

**SEVENTEENTH ICA/JAPAN TRAINING COURSE
FOR STRENGTHENING MANAGEMENT OF
AGRICULTURAL COOPERATIVES IN ASIA**

INDIA, THAILAND AND JAPAN NOV. 26 2002 to APR. 18, 2003

**BACKGROUND OF AGRICULTURE AND
AGRICULTURAL COOPERATIVES
IN P.R.CHINA**

Prepared by: Ni Jing

Date : Dec.28, 2002

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CHAPTER I

CHAPTER I

BRIEF INTRODUCTION OF CHINA

China is located in the east of the Asian continent and on the western shore of the Pacific Ocean. It has a land area of about 9.6 million sq km, extending over 5000sq km both from north to south and from east to west. China is the third-largest country in the world, next only to Russia and Canada.

China is high in its west and low in east. The mountain areas accounts for 33.3% of the total area, and the area for the plateaus, basins, plains and hills accounts for 26%, 18.8%, 12% and 9.9% respectively. Among the 19 mountains over 7,000 meters high in the world, seven of them are in China. A total of 5,400 islands dot China's territorial seas. Taiwan Island is the largest, Hainan Island is the second. China abounds in rivers. More than 1,500 rivers each drain 1,000 sq km or larger areas. The Yangtze River, 6,300 km long, is the third longest in the world after the Nile and the Amazon. The Yellow River, the second longest in China, stretches 5,464 km.

China has a marked continental monsoon climate characterized by great variety. Northerly winds prevail in winter, while southerly winds reign in summer. The four seasons are quite distinct. It is in high temperatures and has plentiful rainfall in summer from May to August, while it is cold and dry in winter from September to April of the following year.

The main agricultural products in China are paddy rice, wheat, corn, soybeans and potato. Paddy rice is the main variety of them. Cash crops are cotton, peanut, sesame, sugarcane, tea, tobacco, silkworm and fruits etc.

CHAPTER II

BACKGROUND OF AGRICULTURE

China has about 1.28 billion people, with about 8.14 billion or 63.78% people among them in the countryside. China is a large agricultural productive country. Since 1978, when China adopted the policy of reform in its rural areas, the agriculture has developed rapidly. In the past two decades or so, the Chinese countryside has taken the market economy as guidance and pushed a new mode of the realization of the collective economy under the market economy. Reform has brought benefits to the farmers, emancipated and developed the rural productive forces, and promoted the rapid development of agriculture, especially the production of grains, and the constant optimization of agricultural structure. As a result, China's agriculture has made remarkable achievements.

The total land area in China is 9,326,410 square km. Cultivated land, forests, grasslands, deserts and tidelands are distributed widely across China. 130.04 million ha of cultivated land is mainly located in east China. Forests cover 97.12 million ha and they are mainly located in the remote northeastern and southwestern areas. Grasslands cover an area of 400 million ha stretching more than 3,000 km from the northeast to the southwest. All the lands in China belong to the government. China's cultivated lands, forests and grasslands are among the world largest in terms of sheer area. But due to China's large population, the areas of cultivated land, forest and grassland per capita are small, especially in the case of cultivated land is only one-third of the world's average.

The cultivated land is mainly on the Northeast Plain, the North China Plain, the Middle-Lower Yangtze Plain, the Pearl River Delta and the Sichuan Basin. The fertile black soil of the Northeast Plain, the largest plain in China with an area of more than 350,000 sq km, abounds in wheat, corn, sorghum, soybeans, flax and sugar beets. The deep, brown topsoil of the North China Plain is planted with

wheat, corn, millet and cotton. The Middle-Lower Yangtze Plain's flat terrain and many lakes and rivers make it particularly suitable for paddy rice and freshwater fish, hence its designation of "land of fish and rice." This area also produces large quantities of tea and silkworms. The purplish soil of the warm and humid Sichuan Basin is green with crops in all four seasons, including paddy rice, rapeseed and sugarcane, making it known as the "land of plenty." The Pearl River Delta abounds with paddy rice, gathered 2-3 times every year.

China's main grain crops are rice, wheat, corn, soybeans and tuber crops. Paddy rice is the major grain crop in China, grown mainly in the Yangtze River valley and southern China, and on the Yunnan-Guizhou Plateau. Its output accounts for two-fifths of the total grain output. The output of wheat accounts for slightly more than one fifth of the total output of grain is planted throughout China but mainly on the North China Plain. The output of corn grows in the provinces of northeastern, northern and southwestern China, accounting for one fourth of the total grain output. Soybeans are grown on the Northeast China Plain and the plains along the Yellow and Huaihe rivers. Sweet potatoes are grown widely in China, but mainly in the Pearl River valley, along the middle and lower reaches of the Yangtze River, the lower reaches of the Yellow River and in the Sichuan Basin.

Cash crops include cotton, peanuts, rape, sesame, sugarcane, tea, tobacco and fruits etc. Now, China leads the world in the output of grain, cotton, rapeseed, leaf tobacco, meat, eggs, aquatic products and vegetables. Cotton is grown mainly along the Yellow River and the middle and lower reaches of the Yangtze River, and in the Manas River valley in Xinjiang. Peanuts are grown in Shandong, Guangxi, and Liaoning. Rape is produced along the middle and lower reaches of the Yangtze River, and in the Sichuan Basin. Sugarcane is grown in southern China. Beets are grown for the most part in Heilongjiang, Jilin and Inner Mongolia.

Along with the development of production, the amount of agricultural products per capita has been remarkably raised. The amount of grain per capita was 366 kg in 2000; and the amount of meat, eggs and aquatic products per capita reached 48.5kg, 17.8kg and 33.9kg, respectively, exceeding the world's average levels. Meanwhile, fundamental changes have taken place in the supply and demand of most agricultural products, showing a qualitative change from chronic shortage to a new stage.

Output of Major Forest Products

(Unit: ton)

Year	Rubber	Timber	Latex	Tea (green)	Tea (black)	Walnut
1990	264243	435244	2683	350770	523313	149560
1991	296353	440431	2954	327544	620727	151644
1992	309348	469331	3350	437154	629112	163862
1993	326062	580780	3376	421027	487942	192159
1994	374002	569270	3219	434539	630737	209997
1995	424025	548133	2976	404929	623128	230867
1996	402450	580819	3522	407744	696633	237989
1997	451970	701183	4416	453535	856868	249834
1998	462344	543156	4577	438680	722846	265121
1999	489991	571477	5314	448323	792690	274246
2000	480000	545000	5314	457000	823000	359000

Output of Livestock Products

Year	Output of Meat (10000 tons)					Eggs (10000 tons)		Silk (10000 tons)	Wool (10000 tons)	Hides (10000 skins)	Dairy (10000 tons)	Other (10000 tons)	Pigs (10000 head)	Cattle (10000 head)
	Output of Meat (10000 tons)	Pork	Beef	Mutton	Other	Eggs (10000 tons)	Other							
1996	4595.4	3694.7	3158.0	355.7	181.0	735.8	629.4	298102	121020	74099	35255	9585	1965.2	18.4
1997	5268.8	4249.9	3596.3	440.9	212.8	681.1	601.1	255059	116054	55683	25865	8626	1897.1	21.1
1998	5723.8	4598.2	3883.7	479.9	234.6	745.4	662.9	277545	115752	68775	31417	9799	2021.3	20.7
1999	5949.0	4762.3	4005.6	505.4	251.3	806.9	717.6	283152	114103	73700	31849	10180	2134.7	23.0
2000	6124.6	4838.2	4031.4	532.8	274.0	919.1	827.4	292502	117386	84921	33266	11057	2243.3	24.6

The Output of Main Farm Crops

Unit: 10000 tons

	1990	1995	1997	1998	1999	2000	2001
Grain	44624.3	46661.8	49417.1	51229.5	50838.6	46217.5	45263.7
(一)Cereal		41611.6	44349.3	45624.7	45304.1	40522.4	39648.2
Paddy rice	18933.1	18522.6	20073.5	19871.3	19848.7	18790.8	17758.0
Wheat	9822.9	10220.7	12328.9	10972.6	11388.0	9963.6	9387.3
Corn	9681.9	11198.6	10430.9	13295.4	12808.6	10600.0	11408.8
Millet	457.5	301.9	231.2	312	231.8	212.5	196.7
Jowar	567.5	475.6	363.8	408.6	324.1	258.2	269.7
Other crops		892.3	921.1	764.8	702.8	697.3	627.7
(二)Beans		1787.5	1875.5	2000.6	1894.0	2010.0	2052.8
Soybean	1100	1350.2	1473.2	1515.2	1424.5	1540.9	1540.6
Sundry bean		437.3	402.3	485.4	469.5	469.1	512.3
(三)Potatoes	2743.5	3262.6	3192.3	3604.3	3640.6	3685.2	3563.1
Sweet Potato	648.4	914.4	1145	1124.39	1122.1	1325.5	1291.3
Oil-bearing crops	1613.2	2250.3	2157.4	2313.9	2601.2	2954.8	2864.9
Peanuts	636.8	1023.5	964.8	1188.6	1263.9	1443.7	1441.6
Rapeseeds	695.8	977.7	957.8	830.1	1013.2	1138.1	1133.1
Sesame	46.9	58.3	56.6	65.6	74.3	81.1	80.4
Benne seeds	53.5	36.4	39.3	52.3	40.4	34.4	25.3
Sunflower seeds	133.9	126.9	117.6	146.5	176.5	195.4	147.8
Cotton	450.8	476.8	460.3	450.1	382.9	441.7	532.4
Hemp	109.7	89.7	74.9	49.5	47.2	52.9	68.1
Jute & red hemp	72.6	37.1	43	24.8	16.4	12.6	10.6
Ramee	8.9	14.7	13.7	12.2	12.0	16.1	19.7
Bhang	3.2	2.2	1.8	1.7	1.3	1.7	2.0
Flax	24.2	35.2	15.4	10	17.0	21.4	34.5
Sugar	7214.5	7940.1	9386.5	9790.4	8334.1	7635.3	8655.1
Sugarcane	5762	6542	7889.7	8343.8	7470.3	6828.0	7566.3
Beetroots	1452.5	1398.4	1496.8	1446.6	863.9	807.3	1088.9
Tobacco leaf	262.7	231.4	425.1	236.4	246.9	255.2	235.0
Baked tobacco	225.9	207.2	390.8	208.8	218.5	223.8	204.5

The Planting Area of Main Crops

Unit: 1000 ha

	1990	1995	1997	1998	1999	2000	2001
Total planting area of crops	148362	149879	153969	155706	156373	156300	155708
Grain	113466	110060	112912	113787	113161	108463	106080
(一)Cereal		89309	91964	92117	91617	85264	82596
Paddy rice	33064	30744	31765	31214	31284	29962	28812
Wheat	30753	28860	30057	29774	28855	26653	24664
Corn	21401	22776	23775	25239	25904	23056	24282
Millet	2278	1522	1442	1410	1329	1250	1148
Jowar	1545	1215	1083	969	979	889	783
Others		4192	3842	3511	3267	3454	2907
(二)Beans		11232	11164	11171	11190	12660	13268
Soybean	7560	8127	8346	8500	7962	9307	9482
Sundry bean		3105	2817	3170	3228	3353	3786
(三)Potatoes	9121	9519	9785	10000	10355	10538	10217
Sweet potato	2865	3434	3824	4064	4418	4723	4719
Oil crop	10900	13101	12381	12919	13906	15400	14631
Peanuts	2907	3809	3722	4039	4268	4856	4991
Oilseeds	5503	6907	6475	6527	6899	7494	7095
Sesame	669	642	616	630	697	784	758
Benne seeds	703	621	602	572	552	498	402
Sunflower seeds	713	813	716	890	1131	1229	1016
Cotton	558	5422	4491	4459	3726	4041	4810
Hemp	495	376	327	224	205	262	323
Jute & red hemp	300	147	162	93	65	50	52
Ramee	81	97	84	78	74	96	114
Bhang	21	16	14	12	9	13	12
Flex	57	113	61	39	54	96	141
Sugar	1679	1820	1923	1984	1644	1514	1654
Sugar cane	1009	1125	1312	1401	1303	1185	1248
Beetroots	670	695	612	583	341	329	406
Tobacco leaf	1593	1470	2353	1361	1374	1437	1340
Baked tobacco	1342	1309	2161	1200	1216	1269	1181
Medical Materials	153	279	308	372	483	676	827
Vegetable& fruit	7059	10616	12591	13901	15111	17281	18607
Vegetable	6338	9515	11288	12293	13347	15237	16403
Other crops	6161	6736	6683	6697	6765	7352	7436
Succulence	1862	1825	1817	1862	1907	2142	2590

Basic Conditions of Rural Grassroots Units and Agriculture (part 1)

Item	1995	1996	1997	1998	1999	2000
Number of Township and Town Governments	47136	45484	44689	45462	44741	43735
Number of Town Governments	17282	17998	18402	19060	19184	19692
Number of Villagers' Committees	740150	740128	739447	739980	737429	734715
Number of Rural Households (10 000 units)	23281.5	23437.6	23406.2	23678.0	23810.5	24140
Number of Rural Laborers (10 000 persons)	45041.8	45288.0	45961.7	46432.3	46896.5	47962
Male	24037.4	24154.9	24500.6	24733.1	24995.7	25518
Female	21004.4	21133.1	21462.1	21699.2	21900.8	22444
Number of Rural Laborers by Sector (10 000 persons)	45041.8	45288.0	45961.7	46432.3	46896.5	
Farming, Forestry, Animal Husbandry & Fishery	32334.5	32260.4	32434.9	32626.4	32911.8	32797.5
Industry	3970.7	4018.5	4031.3	3928.6	3953.0	4108.6
Construction	2203.6	2304.3	2372.7	2453.5	2531.9	2691.7
Transportation, Storage, Postal and Telecommunications Services	983.0	1027.6	1057.8	1087.9	1115.8	1170.6
Wholesale, Retail Sale and Catering Trades	1170.4	1261.5	1381.5	1461.9	1584.6	1751.8
Other Non-agricultural Trades	4379.7	4415.7	4683.9	4874.0	4799.3	5441.9
Cultivated Areas (Year-end) (1 000 hectares)	94970.9	130039.2				
Total Agricultural Machinery Power (10 000kw)	36118.1	38546.9	42015.6	45207.7	48996.1	52574
Number of large and Medium Agricultural Tractors (unit)	671846	670848	689051	725215	784216	827003
Capacity of Large and Medium Agricultural Tractors (10 000 kw)	2404.0	2415.1	2486.5	2587.9	2772.8	2873.4
Number of Mini-tractors (10 000 unit)	864.6	918.9	1048.5	1122.1	1200.3	1264.4
Capacity of Mini-tractors (10 000 kw)	7848	8385.2	9337.2	10031.5	11008.9	11663.9
Number of Large and Medium Tractor Towing Farm Machinery (10 000 unit)	99.1	105.0	115.7	120.4	132.0	140.0
Mini-Tractor Towing Farm Machinery (10000unit)	958.0	1091.2	1253	1437.8	1621.0	1788.8
Number of Diesel Engines (10 000 unit)	491.2	509.3	546.1	581.6	645.0	688.1
Capacity of Diesel Engines (10000 kw)	3839	3984.9	4292.4	4499.0	4934.6	5232.6
Number of Trucks for Agricultural Use (unit)	793520	836899	875571	901105	933809	942000
Capacity of Trucks for Agricultural Use (10000 kw)	6090.9	6422.7	6575.0	6781.3	6881.8	6763.4
Number of Motorized Fishing Boats (unit)	376813	358869	400010	411322	417379	456000
Loading Capacity of Motorized Fishing Boats (10 000 tons)	512.5	469.5	586.5	653.0		
Capacity of Motorized Fishing Boats (10 000 kw)	965.6	864.0	1084.0	1174.4	1253.1	1338.2
Consumption of Chemical Fertilizers (10 000tons)	3593.7	3827.9	3980.7	4083.7	4124.3	4146.0
Number of Hydropower Stations in Rural Areas	40699	37743	36117	33185	31678	28558
Generating Capacity of Hydropower Stations In Rural Areas (10 000 kw)	519.5	533.7	562.4	634.8	655.7	692.8
Electricity Consumed in Rural Areas (100 million kwh)	1655.7	1812.7	1980.1	2042.1	2173.4	2421.3
Irrigated Area (1 000 hectares)	49281.9	50381	51239	52296	53158	53851

China's agricultural industry is carrying out step by step to build up the advanced agricultural products and processing systems. According to the international standard, China builds up the agricultural products and processing standard system; quality assurance system and products quality monitoring system.

Construction of farmland irrigation and water conservancy works was further enhanced. Over 800,000 hectare was converted to farmland with effective irrigation system in 2000. There are 84,000 reservoirs as well as many other flood control and water storage projects to improve production conditions. The irrigated area has increased to 53.1584 million ha and the water supply capability has reached 500 billion cubic meters, greatly strengthening the ability of agriculture to withstand natural calamities. China has also improved 20 million ha of areas liable to water logging. Agricultural capital construction will be undertaken on an extensive scale, so that the effective area of irrigated land will reach 56.70 million ha by 2010 and 66.70 million ha by 2030 respectively, accounting for 60% and 70% of the cultivated land.

The agricultural machinery of China has been stable developed. Combination harvesters and agricultural transport trucks increases very fast. In 2000, agricultural machinery power has increased to 525.74 billion watts; the number of large and medium-sized tractors has increased to 827003 sets the combination harvesters to 226036 sets and that of agricultural trucks to 942000 sets. Nowadays in the rural areas 217.34 billion kWh of electricity are used per year. The machinery level in cultivation, planting and harvest is to 65%, 26% and 16%. As a whole, however, the agro-industry today is still unable to meet the needs of sustained agricultural development.

China has about 400 million ha of exploitable grasslands. The outputs of meat, eggs, milk and leather products have doubled and redoubled, and they have been exported in large quantities. China has a great number of over 400 species of

domestic animals, including pigs, cattle, sheep, horses, donkeys, mules, camels, chickens, ducks, geese and rabbits etc. The inner Mongolian Prairie is China's largest natural pastureland, home to the horses, cattle and sheep. The important natural pasturelands of the Tianshan Mountains are ideal for stock breeding. In recent years, a large number of animal products have been exported to international markets.

In 2001, the output of chemical fertilizers has increased to 34.397 million tons, while the quantity of demand was 39 million tons. Now, China has self-sufficient in nitrogenous fertilizer, reduced the import of phosphorus fertilizer and the potassium fertilizer. In the view of variety of chemical fertilizer, the output of urea is 31.6 million tons, while the marketing demand is 30.00 million tons; the output of phosphorus fertilizer and compound fertilizer are 13.00 million tons, while the demand is 18.00 million tons; the output of potassium fertilizer is 1.00 million tons and the demand is 7.00 million tons. China continues to make great efforts to expand its chemical fertilizer production and raise the self-sufficiency rate of chemical fertilizer.

China is capable of developing agricultural product processing. During the past five years, the processing industry maintained an annual growth of 8.2%, higher than that of the national economy. The growth of the food-processing sector reached 8.7%, being the highest of the entire industry. The processing industry takes on different characteristics due to regional differences, and its product mix becomes increasingly varied. At the same time, advantages such as rich labor resources and low costs promote the sector's development. However, the sector is still in its primary stage. As the statistics shows, although the output of grain, oilseeds, fruits, meat, eggs and aquatic products in China are the highest in the world, only 30% of them can be processed, while the processing ability of developed countries can reach 80%.

Increased processing capability of farm produce obviously affects the development of rural economy. Owing to the insufficient processing, oversupply of fresh products such as fruits and vegetables in season, has always led to a sharp fall in their process. Since grain processing is still a problem in some grain-producing areas, farmers find it difficult to sell their grain. In areas equipped with good processing facilities and a complete sales network, farmers' products can timely reach processing market. The government strengthens the development and research of processing technology and establishes a security system to assure processing quality and development services so as to promote the constant and healthy development of processing sector.

Now, department stores, supermarkets and chain stores are scattered everywhere in both rural and urban areas. Meanwhile electronic commercial business has developed rapidly; the agent system has been widely adopted by various trades, modern material circulation enterprises have replaced traditional storage and transport enterprises. In 1999, the rural market achieved 1,204.3 billion Yuan-worth of sales of consumer goods. A buyer's market has appeared in the commodities sector in which the supply and demand of most commodities is kept in balance, but the supply of some goods exceeds the demand, price trends are steady and the guiding function of the market for producers has been strengthened.

China's township enterprises have developed on the basis of the handicrafts industry and the processing of agricultural products and by-products. Now there are more than 20 million township enterprises in China, having more than 12.5 million employees. They produce a variety of goods, many of these products are exported. Along with the rapid rise of townships, and the growth of the number of farmers who leave their hometowns to work or do business, the situation in which rural incomes mainly relied on selling agricultural and sideline products has been changed.

In the agricultural sci-tech sphere, China has constantly narrowed its gap with the advanced countries. The contribution rate of scientific and technological progress to China's agriculture has increased from 20% in 1949 to 42%. The agricultural sci-tech departments have made much progress in biotechnology, new and high technology and basic research, and the cultivation of plant cells and tissues. In 1999, the total planting technology promoting organizations have reached 212,000 of total 1,250,000 staffs. The relevant departments have organized the implementation of the sci-tech programs directly geared to the rural economic development, such as the Spark Program, the Promotion Plan of Important Achievements, The Bumper Harvest Plan and the Prairie Fire Program, to send advanced sci-tech achievements to the countryside and to farmers' homes, thus playing an important role in improving farmers' sci-tech quality. Plastic film mulching, dry breeding of rice seedlings and their sparse planting, new farm tools and farm pesticides and other advanced technologies have been extensively applied in production.

China has formed a complete legal system concerning food safety and sanitation based on the Food Safety Law and other related statutes. Over 1 million people work in scientific research institutes and inspection units involved with health, agriculture, quality inspection and environmental protection. A food safety supervision and cooperation system is taking shape.

CHAPTER III

CHINESE SUPPLY AND MARKETING COOPERATIVES (Chinese SMCS)

1. INTRODUCTION

Chinese SMCs consist of All-China Federation of Supply and Marketing Cooperative(ACFSMC), provincial (municipal, autonomous regional) federations, county federations and primary societies. There exists vertical economic

integration among the SMCs at all levels. The SMCs follow the principle that upper-level federations serve their member federations and federations at all levels serve grass-roots societies. The federations of SMCs are responsible for guiding, coordinating, supervising and serving their members.

The Chinese SMCs are the largest-scaled cooperative economic organizations with farmers in China. Through years of development, they have formed a service network covering the whole country, connecting nearly all the rural areas and cities, boasting a strong economic strength and playing a very important role in serving China's agriculture, rural development and farmers in their life and production. Now, the SMCs have a membership of about 8.58 million farm households, nearly 70% of the total across the country. At present, there are 31 provincial and 2702 county SMC federations, 26315 primary SMC societies and more than 17800 specialized cooperatives(increase 25.9% than last year), with a staff of 3.23 million and total assets of more than RMB 80 billion Yuan. The turnover of SMCs in 2001 reached RMB3809.08 billion Yuan, the business profile of SMCs is reached 1.6 billion Yuan, increase 17.84% than the profit 1.3 billion in 2000. The Chinese SMCs have established friendly cooperation relationships with cooperatives and other businesses from many countries and regions

2. ACTIVITIES

The SMCs make great efforts to develop the business operations characterized by the integration of trade, industry and agriculture and by the combination of production, supply and sale with the processing and sale enterprises as the dragonhead, to encourage numerous households to build the commodity bases for farm products and the non-staple food bases for serving the cities, to expand the processing, warehousing and transportation of from products and other secondary and tertiary industries, to develop specialized cooperatives, to take the initiative to provide comprehensive and systematic economic and technical services to

agriculture, the rural areas and farmers, and to help farmers to enter the market in an organized way. Its main business include: Farming Guidance, Supply and Marketing Business, Service Industry, Retail Business Processing and Manufacturing, Storage and Transportation, Science and Technology, Education, Waste Material Recycling Activities, and International Cooperation.

FARMING GUIDANCE

One major task of SMCs is to provide guidance to farmers in developing commercialized production and promoting agricultural economy and their common prosperity. The SMCs across the country, with some 200000 technicians, support the farmers to have set up more than 4300 production bases of relevantly large scale.

SUPPLY AND MARKETING BUSINESS

The SMCs have set up a complete supply and service network of farm inputs, covering purchase, stock, delivery, supply, soil analyses, rational fertilization and scientific application of pesticides. It has 480 thousand service network unit by the end of 2001. In the last several years, the SMCs annually supplied around 90 million tons of chemical fertilizer (accounting for 60% of the total consumption in the country), 430000 tons of pesticides and 260000 tons of agricultural film. The SMCs have also set up 23000 crop clinics, 113000 village comprehensive service outlets. The cotton quantity operated by the SMCs accounts for 75% of the total in China. In recent years, according to the needs of the market and the rural economic development, the SMCs expanded the range of their supply business to enrich the assortment of goods, such as petroleum, steel, nonferrous metal and motor vehicles.

RETAIL BUSINESS

The wholesale and retail of consumer goods has always been regarded as one of the most important SMCs business activities. Based on the primary societies and

large and medium-sized shopping facilities, the SMCs have established a purchasing and marketing network for consumer goods, to purchase jointly, market individually and conduct business through chain stores. In 2001, the total sales of consumer goods is accounting for 3.43% of China, and 9.00% of countryside.

MARKETING BUSINESS

The SMCs have built up marketing facilities in major agricultural production areas and farm produce gathering centers and medium and large cities. Now, there are tens of thousands of SMC purchasing outlets and 2500 farm produce marketing centers. The total value of farm produce purchased by SMCs in 2001 reached RMB166.48 billion Yuan.

PROCESSING AND MANUFACTURING

Manufacturing and farm produce processing are fast developing industries of SMCs in recent years. The SMCs have more than 3892 factories as independent entities, and 7733 factories as dependent entities by the end of 2001. The major items produced in these factories include food, clothing, textiles, furniture, electronics, family electric appliances, motor vehicles, chemicals, etc. the processing of fruits, cotton, tea and vegetables holds an important position in China.

SERVICE INDUSTRY

By the end of 2001, the SMCs has run 12017 service businesses, 1630 of which are large or medium-sized independent enterprises, involving in tourism, catering, hotels, repairs, photo studios, barber's shops and etc. Around 24594 people are employed in these businesses which generate an annual income of about RMB3.28 billion Yuan.

SCIENCE AND TECHNOLOGY AND EDUCATION

The Chinese SMCs have established more than 40 research institutes working on

research and promotion of advanced practical technologies. Many of their scientific research subjects have been listed as the 'National Key Promotion Projects'. The SMCs have around 1000 educational institutions of various kinds, these institutes have trained a large number of senior and middle level technological and managerial personnel for SMCs.

INTERNATIONAL COOPRATION

Chinese SMCs have been cooperating, for many years, with cooperatives and other economic organizations from more than 30 countries and regions and have set up over 1100 joint ventures in China and over 200 enterprises, joint ventures and trade offices abroad. In 2001, the total volume of import and export undertaken by these enterprises was RMB1878.9 billion Yuan.

3. RALATION WITH GOVERNMENT

According to the principle of separation of functions of government with those of cooperatives, the supply and marketing cooperatives at all levels are no longer the government departments. In light of actual needs, the SMCs can undertake some tasks entrusted by the government, perform some functions authorized by the government and send delegates to attend some relevant meetings geld by the government. In accordance with the law and policies, the government provides guidance to the SMCs, coordinates, supports and supervises their business activities.

CHAPTER IV

INTRODUCTION OF THE ACFSMC

The ACFSMC is established in 1950. For more than 50 years, it has accomplished a great deal of important contributions to serving agriculture, promoting the flow of commodities between the cities and the countryside supply of goods on the market. As the reform of the whole economic structure progresses, useful

explorations have also been made in the reform of the SMCs and some success has been achieved in this regard. In Planning Economic times of China, the ACFSMC plays government administration role as subordinate to government organization. With the reform from Planning Economic to Marketing Economic of China since 1978, China's agriculture and the rural economy are advancing towards the socialist market economy. The large numbers of farmers are in urgent need of various economic, technical and information services and hope to join hands to enter the market, and the state needs to strengthen guidance to and control over the rural economy. The SMCs lack vitality for their business operation, and have a dim concept of serving agriculture and weaken their services. The grass-roots cooperatives find themselves in great difficulties in business activities, so they do not play their due role. All these are inconsistent with the development of the rural economy and the requirements of farmers and with the objective of establishing the socialist market economy. Therefore, in 1995, the Central Committee believes that the overall approach to deepening the reform of the SMCs is to proceed from the need for the development of the rural economy, the requirement for the establishment of the socialist market economy and the pressing need for the reform of the SMCs.

ACTIVITIES

The ACFSMC, in which I am working now, is the apex organization of the Supply and Marketing (SMC) of the whole country. Its functions and tasks are to do research on strategies and planning for the development of SMCs in China and guide their development and reform; to organize, coordinate and manage the major means of agricultural production, farm produce and sideline products with the authorization of the government; to safeguard the legitimate rights and interests of the SMCs at all levels; to coordinate the relations between the cooperatives and other concerned authorities; to guide the business activities of the SMCs and promote the flow of goods between the cities and the countryside; to publicize and carry out the principles and policies on rural economy formulated by the Party

Central Committee and the State Council and to participate in various activities of the International Cooperative Alliance on behalf of cooperatives in China. It has 16 subordinate enterprises, 8 science and research institutes and 7 institutions and 13 national-level specialized associations. In 2000, its enterprises achieved sales of 23.36 billion Yuan, of which 614 million U.S dollars are from import and export. The ACFSMC has played an important role in encouraging farmers to participate in the market, in promoting the industrialized management of agriculture, in providing services to farmers and agricultural production. It constitutes a vital link between the government and farmers.

ORGANNIZATION STRUCTURE

The ACFSMC has established its board of directors and board of supervisors and institute the system under which the president of the board assumes responsibilities. The members of the board of directors and the board of supervisors are elected at the representative meetings. When the National Representative Conference of the SMCs is not in session, the Board of Directors is an executive body. The Board of Supervisors is the supervisory organ of the All-China Federation and is responsible to the National Representative Conference of the SMCs. The Board of Directors is the owner and manager of the collective assets of the enterprises and institutions directly under the All-China Federation. The Board of Directors, on behalf of the All-China Federation, has the rights to appoint or dismiss from their posts leading cadres of the enterprises and institutions directly under the All-China Federation, to examine and approve the major business activities and investment projects of enterprises, to supervise and check the business management of enterprises and to enjoy benefits from the collective assets.

The ACFSMC has 12 administrations of its own: General Office, Personnel Department, Economic Development Department, Finance and Accounting Department (Auditing), Cooperative Guidance Department, Office of Subordinate Enterprises, Department for Science, Technology, Education and industry,

Supervision Department, Bureau for Cotton and Jute, and Bureau for Agricultural Means of Production.

PROBLEMS

At present, agriculture and the rural economy are advancing rapidly. Despite of that the SMC has made great achievements in the past years, there are still some difficulties confronted nowadays by SMC in its development progress. Especially in the days when China has entered the WTO, the SMCs confront a lot of challenges. Roles and tasks of the SMC must have many changes in consistence with other members of the WTO. China's entry into the WTO will dramatically cut barriers currently imposed on outside products and services. The large number of peasants are in urgent need of various economic, technical and information services and hope to join hands to enter the market. The SMC should play more important roles in these respects and assume responsibilities. However, for various reasons, the SMC institute is still an unsound system, lack of vitality for their business operation and has a dim concept of serving agriculture. The grass-roots cooperatives find themselves in great difficulties in business activities, so they do not play their due role. All mentioned above are inconsistent with the development of the rural economy and the peasants' requirements. In order to catch up with the pace of market economy development and the Principles of the WTO, the reform of the SMC is urgent and it's on the agenda of ACFSMC. ACFSMC is facing to be reformed by government now.

I am working in the Enterprise Division, Cooperative Guidance Dept.(CGD) of the AFSMC, CGD's main function is to guide the reform and development of the SMCs throughout the country; to propagate and carry out the principles and policies related to the rural economic work formulated by the Party's Central Committee and the State Council and help the SMCs throughout the county to enhance socialist culture and ideology; to report to the AFSMC the suggestions and requests of peasant cooperative members and the SMCs; to strive for the

formulation of the policy for the support of the SMCs and safeguard the legitimate rights and interests of the supply and marketing cooperatives at all levels; and to offer service for management of Specialized Associations which subordinate to AFSMC.

One task of Enterprise division is to guide the reform and development of the Chinese SMCs enterprises. The Chinese SMCs had 54,035 enterprises of all kinds. Another function is in charge of the guidance for reform and development of Specialized Associations which subordinated to AFSMC. There are 12 Specialized Associations which are subordinated to AFSMC, and other two new Associations are being established now, i.e., China Cotton Association and China Animal Leather Association. My main responsibility is to work for Association' guidance and service, and also to take part in other works such as the planning of reform and development for SMCs enterprise, and some works which are appointed by the leaders of the Cooperative Guidance Dept.

CHAPTER V

China is a developing country. In 2001, China' GDP reached 9.5933 trillion Yuan, almost tripling that of 1989, and represents an average annual increase of 9.3%. China came up to the sixth place in the world in terms of economic aggregation.

China is a country with a large population and less arable land. With only seven percent of the world's cultivated land, China has to feed up one-fifth of the world's population. In the past decades, fundamental changes have taken place in the supply and demand of most agricultural products, showing a qualitative change from chronic shortage to a new stage.

With the objective of building a well-off society in an all-round way, it is necessary for us to make overall planning for urban and rural economic development, to

build modern agriculture, and to develop the rural economy and increase the income of farmers etc.. In order to catch up with the WTO entry of China and the new objectives at the 16th Party Congress, I believe that a fresh great achievement will be made in China's agriculture and the China SMCs in several years.

I am privileged to take part in this 17th ICA-Japan Training Course for strengthening Management of Agricultural Co-operatives in Asia. I'll cherish this good opportunity to learn much of the advanced management in agricultural cooperatives. I'll apply the knowledge to improve my home situation on my efforts, by introducing and recommending it both to the directors of ACFSMC, for their supporting, and to the SMC, from apex down to grass-roots ones, for their practicing. As a participant, I wish to devote myself to the Cooperative Movement in my home country.

References:

- 1.China annual statistics
2. National Bureau of Statistics of China
- 3.Internet: China Gate
- 5.WTO and SMC

STATISTICS CHART [JTC]

This chart should be attached to the Country Background Paper

01	Total National Population	<u>12.7627 billion</u>
	-Male Population	<u>6.5894 billion 51.63%</u>
	-Female Population	<u>6.1733 billion 48.37%</u>
	-Farm Population	<u>8.14 billion 63.78%</u>
02	Total Land Area[sq. km/sq ha]	<u>9,326.410sq. km</u>
	-Total cultivable land [ha]	<u>130.04 million ha</u>
	-Irrigated [ha]	<u>53.1584 million ha</u>
	-Wasteland [ha]	<u></u>
03	Per Capita Income [US\$]	<u>US\$270.00 (RMB2230.00Yuan)</u>
04	Total Number of Cooperatives [All types, all levels]	<u>66,000</u>
05	Total Cooperative Membership [All types, all levels]	<u>8,580,000 farm households</u>
06	Total Number of Agricultural Cooperatives [all types]	<u>28,734</u>
07	Total members of Agricultural Cooperatives [all types]	<u>1.8 billion</u>
08	Total business volume of Agricultural cooperatives[US\$]	<u>US\$490.68(4053 亿)</u>
09	What are major institutional Sources of farm credit [Give names of such sources]	<u>The Rural Area Credit Cooperatives</u>
10	What are the major agro-Processing cooperatives	<u></u>
11	Main crops of the country	<u>paddy rice, wheat, corn</u>
12	Total Food grains production	<u>452.637 million tons</u>
	Wheat	<u>93.873 million tons</u>
	Rice	<u>177.58 million tons</u>
	Export/Import of agricultural products	
	-These are imported	<u>Cereals and Cereals Floor, Sugar, Vegetable oil, Rubber</u>
	-These are exported	<u>Aquatic products, Cereals and Cereals Floor, Vegetables, Tea, Soybean, Peanuts, Raw silk, Cotton</u>