and the local forestry business, Forest Property Rights Exchange Center was established after right reform was fully completed in 2007. This center was aim to promote appropriate forest management and regulate forest Transfer behavior.

3.2 The Information of the Surveyed Forest Rights Trading Center

Overall, centers in the four countries are all established in 2005-2007 under the right reform measures. They all belong to the full charge public institutions which are subordinated to the local forestry bureaus and the number of the staffs in the four trading centers is generally from 6 to 10. The staffs are responsible for every service in the forest trading in the local county. Conditions of each trading center are showed as follows:

The Forest Property Trading Center in Tonggu County, which was set up in

October 2005 and took effect in March 2006, is the first one in Jiangxi Province. It is a full charge public institution which is subordinated to the forestry bureau in Tonggu Country. The office building of the trading center is a former property of Tonggu County Forestry Department. It took 3,000,000 Yuan to alter and improve trading floors and office window. The area of property center is 500 square meters. During the construction, the main cost was funded by itself and small amount of money was given by the provincial Forestry Department and the State Forestry Administration. In addition, two renovations were conducted with the funds provided by the local forestry bureau after completion of the transaction center. There are 10 staff members in it, among whom 8 are formal employees seconded by local forestry bureau and the other 2 are temporary members. Besides the “three zones and one center”, (that is, the district administrative examination zone, intermediary service zone, forest rights trading zone and forest rights registration center), it also established 14 service windows (the registration of Linquan, property transactions, mortgage loans, forestry technology and legal advisory, wood and bamboo transport visa, quarantine of forest systems, wood and bamboo calibration, forest harvesting and design of planting operations, forestry case , forestry insurance, wood and bamboo cutting plan , wood and bamboo processing permits, information dissemination, forest resource assessment, etc.). Up to the end of 2009, 3112 circulations on forest had been handled by this center, the area of which came up to 392,900 mu and the transaction fund amounted to 301,000,000 Yuan. Among this, 204 circulations (29,100 mu) were conducted in 2009, which amounted to 14,500,000 Yuan.

The Forest Property Trading Center in Fengxin County was set up in July, 2006. It is a sub-sectional public institution which is subordinated to the forestry bureau in Fengxin Country and the personnel expenditures there are brought into the local budget. The office building of the trading center is a former property of Fengxin County Forestry Department. Over 500,000 Yuan was successively invested in the center with a total area of 1,000 square meters for a full decoration. There is a service hall, an exhibition hall and an auction room which can hold more than 80 people in this center. Three electronic displays, a touchable screen and other computer operating system are installed in the hall. There is 20 current staff there, among whom 10 are formal employees seconded by local forestry bureau and 9 are seconded by association of enterprise and 1 is a temporary member. As for the classification according to the nature of their work, there are 3officers, 12 business members, 4 technical staff, and a driver. This center carries many comprehensive service functions, such as forest property transaction, forest ownership registration and mortgage management, assets evaluation, information dissemination, forestry technology and law, information resource release, bamboo calibration, and timber transport permit. It also established few service windows (forest rights registration, forest ownership

certification, asset valuation, mortgage, information dissemination, and wood and bamboo transportation in and out province). In order to enlarge the influence of the center to encourage more and more people to participate in it, Fengxin County made full use of radio, television, leaflets, vehicles, billboards, posters and other forms to actively promote “Forest Resource Transfer Regulations in Jiangxi” and the transfer procedures of forest resources. Up to the end of 2008, 152 circulations on forest had been handled by this center, the area of which came up to 58,000 mu and the transaction fund amounted to 102,000,000 Yuan. Among this, 47 circulations (12,000 mu) were conducted in 2009, which amounted to 1380 Yuan.

The Forest Property Trading Center in Yifeng County was set up with an area of 666 square meters in September. The center is located right in forestry bureau with a service hall, an archives room and an auction hall. An electronic display and computer operating systems are installed in the hall to make the center can handle official business automatically. The Trading Center is a public institution which is subordinated to the forestry bureau in Yifeng. It was set up according to the provincial requirement of “a central, six assistant constructions”. Its main function is to be responsible for market management and service in property trading, including forest assets evaluation, deal registration, examination, execution of deeds and the relevant laws, regulations, policies, information consulting and transaction services to both agents. Currently there are six positions with only 5 staff, who are all the members of forestry bureau. From a point of age, the oldest one is 57 years old and the youngest is 33 years old, so the average age is 45 years old. From the academic perspective, three have received undergraduate education, the other two graduated from high school. Trading Center of Public Resources in Yifeng County was established in 2009. It became an independent department under the leadership of Public Resources Trading Center after the coordinative work of Forestry Bureau and other government agencies. Since the center was set up in 2006, 3767 circulations on forest had been handled, the area of which came up to 309,400 mu. There are two main methods of circulation: one is transfer, through which 3639 circulations on forest had been handled, the area of which came up to 247,800 mu and the transaction fund amounted to 176,626,400 Yuan; the other is buying a share, through which 128 circulations on forest had been handled, the area of which came up to 61,600 mu and the transaction fund amounted to 61,550,000 Yuan. In property transactions, most were carried out through public auction, only a few through the transfer agreement.

The Forest Property Trading Center in Jingan County was set up in December, 2006 with the approval of government. It is a sub-sectional public institution with 10 formal staff, among who are 2 managers, 5 business members, and 3 technicians. The area of this center building is 400 square meters and it costs 400,000 Yuan (all from the local financial investment). On the second floor of this building are the general

office, transfer transaction agency, mortgage institution, forest resources assessment organization and forestry property information office. In addition, an organization of anti-pest, fire, theft is set up there (there are 108 such organizations in Jingan Country). According to the description of the center, there were 20,000 mu transfer forestry before the reform, since the center's setting up, a lot of work had been done. After the promotion in 2007, the area of transfer forestry came to 75,000 mu and in 2009 the number added up to 95,000.

4. The Types and Procedures of the Forest Rights Trading

4.1 The Forest Rights Trading Types

From the survey we can see that the types of forest trading in the four countries vary from each other. We can divide them into transaction on exchange and private circulation according to whether the trade is conducted in the property trading market.

The transaction on exchange (that is, through trading centers to transfer) can be divided into various forms according to the specific classification criteria: (1) According to the specific transaction pricing methods it can be divided into the auction, bidding, and negotiation¹; (2) According to the target date and the way of payment, it can be divided into transaction and leasing²; (3) According to the transfer times of property, it can be divided into just-for once and secondary (multiple) circulation³; (4) According to various objects, it can be divided into timberland circulation (which includes arbor land circulation, bamboo land circulation, and mixed forest circulation) and deforested land⁴; (5) According to the various target date, it can be divided into long-term (mostly arbor forest or mixed forest circulation between 20 to 30 years) and short-term (bamboo circulation within 10 years).

There is not any survey on the way of private transactions in the above countries. However, based upon the estimation of the center, the quantity of the total circulation should be large. And the main trading objects are forest trees with little woodland. The

¹ Transaction on exchange is to do the property registration in the forest property trading market. You can use auction, bidding, negotiation or a number of different ways of price formation; while private circulation is to do the property registration out of the forest property trading market, which mainly completes the transaction by negotiation

² Transaction refers to transfer the using rights of forest land just-for-once according to warrant and get the payment in the same way; while leasing refers to transfer the using rights of forest land just-for-once but get the payment by many times or just transfer the forest land for part of the required years.

³ The just-for-once transaction refers to transfer the managerial authority; while the secondary transaction refers to a second transfer of the managerial authority acquired by the just-for-once transaction.

⁴ As Tonggu Country carried out the "elimination of barren hills" campaign in 80s of 20th century, there is no large area of barren hills there. Consequently, there is not the usual barren hills' transaction as in other provinces or countries.

survey shows that in the ordinary people's opinion is that it is troublesome for them to do the transfer through large companies and they would rather do the deal in private.

4.2 The Forest Rights Trading Procedures and Transferability

The diversity of property trading brings many types of procedures. Overall, the venue can be divided into two types: the transaction on exchange and private circulation. Among them, the former is more complex and it needs more procedures than the latter one. Usually it will take about 30-60 weekdays to finish the transaction on exchange while the private circulation could be finished in one day or even in a shorter time. The majority of the two sides in private circulation mostly sign a written agreement, while there is also a minority who reach an oral agreement rather than apply for the ownership registration. Two different types of procedures are shown in the below Figure 4-1 and Figure 4-2.

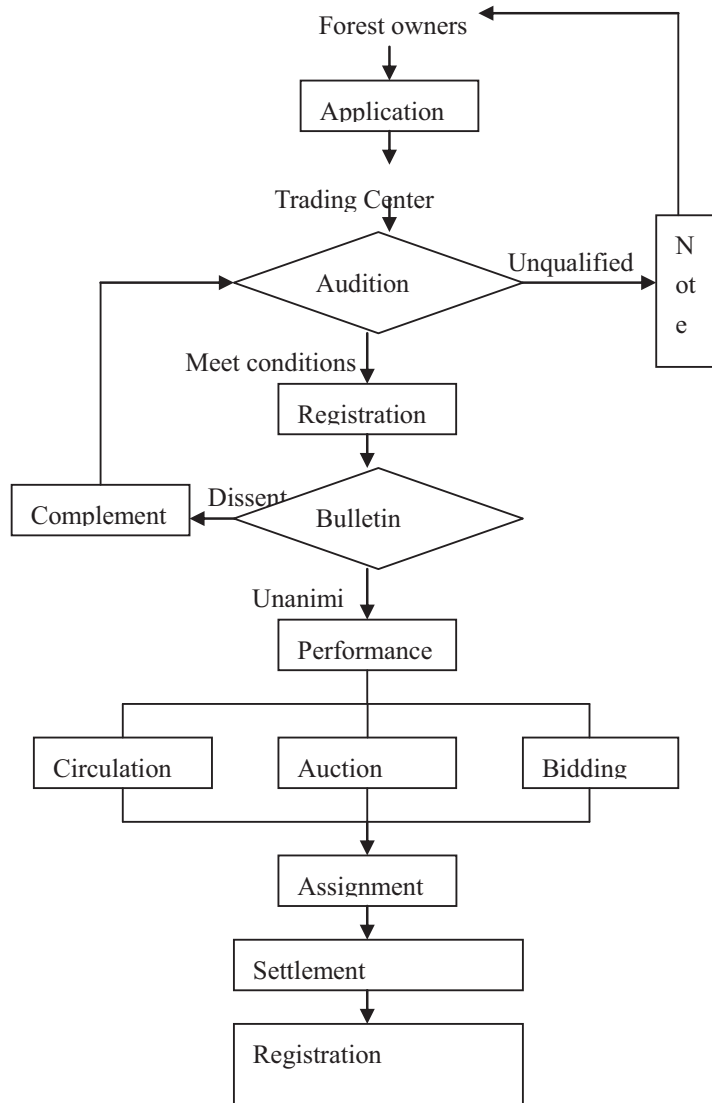


Figure 4-1 The Process of Circulation

After the reform of the collective forest property system, *Regulation on the Transfer of Forest Resource in Jiangxi* made clear requirement to the transfer of collective forest and state-owned forest. According to this requirement, the trade must be done in the trading market after assessment through auction. Some countries also have such requirements, however, there is no such regulation on the circulation which is traded between foresters (including previously assigned hill land and private land, as well as the forest land allocated in this reform).

The specific processes of transfer of state-owned forest are as follows: First, the trade is proposed by the forest bureau, and then under the guidance of the government it is supervised by procuratorate and the administrative department; at last it is done in accordance with the stated process. The purpose of the transfer of state-owned forest obtain the income to compensates the workers for terminating their labor contract in state-owned forest farm.

The circulation of collective forest property rights is carried out in accordance with the above-mentioned procedures. In order to strengthen the management of the collective forest land, Yifeng Country takes one principle for binding (the procedures, certificate, and targets for cutting trees are all not allowed). Circulation of collective forest land is mainly due to that they need money to build roads, schools and other public constructions. Such circulation mainly happens before the founding of the center.

The process of the private transfer mainly includes:

- (1) The negotiation on the forest land between the two sides;
- (2) A respected village leader or a local tribe or a person who is acceptable by both sides will be the witness, and then the two sides will sign the agreement after they come to terms.
- (3) Takes into effect. Generally there still are some procedures which will be shown in Figure 4-2.

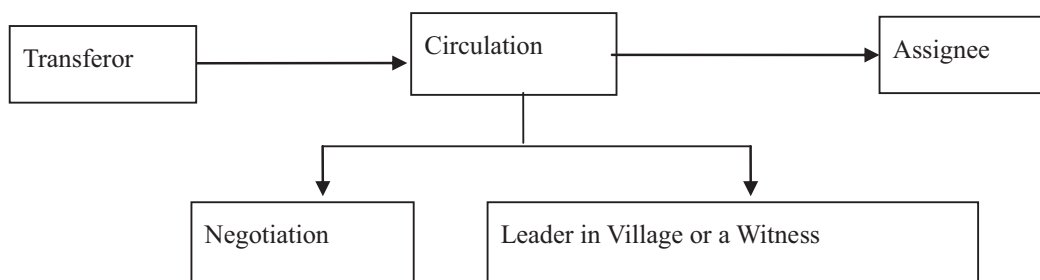


Figure 4-2 The Process of Private Circulation

4.3 The Significance of Property Rights Trading Center in All Forest Rights Transactions

In practice of the forest transaction, although there are several different types of forest ownership transactions, with private circulation there still are some problems which are difficult to solve in the current study⁵. Based on this research, we can conclude the importance of property transaction centers in the above countries into the following points:

First, it has set up a platform which can help social capital take part in a large-scale forest ownership transfer. The higher cost of transaction had once held back the social capital to participate into forest management or other activities. Thanks to the constructing and running of the centers, the cost of the transaction has substantially declined and the social capital of forest has increased a lot.

Second, it has set up a platform which can provide a multi-forestry service. Currently, the Forest Property Trading Center and the relevant departments jointly provide forest right mortgage, insurance, and other multiple services to become a forestry administration department's service window. It is helpful to enhance the efficiency of forest allocation and to reduce the risk in delivering the forest activities.

So far, the significance of forest property transaction centers continues to increase, that is, the number of the participants involved in the exchange constantly grows. One reason is the trade center and other relevant departments jointly provide several services such as the forest rights mortgage, insurance, and multiple forest services, so it is impossible to get the above service without registration. The other reason exists in the enhancement of the awareness of the transaction of property; especially the lower payment of the exchange and the convenience of registration contribute to a better implementation of the rights.

4.4 The Advantages and Disadvantages of Each Forest Rights Trading Type

Different types of forest rights trade have their own advantages and disadvantages. Take the long term flow and the short term into consideration, the former term will help making the transferee be more stable after getting the operation of forest resources, but it may cause bad effects on the other side. Such as, the transferor side gives the long-term forest use of rights to the transferee using only one time negotiation and setting the transfer price to the transferee, and then the transferor is likely to face the damage of the interests which is caused by the proliferation of the

⁵ The private circulation has multiple causes and part of it is due to the former transaction before reform. In the former transaction, the conflicting ownership and other factors made it difficult to handle ownership registration; some small-scale and short period circulation between the foresters made it inappropriate to do the registration under the existing regulations.

forest. Based on the norms and the promotion of the circulation, the main focus of this research are the features of the inside and private circulation. As an alternative role played by such two circulation ways with each other, the advantages of inside flow at a large extent is the disadvantages of private flows, embodied in the transfer process convenience, height of the turnover costs and benefits, protection of the interests after the transfer, the applicable of the transfer and other aspects. Details are showing in the following Table 4-1.

Table 4-1 Comparison of the Features between the Inside and Private Flows

Flow terms	Inside flow	Private flow
Convenience	does not have: need more than 30-60 working days	has: can be finished in a short time
Costs	comparatively higher: transaction cost, evaluation cost, board and lodging cost, etc.	almost no cost
Interests	comparatively higher: the circulation price maybe higher	the circulation price maybe lower
Protection	good for the protection of both sides: alternative registration of the transaction right	bad for the protection of both sides: can lead to the potential dispute of the forest right
Applicability	applicable to the main flow with a certain scale, such as foresters have larger scale forest land, state forest, and the roll-out side formed by many foresters	No requirement of the size of the main flow, but more suitable for the small-scale, irregular flow of transactions
Public service	has: such as the policy insurance of the forest	does not have: identified by management department as the violation of the relevant laws and regulations

5. The Analysis of the Forest Rights Trading Center's Trading Performance and Trading Status Quo

5.1 Transaction and Management Systems and Operating Procedures

According to the "Forest Resource transfer regulations of Jiangxi province" as well as other transaction management measures set by all the case counties, the case counties' forestry property rights trading center established the operating procedures

for the circulation of forests and trees. Overall, the operational procedures for the transfer of forest land and trees are basically the same, but there are some differences in the details requests. The common processes of four case counties are summarized as follows:

First of all, application materials should be submitted to the forest rights market, including the certification of identity, credentials, and the draft certification of transfer forest land and trees rights (the renewal forest certification given during the forest reformation of this time). The reason why the village committee agreement of the transfer should be submitted is the village committee is required to fulfill the functions of their first verification. This can reduce the non-voluntary transfer of the household from occurring. If the collective village is the transferor side of circulation, in principle, the assessment of forest land and trees assets needs to be carried out, in order to avoid the loss of collective assets.

Second, the county forest property rights exchange center audits related information, mainly verifying transfer's eligibility and forest land ownership, and related stake holders (village committee, owner, etc.) opinions.

Third, forest property rights trading market accepts the qualified application. Then the market should post the details about forest land and trees resources and the right circumstances publicly in the applicant's location (specific to the village level) lasting a whole month. In those applications which still have objections, they will not go to the next step, and as such go to the further verification of ownership of resources. To those applications which do not have any objections during the public posting period, they can go onto the registration of circulation.

Fourth, organize and supervise the implementation of flow. To those whose transfer implement will carry out according the agreement, forest property rights trading market should supervise the subscription of agreement, including its legality and effectiveness. To those whose implement of transfer is carried out through caution and bidding, forest property rights market should organize such trading according relevant laws and regulations, including posting the transfer pronouncement more than 7 days through Jiangxi Daily and other newspapers and media, transfer information column of the Forestry Department of Administration's website, the electronic screen in elements trading market hall. The market also needs register all the participants information, collect mortgage payments, employ the auction company or the tender company to preside over auction or tender.

Fifth, for a successful transaction, the market should take charge of the supervision of contracts, processing property settlement, the procedure of rights change for forest, handing out the renewal forest rights certification.

5.2 The Situation of Other Services Provided by the Forest Rights Trading Center

According to the survey of all case counties, besides supplying the forest trading services, trading centers also provides transaction information about different woodland and forest, forest products supply and demand information, organize carrying out forest resources assessment and forest land transactions, provide legal advisory services, to assist forest rights mortgage, forest insurance and the like business. In the assistance of rights mortgage loan and forest insurance, individual case counties trade center is not completely fulfill the functions of intermediary services, but to perform some administrative functions.

The specific trading services handled by four case counties currently are shown as follows:

Tonggu forest rights trading center has become an open trading platform for foresters and owners, where the "voluntary, equal, open and legal," trading can be carried out by them. Till the end of October 2009, the county has handled 2360 cases of mountains circulation about 320,000 acres which involves 246 million transaction value among which the auction and bidding take up 700 cases, about 76 thousand acres with a total starting price to 28.8 million Yuan, and the transaction prices to 68.4 million Yuan. Over the same period, there were 2305 cases of forest right mortgage loan, involving mortgage area of 32.07 mu, and accessing to loan capital 131 million Yuan; there were 346 cases of forest resources evaluation, and the evaluation value achieved nearly 300 million Yuan; there were also 85.46 million mu forests will be included in the county's fire insurance policy, and the amount of the insurance achieve 284 million Yuan, and the insurance premium is 1.169 million Yuan.

The forest property rights exchange in Fengxin County total handled 152 cases of the mountain forest circulation with 5.8 million mu of mountain forest circulation area, and the transaction amounted to 102 million. Among them, in 2009, it handled 47 cases of mountain forest flow, involve 1.2 million mu of forest area, and the transaction value amounted to 13.8 million Yuan.

Since Yifeng County's forest trading center Trading has been set in 2006, it has finished 3767 cases of the transaction, involving the transaction area of 309.4 thousand mu. There are two main methods of circulation: First, alienation transfer, which took up 3639cases with the transfer area of 247.8 thousand mu, the transaction amount of 176 million 626.4 thousand Yuan; Second, shares which took up 128 cases, involving 61.6 thousand mu, 61.55 million Yuan. In property transactions, they are mostly carried out through public auction and only a few is through the transfer agreement.

According to the introduction of Jing'an county's forest right trading center, there were more than 20 thousand mu forest transferred. After the reform of forest property rights and the setting of the trade center, in 2007, the main missions are the organization of the forest property rights trading center and its promotion and in 2008, there were 75 thousand mu forest transferred through the property rights center and 95 thousand mu in 2009.

5.3 The Trading Advantage and Disadvantage in the Forest Rights Trading Center

As noted above, four cases in the county showed us that there are many advantages of the trading in the trading center. The most important one is the trading carried out in the center can in accordance with the relevant current circulation laws and regulations. The rights and interests after circulation can be protected, and can get a range of complementary services, thus contributing to a better realization of Forestry income. As forestry is a long cyclical business, faced with more uncertainty, clearing property rights is of great significance. Therefore take trading into the forest right market has an unparalleled advantage in the long run.

Second, the transfer side can achieve higher circulation revenue, as more of the transferee will come to buy forest trees which can increase the price of forest trees.

Again, for the transferee, the transfer can give them a one-time large-scale forest trees which can avoid facing too much high cost caused by too many small-scale roll-out.

Third, forest property rights trading center can serve a mortgage to facilitate their financing. What is more, it can also supply the asset valuation services. Therefore, implementing the trading through the trading center can ensure the legitimate rights and interests of the both trading parties.

Fourth, for the large enterprises with larger flow area or the large forest planting owners, the trade center is a good trading platform, information platform. The operating norms and clear property rights can effectively avoid the property right dispute caused by the private trade.

Indeed, there are some disadvantages by selecting the forest trading center, which include:

First, the more complex transfer process, more complicated procedures make a longer completion of the transaction.

Second, the transfer arouses the cost.

Third, high transaction costs. For the small foresters with a little circulation,

selecting the trading center will cost them the processing fees and other transaction costs, and those foresters who live far from the county will also pay for transportation, lodging and other expenses.

5.4 The Experience and Lessons Learned from the Forest Rights Trading Center

According to the investigation and discussion of the forest rights trading center, trading in the center plays a guidance role in the entire forest rights reform and the forest rights exchanging. To conclude the supplied services content and their specific operation mode and the relevant conditions of four case county forest rights trading center, we can gain the following experience that are worthy to be promoted:

One is that the trading center collects such functions as the administration of the forest rights trading, the releasing of relevant information, file query, legal consulting and other intermediary services. To some extent, it facilitates the two sides trading.

Second, the forest trading center supplies mortgage, insurance, and the like post services of woodland trading. It not only extends the forest trading service chain but expand the intermediate function of forest trading center. Therefore, those functions do assist the development of forest land and enhances the possibility of forest farmers getting rich.

Third, the fair and transparent trading manners of forest trading center protect the trading interests of both sides, but also promote the added and preservation value of forest land.

Fourth, the foundation of trading center forest on county level laid a solid basement for the formation of the forest land of the province and the country.

Certainly, the operation of the current county-level trading center still has some problems. It is worth all departments' levels attention to provide the experience for the complement work after the forest right reform, including:

First, for those lower level foresters with little knowledge and quality, the complex process and difficult jargon set by the trading center make them hard to enter the trading center to carry out trading activities. Therefore, after the development of trading center, it is also very important to strengthen the popularization of knowledge of forest ownership transactions, the simplification of procedures, and especially for the promotion of the forest rights trading by way of plain language.

Second, the contradiction between the concentrate transaction of the county-level forest rights trading and the high cost incurred by the remote distance for the majority of the foresters make the foresters reluctantly carry out the trading activities in trading center. They hope that the application service of the forest trading can be held regularly in the forest concentrated villages and towns. Then the journey cost can be

reduced.

Third, the service function of the existing county-level forest trading center cannot meet the foresters' needs on the variety technical services for the woodland. Right now, foresters need not only trading service, but also the management of forest resources, forest pest control and other technical services. Foresters hope to find a department which can supply all the technical services. In the later development, the county-level forest trading centers should be further extend their service chain, and coordinate all the forest management units in the technical services. Turning required services from departments into a one-stop window transaction for the foresters. And departments within the window coordinate with each other to supply services.

6. The Stakeholder Analysis

6.1 The Trading Center Staff

From the investigation of the four case county forests rights trading centers, we can find that the staff in the centers is basically transferred from other county departments of the forest bureau. And if the staff is not enough, they will make a social recruitment to employ some temporary staff. The staff's amount, structure, and qualification and the other situations of the four case county forest trading center are shown in Table 6-1.

6-1 the staff situation of the four case county forest right trading center

type		Tonggu	Fengxin	Yifeng	Jing'an
Staff NO.		10	20	6	10
authorized strength structure of staff	Enterprise	8	10	6	10
	corporation	0	9	0	0
	Temporary	2	1	0	0
staff station	Administrative staff	2	3	2	2
	Account executive	5	12	4	5
	Technical staff	3	4	0	3
Educational level	Undergraduate and above	4	—	3	—
	Junior college	3	—	0	—
	Senior high school and technical secondary school	3	—	3	—

Through the investigation of the trading center staff, all the case county staff is satisfied with the current situation of transaction center, but they are not optimistic about the future development of the center. They mainly believe that the current legal status of the center and function are not clear, and the forest trading operation is relatively complicated. Therefore, the future development is not certain.

The manager of Tonggu forest rights trading center said that the load on the center is relatively heavier, and the work amount is large, particularly the amount of the dispute happened during transaction is relatively large, what is more, some of the dispute will last longer time. For the transaction work, it is hard to find transferee due to the high trading cost. Right now, the small-scale foresters still do not want



to enter property transaction center to carry out trading through auction, tender and other manners. Tonggu Forestry Center keeps ahead in the province-wide area on both the types and the situation of the business implement. Its transaction amount and value list in first place of the whole province. For the mortgage loans, the center carries out its business not only for the local forest owners but also covering Liuyang, Hunan, Jiangxi Yifeng and other surrounding areas. The center organized local postal savings banks, agricultural banks, credit unions and a number of financial institutions to provide services. Considering the statement of trading center, the manager offered the following recommendations: First, adjusting and improving the existing laws and regulations on property rights transactions and regulating other specific functions and business processes; second, strengthen software construction and training all the business operations of trading center; Third, to establish the provincial and even the country trading website as soon as possible; Fourth, to enhance investment and expand investment channels; Fifth, to further rationalize the relationship of trading center's administration, transaction and marketing services; Sixth, strengthen the propaganda and popularize the transaction information to make the both transactions sides gain the symmetric information, and to protect the interests of forest farmers.

Fengxin County Forest Trading Center as a subordinate unit of Forestry Bureau, Forest trading center staff are not fully engaged in work of the Center. During this research period of this time, the acceptance check of afforest along the road was just carrying out by chance in Jiangxi province. Most trading center staffs were sent out as checker.



Center official said that the operation of forest trading center faces many unfavorable factors. First of all, the legal status of the performance of the center is not clear, that is the center should be intermediary and administrative departments. Second, a lot of work carried out lacks laws and regulations as a guarantee, such as lack of qualification of evaluate the forest resources and property. Third, the current procedures of circulation are not standard. The primary purpose of foresters to transfer their woodland is to obtain a real flow of income. As the rapid development of Fengxin Industrial Park, foresters' non-forest, non-agricultural incomes are growing very fast. Therefore, the requirement for transferring forest land for cash income is declining; they are now lacking the willingness to turn out their woodland. Now, the current forest trees circulation numbers have declined and may decline further. If we turn the forest trading center into a pure intermediary organization, it will make the center run into trouble. For this reason, forest trading center's administrative functions should not be stripped. Considering the development of forest trading center, we must first be legalized, that is to guarantee the center's legal status, qualification and trading. Then, we should standardize the implementation process of the circulation department, supervision departments and procedures themselves. Third, we should be formatted, that is, the transfer and other intermediary services' text, agreements, contracts, records must be formatted.

The staff in Forest Right Trading Center of Yi Feng think that the difficulties which trading center faces at present are as follows: (1) members in the center are in their old ages, the average age is 45, which is partial aging. (2) The standard fee is lower, which causes difficulty during the operation. For example, announcement of the auction for 7 days and advertisement on the TV which cost 400 Yuan each day, and most of the time it is over the trading fee. Adding to fee of typing and the operating of equipment, the fee of output is more than that of input. (3) The function position of the center is not clear. According to the requirement of the province, the center belongs to intermediary organization without the right of enforcement and reign. But the right of reign and supervision is delaminated, which will increase the complexity of the trading process and the unwillingness of trading of the forest—famer. The vagueness of the function position causes the center in lacking of a long term plan and difficulty in operation. As to the developing tendency of the center, people think that expending the business content should be put on the first place. Making full use of information and trading on the internet would make property rights trading known by the marketing of the whole province and county. Expanding the promotion let forest—farmers understand the



forest rights trading and want to trade in the center. And then, enforcing the development of mortgage loans and cooperating with more commercial banks make the trading stronger. Last, the evaluation of forest recourse and insurance should be strengthened. The business area should be enlarged. And the social service of forest resource should be done well.

The staff in Forest Right Trading Center of Jing'an think that the difficulties are: (1) the work is heavy. Forest Right Trading Center is responsible for trading, evaluation of resource, design survey and so on. Before the forest revolution, these works are handled by the village. But after the revolution, they are run by unshared housing. The work is heavy and the workers are



lacking. (2) The work of forest in primary level is hard to operate. (3) Forest Right Trading Center is changed into the highly centered administration from the intermediary organization, which is not good for the future development. (4) The center is more inferior to the forest resource evaluation. They cannot evaluate large scale and expensive ones and should invite the superior to do it, which costs much and is troublesome. As to the developing tendency of the center, the following work should be done well: (1) simplify the trading procedure. (2) Standardize the trading and forbid the private ones. (4) Encourage the moving in towns, countries and villages and enhance the relative skill training.

6.2 The Beneficiary

According to the local survey, combined with roles of the participants in the forest tenure trading, we determined to do a survey among foresters Cooperation Organization, foresters (including general small-scale foresters and large ones), forestry enterprises (including the Forest companies, processing enterprises). In the four counties, we selected two Cooperation organizations (Tonggu County and Yifeng County), people in charge and other leaders in 6 towns and 6 villages and 23 transfer families (including four foresters who did not get involved in the transfer), 6 leaders in the forest company to have a meeting. The following are the opinions and suggestions that forest cooperation organizations, foresters and forestry companies hold on forest tenure trading.

6.2.1 Foresters Cooperation Organization

Among the four surveyed counties, only Tonggu County and Yifeng County have forestry cooperation organization. According to the opinion that Forestry Cooperation organization holding on forest tenure trading, we did a survey on forest tenure trading

and the suggestions on improve the operation of forest tenure trading center. Specific investigations are as follows:

(1) Shuangxi professional forestry cooperatives of Tonggu County

Shuangxi professional forestry cooperatives of Tonggu County was established in March 2009, made up with 11 households totally financing 300,000 RMB, of which 9 household raise 30,000 Yuan respectively, and the other two together 30,000 Yuan. 11 households also forest land appraised as capital stock. Now the cooperative has 2,900 mu of forest land, of which two households put in 1900 mu, the other nine put in about 1,000 mu.



Cooperative members began forest tenure transfer in 2008. At that time, they mainly adopted two ways: firstly, from the revitalization of state owned companies into the state-owned forest. This turnover is completed under the supervision of the government, agricultural committee, the SASAC. The price was reached by the agreement and registered the change of property rights which mainly to build professional cooperatives. Secondly, transferring into collective forest land means the land use rights that the other foresters get after forest reform. The low-yield forest is the main part.

At present, the cooperatives forest mortgage through the trade center, receiving 300,000 Yuan and getting the Government's financial interest subsidies. In addition, 800 mu of bamboo forest of cooperatives has been brought into the low-yield forest reconstruction project, obtaining 150 Yuan / mu of low-yield forest reform grant. Overall, the cooperatives are greatly supported by the forestry sector, particularly from the forest tenure trading center.

(2) Xingzhuang "three defenses" association of Yifeng County

Xinzhuang of Fengxian County set up four “three defenses” association, whose 856 households as memberships, the population is up to 3139 people. According to the association leaders, at present, the “three defenses” association shoulders the responsibility to do the daily attendance such as anti-pest, anti-theft and other daily management and protection work of the forest land of the a membership. As for the forest land, the leader still thinks that the trading center is a better choice to avoid disputes, but he hopes that the foresters had better not transfer forest land to people outside the village which makes it not easily managed, especially when it causes more trouble when joining the Association. This is mainly because the present linking defense model the Association adopted when setting up the specialized keeper. As a

result, the foresters will hand in a membership fee in proportion to the size of forest as the daily management costs. If the land is transferred to outside village, the owner of the land will often be not in the village. The managers of the association fear that the owner is likely unwilling to make payments.

6.2.2 Foresters

We totally invited 23 transfer families to conduct the survey. Among them, six from the High bridge Xianghua village of Tonggu county, three from the Dacao Village of Sandu town, four from the Xiakang village in Chian town of Fengxin County, three from the Shuangfeng village of Yifeng County, three from the Xinzhuang Town, four from the Zhongyuan village of Jing'an County, Shuikou village, Shangao County (external circulation households) and Jing'an County. The specific investigations are as follows:

(1) Foresters from Shanhua village in Gaoqiao town of Tonggu County

Huashan Village is one of the villages abundant in forest resources in the Tonggu County, in which each household has a forest area of more than 200 mu. About 10% of village households participated in the forest trees transfer. Of the six villagers we interviewed, four participants in the transfer and all adopt the way of agreement. Only one villager do



the registration of property rights in the forest tenure trading center. The transfer period ranges from twenty to forty years. Some of the transfer time is before the forest reform, some is after that, but there are some differences in the price. The transfers in this village mainly happened between its own residents. The information about transfer is spread by foresters. There are 110 mu of woodland transferred in forest tenure trading center, the transfer of period is 30 years, making a profit of 12 million which is mainly used to solve the problem of insufficient housing funding. The transferee is village foresters living surround the transferred woodland. The transfers between Foresters are not needed to be granted by the village committee, but most of the foresters will ask the village committee for official seals as proven side. The foresters that are not involved in the transfer said if they were not lacking of funds, they would take out a certain number of forest land for business, however, the number of foresters that were willing to transfer the forest land is decreasing.

Based on the perspective of foresters, the village has three issues worth mentioning: first, a considerable portion of transferred forest land is public welfare forest which offends the relevant regulations in “Forest Resource transfer Ordinance” which states that the public welfare forest should not be transferred. However, after

the Transferor transfers the public welfare forest, he also gives up the corresponding right to get compensation of public welfare forest. Secondly, some foresters do not know that there is a forest tenure trading center in Tonggu County, almost all of the foresters have not been to the center, let alone the standard of transaction center fees, for which they did not go there to apply for tenure transfer. Third, the transferee usually has to be willing to have registration of transfer procedures, but the transferor is often reluctant to go to the forest tenure trading center to do that which makes it difficult to complete the registration transfer of forest ownership. In addition, foresters all have the transfer contracts they both signed after they reach the transfer agreement, which says after the transfer, the transferee is obliged to guarantee the resources of the returned forest should be up to a certain standard.

(2) The foresters in Dacao village in Sandu town of Tonggu County

Because the number of village forest land per capita in Dacao village is high and mostly are bamboo whose profits are relatively considerable, majority of the foresters are unwilling to transfer their land. On the contrary, they are inclined to manage their woodland by themselves. The villagers who transferred their land are mainly forced by their insufficient labor or cash.

Until now, there are total three tenure transfer registrations handled in the forest tenure trading center. Among them, one transferee is a resident of Wenquan town of Gutong County whose transferred area was 260 mu. Another two are residents of Gaoqiao Town of Gutong County whose transferred area was respectively 180 mu, 46 mu and the transferred were mainly bamboo. The above forest transfers are all of standard which have all endured two-list publicity. Only after we are sure that there is no forest warrants will we conduct the relevant procedures to avoid forest tenure disputes. In addition, there exist some private transfers which are not passed by the village committee. It is estimated that the total transfer area is 200-300 mu, generally adopt the lease form. The period of this transfer is from five to ten years. The transfer part is the ownership usufruct. The price of these transfers is basically the same with that of the forest tenure trading center. The reason why the foresters adopt private transfer on the one hand is that the some forest land is far from owners' home, which was relatively small and the management costs are too high. So the owners choose to lease to the surrounding farmer; on the other hand is that there are some foresters who work outside or do not live in the village that they leased the forest to others to manage.

Most foresters have not been to the property transactions center. Only after they see the transfer publicity in the bulletin board of the village committee in 2009 did they know about the forest tenure trading center and its transactions. The reason why villagers did not come to the property rights trading center is that they thought the

procedure was complicated and they would have to pay. As for the mortgage loans, some farmers believe that the formalities are complicated and they are not in urgent need of the cash. Even if temporary urgently, they can borrow money from other villagers or in other more convenient way. Some foresters are afraid that after leasing the forest lands, the Lessee may do serious damage to the resources which is not conducive to forest management. So they prefer not to lease. In addition, they should handle the ownership transfer registration in the town, rather than the more distant county.

(3)The foresters in Xiakang village in Chian town of Fengxin County

Chian Town is located in the western suburbs of Fengxin County, in charge of 17 administrative villages including Xiakang village. It is hilly areas, which the forest area is about 10 mu. Xiakang village has woodland about 1 mu, belonging to agriculture, forestry region. It is one of the rich regions in Fengxin County. As for the forest land



ownership, the collective-used forest land is about 5,000 mu. The area that the foresters have got contractual operation rights is 2,000 mu, transferred area is 3,000 mu. Village forest land tenure reform is basically the continuity of the "Forest three acts" practices that is taking the village group as a unit. But a small number of groups will made minor adjustments to the ownership structure based on demographic changes.

The transfer of the forest in the village can be sorted into three categories according to the diversity of transfer body. First, the transfer of the forest whose use of rights is occupied by village. Before the effective run of forest tenure trading center, the major way is the auction among village group. Then, there will be another auction in the forest tenure trading center, with the fact that forest workers of the village have the first right of refusal under the same condition. Second, the transfer of the forest which is planted together by village and state-owned forest farm will be sold by auction in the forest tenure trading center. The income of the auction will be divided for state-owned forest farm, forest workers and village. Third, forest workers take transfer by agreement as the major measure since they are the transferors.

Some foresters have the knowledge of the forest tenure trading center in Fengxin County. However, most of them have no idea of the function of the pit trading. Therefore, foresters usually adopt private transfer when the transfer is in small scale. Village has the consideration of pit trading, with the fear that transferee from other places will pay more, so that the village will lose its own lands. Besides, some parts of the forest in private trading belong to public welfare forest.

(4) Foresters in Shuangfeng Village and Xin Zhuang Town of Yifeng County

There are respectively three transfer families from Shuangfeng Village and Xin Zhuang Town of Yifeng County invited to express their opinions on forest transfer in the conference. In a word, they believe that foresters are not willing to transfer in the forest tenure trading center since it is too far and complicated to have the trade there and they will be charged for the trade. Their own forest is usually in small scale. As a result, if they need cash to solve the current problem, they would rather have an agreement to make a private trade than have the transfer in the center.

(5) Foresters in Jing'an County

There are four transfer families from Zhongyuan village, Shuikou village, Shanggao County (external circulation households) invited to the discussion to ask for their opinions on forest transfer. The specific opinions are as follows:

According to Liu Pingliang from Zhongyuan village of Jing'an County, he has already transferred more than 4,000 mu of forest from more than forty villagers since 2005 and 300 mu from village. Among them, more than 80 percent are bamboo forest and others are spruce and pine. All of the transfers were transacted in the forest tenure trading center. The whole process began with the mortgage loans through the center. The loans would be used to purchase new forest, and then the transferred forest would be used to have mortgage loans to purchase another new forest, thus the forest becomes to the present 4,000 mu, valuing more than seven million. He also runs a primary processing factory of wood and bamboo, and develops forest tourism relying on the forests.

Liu thinks highly of the forest tenure trading center. It supports and helps him to a large extent. Without the center, he cannot transfer so many forests. In summary, his opinions on the center include (1) the transfer through the center not only is standard and transparent but also can guarantee the interests of foresters; (2) the mortgage loans dealt by the center promotes more transfer as well as the development of his industry.

Qi Chuanbing from Shuikou village, Jing'an County introduced that he transferred more than 5,000 mu of forests through the center. Among those forests, 4,210 mu of them, which belong to 116 families of four village groups in Tanggang village, major spruce, are located in Tanggang village, Renshou County. During the time of forest reform, since the forests were not well-allocated, those 116 families decided to sell the forests and share the profits. They held an open auction in town, with the assessment of 640 Yuan per mu by the center. Qi purchased the forest with 2.6 million Yuan in March, 2007, with the transfer time limit of thirty years. At the present time, Qi still has 350 mu of forests been transferring.

He did not know the forest tenure trading center very well at the beginning. Instead, he transferred through the village government, and then completed the procedure in the center. The center helped him with a lot of technique, including directions from the experts on the operation and plan of forest resource, tending and intermittent cutting of forest, plan of forestation. Having the experience in the center, he considered it as a good service department, which provides technical assurance for transferors, especially those who have no idea of forestry. Besides, the center can supply the information of transfer and the policies to help transferors.

According to Cai Donglin, who is the transferor from another place, he bought 3,100 mu of forest in Xitou village, Gaohu Town, Jing'an County in the early 2008 via the introduction of his friend. The forest is generally used to plant bamboo, with hundreds of mu of broad leaved forest. It belonged to 63 local families. After he signed an agreement with them, the result was announced in public in the center. So far, there have been more than thirty families complete transfer, with other twenty families being persuading.

In Cai's opinion, certificate of title must be given by the center, or else there would be dispute on administration and hewing in the future. He thinks that the center can provide him perfect guarantee for his rights, especially when there are disputes with the local villagers, the verification of the center can avoid troubles. It can be safe only when the transfers are done by the center.

Chen Gongwu from Jing'an County presented that he purchased more than 3,000 mu of forest with more than one million Yuan from farmers in seven villages of two countries. Until now, most of the forests have been given certificate of forest rights. However, some foresters still do not complete the transaction with him.

Chen thinks that transaction through the center is safe, providing assurance for his rights. Meanwhile, only those forests transferred through the center can be given permission for hewing, thus make profits. He thinks highly of the service of the center, which provides the transferors help.

6.2.3 The forestry enterprise

There are six different types of the persons in charge of the enterprises invited to the conference. Among them, there is one forest company with foreign investment, one processing enterprise of Tonggu County, one processing enterprise from Fengxin County and two forest companies, one processing enterprise from Yifeng County. Besides, one important transferor from Jing'an County is planning primary processing enterprise and forest travel and entertainment service enterprise. We did a survey and questionnaire on the views of forest tenure trading center in county. Specific investigations are as follows:

(1) Forest company and forest farm, Jiangxi Guotai Forestry Ltd. Tonggu Forest Farm (Tonggu County)

Jiangxi Guotai Forestry Ltd. is a Canadian forestry investment corporation. Its earliest forest transfer happened in Tonggu County in August, 2005. The forest farm has twelve employees totally, with eight prevention guards and four administrators.

At the present time, the forests of Tonggu forest farm are made up of two parts. One part was transferred by national forest farm in October, 2005, taking up an area of some 24,000 mu. The other part of the forest was transferred by village in 2006, occupying about 9,000 mu. The average transfer price of every mu of forest was four hundred Yuan, with the transfer limit of fifty years. All of the transfers were accomplished in the forest tenure trading center, with the transaction fee of less than ten thousand Yuan. Tonggu forest farm thinks highly of the service in the center, which provides service with good attitude and convenience. As far as the transfer method is concerned, transfer of national forest is dealt in the forest tenure trading center to get the certificate of forest rights by signing a contract. However, transfer of collective forest is accomplished by committee in the village.

The area of the forests which are run by the company, public welfare forest takes an area of 9,100 mu, with the majority of the 9,000 mu being broad leaved forest, which is not allowed to be cut. Till now, forest farm has already planted more than 4,500 mu of artificial spruce and pine, 2,000 mu of bamboo, with the promising cutting quota of 1,000 cubic meter of the year. 500 mu of forests are in the project of loans, with more than 100 Yuan as costs of nurture for every mu. Other 300 mu of forests are categorized into the program of returning land for farming to forestry, with allowance of 210 Yuan per mu every year. So far, the annual average income of forest farm is more than one million Yuan, and the main costs include wages for administrators, prevention guards, and fees of constructing roads, almost 800,000 Yuan in all.

Since the forest farm is operated by investment enterprise, it has the willing that there are still some forests for transfer and operation. However, the forest farm wishes to transfer a large scale and complete forest, instead of small ones, thus they can reduce the transaction cost as well as the difficulty in operation.

(2) Jiangxi Tongguhuahui Industrial Co., Ltd.

Jiangxi Tongguhuahui Industrial Co., Ltd. mainly produces man-made panels and ferules, which is the leading industry in Jiangxi province. It covers more than 20,000 acres of raw material forest base, among which 14,000 acres has rights to use forest land and 6000 acres for cooperation agreement. And it uses the joint production mode of “company+base+farmer”. The whole company has more than 500 people,

including over 100 felling workers.

Now the inward 14,000 acres can be used in the year of 2006 and 2007, which are assigned to over 100 self-employed tree cultivators. And through the coordination and circulation by the local village committee, the deadline is 50 years. The company has received over 150 tree cultivators as workers and the forest land cooperation deadline of the joint production mode is three to five years. It has also used 30,000 cubic meters woods per year, including 10,000 cubic meters' wood provided through free and consultative forest. Through calculation, it has formed scaled operation, which is conducive to increase the resource allocation efficiency.

The company thinks forest right business convenient and it is relatively smooth to do business like modifying the formalities of the title of property in the business center, evaluating resources and mortgaging credits. The services of the calculating centers are highly efficient and the procedure is in accordance with relevant laws and regulations. However, in times of high demand, people in Forest Tenure Trading Center will feel a bit nervous, and should be augmented properly.

(3) Jiangxi Songtao Bamboo Industrial Co., Ltd. (in Fengxin)

Jiangxi Songtao Bamboo Industrial Co., Ltd. is a self-support import and export enterprise that produces and manufactures bamboo floor. It covers 40,000 cubic meters and the production power is 60,000 cubic meters per year. The gross output value of 2009 is about 90 million Yuan. During 2007 to 2008, in order to get stable sources of bamboo, the company has continuously get 20,000 acres of bamboo forest from roll-out parties like foresters and villages, which is mainly through ways of consultative calculating and the calculating time is 20 to 30 years. And only about 10 % of the forests have registered the change of title. When asking about the reasons of not registering, the administrators have presented two reasons: firstly, most foresters are too conservative to register the change of title, because they are afraid to lose their forests after registration. Secondly, the agreement signed between the company and the foresters has stipulated that foresters should assist the company to go through the felling formalities each year. So even if they have not registered, it will not affect the company's felling and acquisition of bamboo. The administrators of the company have given supports to some works of the Forest Tenure Trading Center, like the registration of the change of forest rights and the transportation permit. Meanwhile, they hope to further decrease the transaction cost and increase the transparency of auction so as to avoid high shingles but low price.

(4) Timber enterprises in Yifeng

The research has invited three leaders from the timber industry enterprises to listen to their views and understandings, including two from Shuangfeng village and

one from Xinzhuang village. In summation, their views of the forest calculation involve the following parts:

First, they think that the business center has valuable public information and is of a high level of transparency, and one can get the information he needs through the center.

Second, one can make sure of the ownership of forest rights through the business center, enjoy protection of laws and avoid the disputes after dealing with foresters so as to guarantee their rights and interests.

Third, the calculating woodland through the business center can handle mortgage credits, which is conducive to financing and increase the production and operation of enterprises.

(5) Timber industrial enterprises in Jingan

Now no timber industrial enterprise is participating in woodland calculation in Jingan. Some enterprises sign agreement of woods and bamboo purchase with foresters all by themselves in the village to acquire raw materials. Now several woodland calculating families consider opening up some preliminary processing companies of wood and bamboo, but they are all under preparation, like Liu Pingliang in the research.

6.3 The rural local government and the County Forestry Bureau

The research has invited six township executive leaders and four county forestry bureaus in four case counties and carried out a deep interview in terms of the operation of the Forest Tenure Trading Center and the calculation of woodland after the reformation of forest rights and so on. The concrete conditions are as follows:

6.3.1 The rural local government

(1) Government in Gaoqiao Village, Tonggu County

In Gaoqiao Village, the forest coverage is close to 90 %, and now the woodland area is 180,000 acres, most of which is covered by bamboo grove, and the per capita woodland area is over 30 acres. The commonweal woodland is about 7000 acres and the calculating woodland is about 20,000 acres. And there are about 10,000 acres that has been



transferred through the Forest Tenure Trading Center, and the rest are through consultative calculation. For the transferee of the consultative calculation, most are foresters in local villages, and only a little amount is transferred to foresters of other

villages. Generally, the township government does not support the rolling out of woodland of the self, and most foresters are not willing to roll out the woodland. The foresters who roll out the woodland can be classified into three types: firstly, strained family economy, for example, there is a child for schooling and is in desperate need of cash; secondly, working out or doing commerce; thirdly, the householder is too lazy to do any forestry production activities. As the roll-out party, the foresters are universally not willing to register the change of the forest rights, which is mainly out of the dimness of the significance of the change of the forest right. If both parties involved in calculation are unwilling to register, it is usually out of worrying about high circulating cost or elaborate formalities. Till now, most foresters lack a comprehensive understanding of Forest Tenure Trading Center, and the forestry management should enhance the internal calculating propagation.

(2) Government in Sandu City, Tonggu County

Sandu has a population of 13,000 people and 13 villages, with more than 90 % forest coverage. The forestry revenue of the whole city is over 40% of the gross revenue, and in some villages, the forestry revenue is nearly 90%. The city government can soundly implement the control measures and the supportive policies of the province and the county, like forestation, stand improvement, assistance for fertilization and providing some free plantlet or subsidy 0.1 Yuan for each plantlet.

Till now, the whole village has circulated over 10,000 acres of woodland in the Forest Tenure Trading Center, mainly including the Lvhai Company, who, making use of the Japanese loan project, has rented more than 9000 acres of woodland from villagers or the committee. Meanwhile, there are also some private circulations, and the government does not master the concrete quantity and argument. As for the reasons of private circulation, firstly, the woodland is so far away from the household that it is difficult to manage, so it is transferred to other villages nearby; secondly, working outside and having no time to manage and operate; thirdly, lacking funds for operation, so transferring to others. Generally, villagers are thinking a lot of the woodland for the big profits, and they are not willing to transfer as they will get more profits by their own operations.

But the city government thinks it is better to circulate through the forest land business center, as there are relative institutional constraints, fixed profiles, and legal guarantees, which will avoid disputes in the future. However, it is not convenient to mortgage credits in the business center and it is remote. The officials interviewed in the government suggest simplifying the procedures to provide more convenient service.

(3) Government in Shuangfeng village, Yifeng County

Shuangfeng contains 73,918 acres of woodland. Since 2001, five villages began to circulate general woodland and gave other parts to the committee and villagers, and by October, 2007, it has completed the whole woodland revolution. The whole village has circulated 28,328 acres of woodland, some of which are circulated through bidding after the application of the committee and some are circulated through the committee itself before the foundation of the forest land business center. But after its foundation, most is circulated through it. And the benefits are as following:

First, through the Forest Tenure Trading Center, there is more information, which could increase the foresters' income and protect resources.

Second, after the concentration of the woodland circulation, the operators can operate forests by plans and realize the largest profits so that they will invest more money and techniques, which will increase the motivation of forestation.

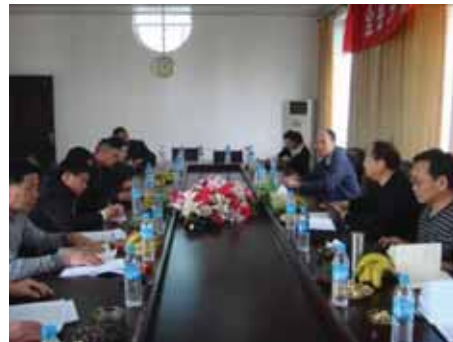
Third, the Forest Tenure Trading Center will increase transparency and protect village leaders so as to decrease the misunderstanding towards them.

People in the village also talk about some drawbacks of it. They think, after the circulation, some foresters are susceptible to being poor, and thus will turn to the government, which will give pressures to the committee and the village.

So they advised for more support, investment and subsidy from the nation to woodland, like the subsidy to the agriculture fields.

(4) Government in Xinzhuang Village, Yifeng County

Xingzhuang has a total of 13 circulating transactions with the trading volume of 2,816,000 Yuan and covers an area of 2370 acres. These transactions are all through the Forest Tenure Trading Center and mainly circulate woods or bamboo groves, the dealers are private proprietors, foresters, forest farm and so on.



It will not only guarantee the interests of both parties, but also benefit the lower management through the Forest Tenure Trading Center. It can also make the transferring auction open to the public, thus avoid a lot of troubles of private transactions. Meanwhile, it can also further ensure the rights of the woodland through transaction notice, which will avoid the disputes of property right.

They hope more investment will be allocated to the forestry, especially after the woodland has been assigned to households, the government can invest more for comprehensive management, which is difficult for the lower government because of

the limited finance.

(5) Government in Baofeng Village, Jing'an County

Circulation in this area is organized together in the village, which is mainly by means of share operation, and the circulating woodland is mostly bamboo grove, with little economic forestry. It is better to circulate within the village or country, rather than circulate to outland. As for the reasons of circulating, first, the woodland is with poor operating conditions,



long distance from the household, high mountains, no forest road and low profits. Second, as for the collective ownership mountain forests that have not been assigned to the households, they are rolled out, because, on one hand, the collective stewardship efficiency is low, and on the other hand, repairing roads and the five guarantees for households both need money. Third, the deprived foresters like those who have to marry and build houses, provide money for the children to go to school, and in need of money out of sicknesses will roll out the mountain forests to change for the cash. Four, it is for the migrant workers, who have commended most of their woodland to relatives or neighbors by means of oral agreement or written agreement. It is generally agreed in the village that, after circulation, there will not be enough administrative funds, the group enterprises like road repair, the five guarantees for households and primary school construction, especially the collective income of the village will be greatly affected.

6.3.2 The County Forestry Bureau

(1) The Tongku Forestry Bureau

The Forestry Bureau in The Tongku Forestry Bureau is the higher authority of the Forest Tenure Trading Center, which has given full support to the development of the Trading Center, and thus made its leading position in the whole province. The Forest Tenure Trading Center is regarded as the various service trades by the Tongku Forestry

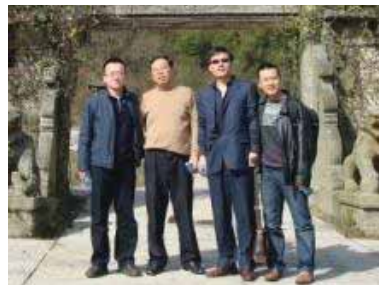


Bureau, which not only signifies the image of the Forestry Bureau, but also provides public services for the Forestry Bureau. In terms of the developmental directions of the Forest Tenure Trading Center, definitely the Forestry Bureau is to make it a regional trading center across three provinces and several counties, expand the intermediary services to the surrounding areas and thus to make it become a regional

forestry essentials and a trading center for forest products. In this respect, the Forest Tenure Trading Center will not be confined in the forest tenure trading, but will be expanded to all industries related with the forestry production and operation. Now the County Forestry Bureau is exploring the characters of the Forest Tenure Trading Center, that is, whether one can and how to separate the various functions of the Forest Tenure Trading Center like the administrative management and the intermediary services, so as to depart it from being both as an athlete and a judge.

(2) The Fengxin Forestry Bureau

The Fengxin Forestry Bureau has given full support to the development of the Forest Tenure Trading Center so that make it the archive advanced management unit of the forestry property right in the whole province. The Forest Tenure Trading Center is regarded as the various service trades by the Fengxin Forestry Bureau, which not only signifies the image



of the Forestry Bureau, but also providing public services for the Forestry Bureau. The Forestry Bureau has ever discussed the administrative management and the intermediary services of the Forest Tenure Trading Center, but so far as it goes, the administrative management has been strengthened. As for the reasons, the county already has four units which are relevant to the forest tenure trading directly or indirectly, like the Forest Tenure Trading Center, the Bidding Center and the Public Resources Trading Center, and the original voluntary liabilities of the intermediary services like bidding, auction and nominal quotation have gradually transformed from the Forest Tenure Trading Center to the Public Resources Trading Center. If the administrative management is separated from the trading center, then it will be in trouble for the decreasing intermediary service variety and the service charge, thereby the local forestry overall interests will be diminished.

(3) Yifeng Forestry Bureau

In the Yifeng Forestry Bureau, there are a total of 3767 dealings since the founding of the trading center in 2006, with the commercial area of 309,400 acres and the circulating volume of 238,176,400 Yuan. The ex-current parties of the forest rights are village and foresters, and the inflow parties are enterprises, large families and foresters. The deadline of circulation is mainly between 10 to 30 years, and none is below ten years but some are above thirty years. The forest



improvement has completed and the foresters has profoundly perceived the potential interests of the woodland, so most are not willing to circulate again. Needless to say, less is now currently being circulated.

The forest rights trading activities in Yifeng are constructed according to the “Transfer Regulations of Forest Resources in Jiangxi” issued in Jiangxi province in 2004. To further enhance the management, the Yifeng County also publish *the Management Ways of Standing Timber and Forestry Transference in Yifeng*, the charging items of the Forest Tenure Trading Center is also executed based on relative regulations like the letter of the Yifeng Price Bureau (the price letter 2008, 2) and the “reply of the consent to collect the comprehensive service fee of the tender agent of public resources” (the price letter 2009, 13).

As for the Forest Tenure Trading Center, he emphasized the work in the following four respects:

Firstly, make sure to legislate for the trading activities, to standardize the management of the national assets and collective assets and to avoid the curb exchange and the self-dealings gradually. Secondly, make sure to enhance the law enhancement, to ensure that law breakers be prosecuted, to be strict in enforcing the law and never going through the cutting formalities for the curb exchanges and self-dealings. Thirdly, try to widen the business so as to push the property exchanges to the national market through online transactions and to expand the propagation to make the foresters get a better understanding of the forest rights trading so that they are willing to trade in the trading center. Fourthly, try to strengthen the mortgage loan development so as to cooperate with several commercial banks and involve all the woodland in the mortgage loan, in this way the whole business can grow stronger.

(5) Jing’an Forestry Bureau

The chief in charge of the forestry revolution of the Jing’an Forestry Bureau said that the Forest Tenure Trading Center dealt mostly with works like forestry evolution and trading and handling certificate of forest rights. He said the Forest Tenure Trading Center was mainly tackling the following questions in the future:



First, now the Forest Tenure Trading Centers in the whole province are so concentrated that there is no need to be more concentrated as an intermediary.

Second, some problems are remained in the ways of trading propagation and information issue. Though it is required to propagate though Internet, newspaper and

TV, few foresters read newspaper, search Internet and have little confidence in the network information, so there are differences between the current ways issued and ways that foresters receive information.

Three, the asymmetry of the woodland trading information erodes the interests of the foresters. Now the foresters primarily receive information through the introduction of friends, which is relatively so blocked that the foresters will get unfamiliar with trading, sell the woodlands with low prices and give rise to bid losses.

As for the future of the Forest Tenure Trading Center, he has the following points:

First, to give centralized and systematic training of forestry operation and management techniques to those who buy the woodlands so as to avoid or minimize the destruction of the forestry resources.

Second, if the forestry regulations are too many and trivial, it will give some operation risks to the circulators who will violate the regulations easily.

Three, problems remained in the political support and favorable policies of the forestry circulation, which mainly include two parts: firstly, generally, there are few political support and favorable policies of the forestry circulation compared with agriculture or other industries. Secondly, forestry circulators have little understanding of the favorable policies, and few will make use of them.

Fourth, the legal identities of the circulating giants. The current policies require proposing the operation plans, giving feasible analysis after circulation. Only then, could they handle the confirmation and felling formalities of the forest rights and enjoy some favorable policies. But in reality, some circulators cannot do the above technique projects and the intermediary organizations will cost too much or even some do not understand the real situation of woodland, thus the organization techniques will lose feasibility. Because of these troubles some circulating giants cannot register the village woodland, get legal identity and enjoy some favorable policies.

As for the above problems, he also gave the following suggestions:

First, to simplify the procedures.

Second, to strengthen propagations and request farmers to go the Forest Tenure Trading Center to transact the transfer register .

Third, to standardize the trading, forestall the intermediaries or social giants to sell woodlands at low prices and protect the legal rights and interests of foresters.

Four, to encourage the internal circulation, establish operating plans and give

relative trainings.

6.4 Provincial Forestry Department

In order to find out the situation of forest right trading in Jiangxi province, the investigation panel invited leaders from the Right Trading Reform Office of Jiangxi Provincial Forestry Department, Regulations Department and Planning and Design Institute to have a meeting. According to meeting, currently Jiangxi Province has established more than 80 county-level property transaction centers and a southern trans-provincial property rights trading center of provincial level. Besides forest right trading service, trading center provides forest insurance, mortgage loans and other services.



The operations of transactions at all levels of are carried out according to laws among which the main legal basis is the “Regulations of Forest Resource Assignment” enacted by Jiangxi Province People's Congress in 2004.

Since the trial of forest rights trading carried in Suichuan in 2006, so far, there have been more than 80 listing property rights trading centers and more than 60 trade centers that have property transactions. Until now, there are 39 000 transactions, trading area is up to 317 mu, the transaction reaches 3.2 billion.

At present, the county-level trading centers are limited in the scope. As a result, it is difficult to establish the capital flow after forest land becomes capital. Currently, the established trading center of southern forest right and the Southern forest right exchange provide inter-provincial business operations. In the future, it will establish online bidding which enables people to bid transaction in any county even everywhere in the country. Trading system is currently in operation. People hope that every county can become an exchange branch. Nowadays, it is experiencing a share reform to become a listed company.

At present, Property rights exchange Center also provides the service to give out forest right certificates, intermediaries (mortgage loans), mediate contract disputes, property rights disputes and forest ownership records management. It is not only the executive branch but also public institutions and intermediaries. The functional authority of property rights trading center are managed by several authorities which is chaotic. In order to regulate charges in forest property rights transaction centers, a provincial unified forest trading charges standards has been formally established.

Property Rights Exchange Center promulgated supporting policies which formulate relevant policies for mortgage loans and insurance policies. The 2% discount mortgages and insurance become one of trial of the Ministry of Finance. As for the public welfare forest, Ministry of Finance shoulders 60% of the insurance. The mortgage loans must be handled in the property rights trading center.

Property rights trading center realizes the capitalization of forest land, meanwhile, makes forest preservation and proliferation come true, estimated at increasing value up to 30%. Foresters can enjoy many services in the property rights center, such as getting forest land prices and know about the county forest land transactions. In the past, foresters believe that transaction costs a lot and its procedures are complex.

Foresters believe that the main problems in current trading center include:

(1) The number of the flow is still relatively small and the portfolio is not big. The main reason is before the trade center, some have flown which will not flow now; Secondly, after the forest reform, the household income enjoys a relatively large increase, while household size is relatively small, many foresters do not want to be involved in the transaction. As household size is small, few people are willing to buy. Currently, live standing trees are active in the auction, meanwhile, there is few the forest land auction.

(2) There are more private transfers. According to an incomplete investigation, farmers transfer more. Most of the time, villages and towns and village committees would take the lead to transfer with processing enterprises (foreign).

(3) The diversification of trading center functions is not conducive to the development of property rights trading center. Being responsible for administrative law enforcement function and intermediary services at the same time are also detrimental to the future.

(4) Transaction cost is relatively low. Transaction costs are: 1,000 mu, 2 Yuan / mu; 1000 mu or more, 1 Yuan / mu. Transaction costs are low, but in order to trade, people have to conduct site surveys, prepare materials for transactions whose cost is far higher than the charges which make trading center passive.

(5) Lacking of a unified standard contract and trading turnover regulation. Applying for mortgage loans, the forest right certificate has to be detained. People should apply for other warrants. Assessment of forest assets should be done by professional appraisers.

(6) Lacking of forest assets evaluation agencies and personnel. Accordance to the state regulations, 100 million or less can be self-processed, 100 million or above requires the recognizing seal from Ministry of Finance. At present, because of the

lacking of institutions and personnel, people have to pay stamp fee in asset appraisal firm.

Provincial recommendations are as follows:

(1) Formulating a national unified operation. Unified national property rights transaction management practices and requirements. Modify the Forest Law, specifying the transfer of property transactions and personal property.

(2) Specify the function and extent of power of Property Rights Exchange Center.

(3) To establish forest resources assessment agencies and personnel as soon as possible.

(4) Property Rights Exchange Center obtains state support and funding. Hoping that the Government can give property rights transaction centers funds and training support.

(5) Property rights trading center staff are inadequate and the income is insufficient.

7. The SWOT Analysis of Forest Tenure Trading Center

According to SWOT analysis, considering the variety of seminars and field surveys of the cases of the county, of all the cases, county forest trading center strengths and weaknesses are obvious, the facing opportunities and challenges are very clear. The specific as follows:

The advantages of the county trading centers' future development are:

(1) The business gradually expanded. At present the major expanding services include mortgage services and forest insurance services. At present, the mortgage service develops well and the future development looks promising. By expanding the cooperation of specialized bank scope, simplified mortgage process, which centers on the forest trading business very well. As for forest insurance, which is currently promoting by higher-level government, with the increasing insurance subsidies, this business will gradually become an important trading center services.

(2) Having a good relationship with the Forest Resources Assessment departments. For the time being, forestry property rights trading center and the Forest Resources Assessment Survey and Design Team, enjoy a harmonious relationship which provides good technical support for property transactions, mortgages and insurance services.

(3) The public pay more attention to the transfer of forest ownership. The forest tenure trading center is not only the external window of forestry authorities, but also

provides public services on behalf of the forestry authorities, making the center to some extent irreplaceable. As the county trading network end of provincial forest rights trading, the forest tenure trading center can get more comprehensive trading information, especially the buyers' information so as to obtain the unparalleled advantages in the intermediary service market. If people can realize the provincial unified internet open trading, trading of the county forest will have greater influence and will be more conducive to the development of the forest trading center.

(4) Foresters raise the recognition of the forest tenure trading center. As the publicity and transactions of the forest tenure trading center becomes more open and transparent, foresters also gradually recognize the importance of the forest tenure trading center, especially as the transaction amount over the past two years gets higher. It also to some extent stimulates the recognition of the forest rights trading center.

The disadvantages of the forest tenure trading center's future development include:

(1) The existing legal system is imperfect which makes it difficult for intermediary services and other functions to reach expectation.

(2) The current venue transfer circulation is not suitable for small-scale ones. Since the forest trading center is set in the county, there are no branch offices in towns and villages. As for the small-scale forest farmers, the trading transaction costs of venue transaction are too high⁶.

(3) There are so many forest land transactions constraints that restrict the development of forest tenure trading center's service. According to the current provisions of forest right trading, it does not allow transfer of state-owned forest land, public forests are not allow to be mortgage and the divided forest which has rare trees or rich wild animals and plants is not allow to logged. These provisions not only largely constrain the forest land transaction, but also affect the trading center to expand its forest services.

(4) Foresters are still not satisfied with the present transaction formalities and charges of forest trading centers, resulting in foresters not wanting to deal with the trading services trading center.

(5) As the charges of forest right trading is too low, it makes the trading centers difficulty to operate.

⁶ As for flow with larger amount, the transportation, room and board expenses to trading center to handle transactions is in smaller proportion of the total trading payment. For small-scale flow, such as the circulation of only 2,000 Yuan, these costs will be in very high proportion.

The opportunities for the future development of forest tenure trading center are:

(1) The business of forest tenure trading centers has been expanded. With the demand on the woodland business management, forest rights trading center will gradually expand in terms of their business scope, such as property rights transactions, mortgage loans, foresters information service, forest resource assessment and management programming are all included. It tries to build a trading center to be intermediary service organizations and technical service centers which provide a complete service to foresters.

(2) Relying on the southern forest trading center of Jiangxi Province, becoming a terminal of a provincial even whole south forest ownership trading platform, trading services market and the target audience expanded. With the establishment of the southern forest trading center Yifeng County forest trading center will become one of the terminals which will not only the spread its own county's forest land information to the country but also apply for the transfer of forestland in surrounding areas. As the services market and services target extend, the cost of auction notice will also be reduced.

Challenges that the forest tenure trading center facing are:

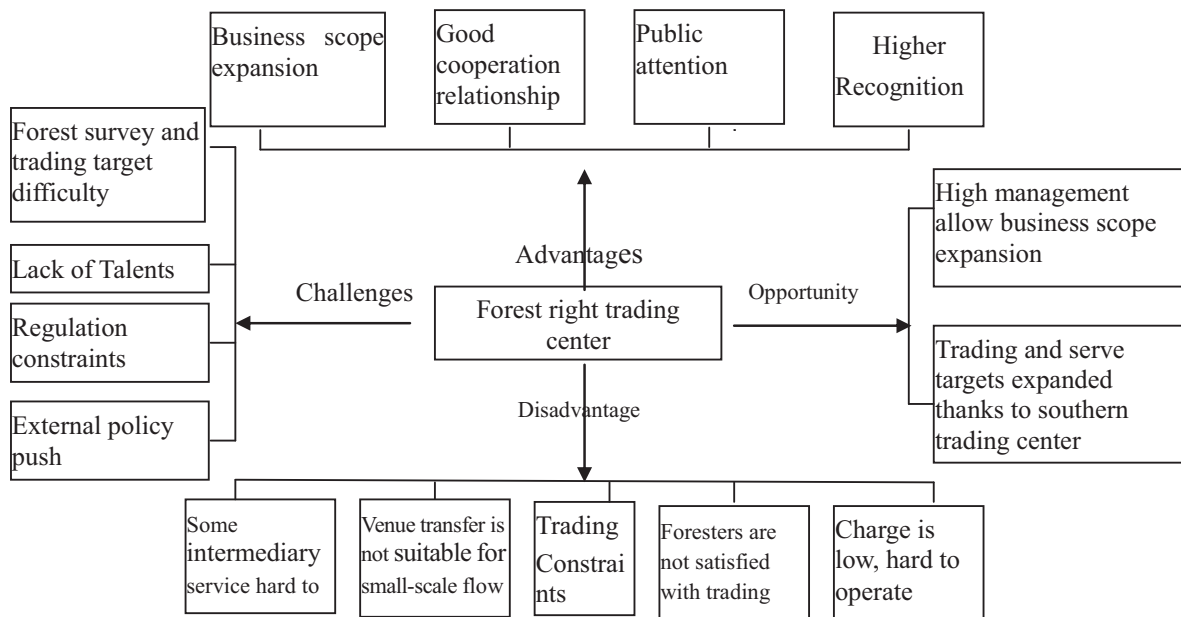
(1) With the expansion of trading services range and clients, the difficulty on the definition of forest survey and trading partners also increase.

(2) Lack of technical personnel. As the services in trading center expand, particularly the technical services such as mortgage loans, forest resource assessment, the corresponding technical and management personnel shortages have become a major threat to its development.

(3) Constraints from laws and regulations. Although Jiangxi province has enacted a number of local laws and regulations for forest land, the central government also makes norms on the forest rights transfer, which creates difficulties for inter-provincial trading services. In addition, the existing forest law, forest logging limits, forest management policies are not suitable with services such as forest right trading and mortgage which creates difficulties on forest management and management.

(4) External compression from trade-related policies. According to the requirements of the relevant departments in Jiangxi Province, each county has established a public resource market, and demanded to put state-owned forest land and other public resources into transfer to handle. As a result, the original part of the

business of the forest trading center will be difficult to develop normally⁷.



7-1 SWOT Analysis of Forest Tenure Trading Center

8. Reformations and options to improve the FTTCs operation based on policy, legal, financial and institutional aspects

8.1 Policy

The Perfection of the System of Transfer Regulations. In comparison, the venue transfer can protect the vital interests of flow subjects. However, the private transfer has planted a hidden danger for the future of forest rights disputes. However, the area and the money amount involved in venue transfer are both large which provide a living space for the existence of private transfer. It has become an urgent need to standardize private transfers, especially small-scale private circulation between foresters. In order to improve the circulation system, we should allow the existence of multiple circulation patterns, meanwhile guiding private circulation to develop in a healthy and benign way, promote the development of intermediary service market and the sustainable development of the venue transfer. As for the current private circulation, we should further implement the transfer provisions and two transfer sides should register the change of ownership so as to eliminate the potential trouble of

⁷ According to the research, in Jiangxi Province, among the established trading centers in the county forest, 4-5 ones have been merged by public resources transaction center which means the original forest trading center is no longer exists.

future forest rights disputes. In addition, as for the way of private transfer agreement, we should simplify the forest rights registration processing procedures. In particular, when the both transfer parties take forest tree that registered with legal forest warrants, the public summons can be shortened which on the one hand provide facilitate for the two transaction sides, on the other hand highlight the legal effect of.

8.2 Legislation

To strengthen the Legal System. What is the legal status of County Forest property rights trading center? What is the legal basis of the ongoing forest assets assessment, forest mortgage loans and forest insurance? What is the statutory procedure of intermediary services? As for these issues, under the current laws and regulations, it is difficult to find a clear answer. With the absence of legal protection, forest trading centers are carrying out exploratory work, but at the same time facing a potential risk. As for the forest mortgage loans whose asset are usually asset evaluated by the forest trading center, then the assessment will be submitted to the financial institutions and issue his property rights certificate to the financial institutions, and mark in the certificate that forest has been mortgaged financial institutions, then freeze his right to use the forest. When a loan dispute arises, the departments of forestry should be the main disputes mediating part. However, it may also be the defendant. Considering this, relevant laws and regulations should be introduced quickly and the nature of forest property rights trading center should be clearly defined. What is more, we should define its role in forest asset assessment, forest mortgage and forest insurance, and confirm forest property rights trading center's qualification in carrying out these jobs.

8.3 Governance and institutions

To strengthen the Production Systems Optimization management. The existence of living trees in private transfer shows that forest tree circulation is not the only bound by the transfer of institutional arrangements but also affected by the forestry production scheme based on a logging quota system. Due to the constraints from the logging quota system, it is difficult for foresters to achieve good operating income from the forest, and thus choose to transfer forest trees. Up to now, the approach of "pre-approval, two-run, two-list publicity" that was constructed in Jiangxi Province created a good institutional environment for cutting quota system. Since the operation procedure is complex, we should further strengthen transparency in quota allocation. In addition, we should concern about the core issue of the quota system: logging indicator does not correspond to forest resource and the number of recoverable resources is much higher than the number of logging targets. Under the premise of sustainable forest management, revitalizing the recoverable resources has become targets and direction of forestry production systems.

The Development of the Intermediary Service Organizations. The developments of intermediary service organizations will help promote the transfer of forest trees, as well as further clarify government functions. With the advancement of reforms, intermediary service organizations should gradually shoulder the responsibility of transferred forest trees valuation and brokering trades. The development of intermediary service organizations which include several forest land evaluation institutions and the establishment of transfer agents will make it more competitive. At present, the majority of emerging brokers in the flow who let transferee obtain the most are in fact the agent for the transferee. This fact makes it difficult to ensure reasonable benefits of the transferor. Therefore, when develop intermediary services organizations, we should standard them with norms, and avoid them to use asymmetry information to provide intermediary services that is not conducive to both sides. In this way, we can ensure the third parties role of intermediary organizations. In this connection, we can establish access system and examination system of intermediary service organizations so as to ensure their necessary service capabilities, and monitor the services quality they conduct. In addition, as for the difficulty that small-scale circulation is hard to enter the pit trading, we can gather the information of potential transferred forest trees through the village, town-level intermediary organizations so as to meet the demand pit trading made on the size of the venue.

8.4 Trade system including hardware and software

Strengthening the Propaganda of the Forest Tenure Trading Center and the Importance of the Venue Transfer. Forest tenure trading center not only provides intermediary services, but also fulfills the public service functions on behalf of the administrative departments. Trading in the forest trading center can help both trade sides' interests be better implemented. Currently, a large number of foresters do not know the forest trading center or has ever been to a trading center. As a result, not all the foresters can benefit from the trading center that is based on public resources. Moreover, private transfer which is likely to harm the interests of foresters is still active. Considering this situation, forest tenure trading center should strengthen the promotion of the importance of venue transfer. In addition to the traditional leaflet distribution, television commercials, and network announcement we can also try to adopt innovative methods, such as send text message to all foresters, paint wall posters in the village-level units, conduct on-site work in the relevant villages and towns. As for the on-site work, we cannot only organized tenders and auctions, but also held on-site registration of forest ownership. In this way, we can expand the forest right trading platform at each forester's door providing the maximum convenience to the foresters to carry out venue transaction.

The Expansion of the Service Function and the Enhancement of the Viability of

the Trading Center. Since the forest growth cycle is long, the number of woodland transfer is limited, with the completion of the coordinate work forest ownership reform, meanwhile in view that foresters gradually recognize the importance and huge potential revenue of forests and the number of transferred forest land becomes limited, so currently expand trade center's business scope and entrust the forest-related services, such as forests insurance, forest management plan establishment, assessment of forest resources and other technical services to trade center which makes the transaction center the technical services support for foresters, it would not only facilitate the foresters, but also help strengthen the management of transferred forest land. By expanding the scope of mortgage banks, we hope that with the encouragement from national policies, people can apply for forest ownership mortgage in all commercial banks, promoting the increment and production development of forest.

List of the Project Publications

GCP/CPR/038/EC Working Paper

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



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

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