The Largest Forest Tenure Reform in History—and Much More To Do

China’s recent forest land reform was initiated in the early 2000s, but the impacts of these reforms were not known until 2009 when a national-level survey was completed. The reform is arguably the largest tenure reform in world history, affecting over 400 million landowners and 100 million ha of forest. The reform enables collective forest owners to reallocate their use rights to households, or keep them as collective. New research shows that in most provinces there was a significant shift towards household tenure, but two provinces shifted towards collective management. These resulted in increased farmer incomes, and increased tree planting.\textsuperscript{1} This research also finds collectives adjusting their property regimes to changing social and economic conditions, suggesting that the reforms will enable local people to adapt to climate change. There is clearly much more to do, including ensuring respect for ethnic land tenure and rights in traditional land use systems, establishing mechanisms for legal redress and regulations to govern the land market and guard against elite capture within communities. China’s experiences with reform offer important lessons for other countries now considering the recognition of collective land rights.\textsuperscript{ii}

A. Chinese National Forest Policy

Emerging from Rio 1992\textsuperscript{iii}

The Rio World Summit on Environment and Development in 1992 was a special event because it was the first time that Chinese government regained access to international community after three years of freeze of international relations. It prompted the Chinese government to react enthusiastically to international call for sustainable development and environmental protection. China has signed almost all treatises produced in the 1992 Rio Summit. These treatises are mostly related to forest sector policy and underpinned China’s policy shift from timber producing focus to ecological protection.

Rio also began a major shift toward promoting “exclusionary” conservation practices in Chinese policy. From 1993 to 2006, the Chinese Government enacted 22 new laws and policies that rapidly increased both the number and area of protected areas in China.\footnote{See Annex 1 on page 10.}

Collective Forest Tenure Reform in China\textsuperscript{iv}

It is not difficult for people to notice that Chinese forest policy has undergone significant and multi-faceted changes since 1992. The main points of changes related to the spirit of Rio 1992 include a policy
shift from timber production to ecological protection. Along the line have been greater efforts in forest biodiversity conservation, tremendous investments in ecological rehabilitation, the formalization of an ecological compensation program, and local and national policies on collective forest tenure reform.

Reasons behind strong government policies of the last decade on collective forest tenure reform include the growing commitment of the government to expand China’s forest resources (which is consistent with China’s Rio commitment), as well as concerns over farmer welfare and rural social instability. In fact, increasing forest coverage and timber volume have long been the main goals of forest sector leadership. These goals had been undermined due to institutional failure under collective management scheme. People gradually realized that strong government and collective control over forest resource management led to increased cost of forest protection and declining contribution to farmer income, therefore leading to growing farmer resentment and social instability, a major threat to sustainable rural development in China.

For this reason, forest tenure reform was initiated in early 1980s. However, the reform was premature due to strong local and government resistance. Chinese forest land tenure reform began again in 2003, when the government of Fujian, the largest province of collective forests, initiated reforms encouraging household-level tenure. These reforms progressed rapidly, and by 2006 practically all villages in the province were under household forest management. By the end of 2007, an additional 13 provinces had announced similar collective forest tenure reforms.

Meanwhile, the central government became convinced of the merits of forest tenure reform and recognized the need for coherent national-level guidance. In January 2006, the Minister of the State Forestry Administration (SFA) announced that collective forest tenure reform was his priority for the year. A new national policy was officially announced on July 14, 2008 that encourages collective forest owners to reassess and reallocate their forest use rights—though not their rights to the land itself—based on a two-thirds vote either by the entire village assembly or a committee of village representatives. By 2010, the number of provinces with polices encouraging forest tenure reform had increased to 20.

**Surveying the Outcomes of Reform**

Forest tenure reform in China represents a fundamental institutional change, which could have major implications for the use and management of forests. However, forests grow and mature slowly, so even drastic changes in the forest management regime can take a long time to achieve full impact. To take stock of the change under way, scholars and students at the Peking University Environmental Economics Program have conducted village and household level surveys in 8 provinces, covering a total sample of 49 counties, 141 townships, 288 villages, and 3,100 households. The results of the first-round survey, conducted in 2006–2007, are supported by a second-round survey of the same villages and households undertaken in summer 2011 that enables researchers to better capture the dynamic changes induced by forest tenure reform.

The surveys collected data on farmer livelihoods, forest land markets, rural labor markets, rural credit systems, and farmer’s association activities. They reveal a large range of forest tenure types and associated rights, and these categories correlate with varying levels of timber harvesting, afforestation, and farmer revenues.

**Types of Forest Tenure**

Rights and Resources Initiative - 2
China is a large country with considerable geographic variation, both in the natural resource conditions and in governance. The implementation of forest tenure reform also reflects this heterogeneity. For example, the survey reveals more than 10 different forest tenure types, which we group into five broad categories: individual, collective, village cluster, partnership, and outsider contract.

Most of the commercial forests are under some form of individual household management. In the surveyed provinces, forests in this category accounted for 65 percent of total forest area in 2000. As a result of tenure reform, households' share of the forest area had risen to 70 percent by 2010. Some forests in this category are private plots with rights similar to those under private ownership and comparatively stable tenure. This category also includes plots managed by individual farmer households within the village. The farmer has either a special contract or a rental agreement. In the current round of reforms, a common element in individual contracts is the issuance of forest certificates and the allowance of a long contract periods, which range from 30 to 70 years. Different tenure types under this broad class are now converging toward the private plot system.

Collective and villager cluster forests are the main forms of communally managed forests. Collective forestland is managed directly by an administrative village council, or under a framework of collective farm supervised by village council. Villager cluster forests are managed by a cluster of families living in the same neighborhood. These clusters are the outgrowth of a form originally used to organize collective production in the planned economy era. Forestland managed by villager clusters is similar to collectively managed forests, but at a smaller scale. The prevalence of both types has decreased in the face of reform from 30% in 2000 to 20% in 2010.

Partnership forestland, which is managed by a group of farmers formed on voluntary basis, is a relatively small but growing tenure category. In 2010, partnership forest covered on average 6 percent of forest area, up from 2 percent in 2000.

Forests under outsider management contract currently form about 4 percent of forests. These are contracted out for utilization and management by individuals and organizations residing outside the villages.

Since the reforms, the three categories of non-collective management—individual, partnership, and outsider contract forests—provide the most direct benefits to ordinary farmers. Village leaders are the direct beneficiaries of the other main tenure categories. To what degree the reforms have redistributed welfare within villages largely hinges on these two broad divisions of management.

Changes in Forest Activities and Income

Analysis of the survey data reveals that forest tenure reform is already causing changes in basic natural resource use and management decisions. While the statistical analyses are still underway, the data shows that annual timber harvests in villages increased substantially between 2000 and 2006, especially in the provinces of Fujian, Liaoning, and Yunnan. The second-round survey data show remarkable increases in Fujian, Jiangxi, Anhui, Hunan, and Liaoning, whereas researchers observed harvest declines in Zhejiang and Yunnan. By and large, the increased harvest seemed to be highly correlated with individualization, which both increases the share of individually managed forests and farmer’s rights over those forests.
Another seemingly robust trend associated with individualization is increased afforestation by farmers. According to the survey results, afforestation in general rose during the period 2000–2006, and it increased most in provinces where individual management dominated. Afforestation also increased under other tenure types, indicating that other factors—most likely market growth—played a role in the recent afforestation boom. Regardless of the cause, the significant increase in afforestation is a good sign for the long-term sustainability of forest management.

Generally, the share of household income from forestry activities has increased apace with forest tenure reform. While we cannot attribute this increase entirely to reform, we believe it played an important role. Future research will be devoted to better understand to what extent tenure reform contributed to farmers’ income. Efforts should also be committed to investigate equity impacts of forest tenure reform.

**Broader Implications**

China’s forest tenure reform coincides with a general trend of forestry decentralization in a large number of developing countries facing rural unrest and conflict. However, its uniqueness lies in its goal of enabling individual in addition to community-based management promoted in many other countries. In a sense, China’s reform is a step ahead in the global movement toward tenure reform and will provide lessons for countries searching for alternative models in the future.

### A. Case Study: Tenure Reform in Tengchong County

After Tengchong County finished major tenure reform in 2007, and 118,000 households\(^2\) have received certificates. With the follow up reform, which involved forest tenure transfer and mortgage, there are increasing benefits from the reform.

**Benefits**

Since Tengchong County completed major tenure reform in 2007, 118,000 households\(^3\) have received certificates. With the follow-up reform, which involved forest tenure transfer and mortgage, there are increasing benefits from the reform.

*Setting up forest tenure transfer system.* Tengchong Forest Tenure Transfer Service Center was established in 2007 and includes a service hall, forest tenure registration office, forest tenure transfer market management office, forest tenure evaluation office and forest tenure mortgage office. The center provides all services for forest tenure transfers. Until the end of 2011, the center had evaluated and mortgaged 72 cases of forest tenure mortgage with loans totaling 204 million RMB, and total land area of 10,000 ha, and provided enough funds for reforestation, nurseries and other farmers’ needs.

*Improving financing and investment for forest development.* Government policies have been introduced to support forestry development financing, which would encourage investment for forest development. For instance, many insurance companies have joined forest insurance business, such as

\(^2\) [http://www.smforestry.com/analysis/13416.htm](http://www.smforestry.com/analysis/13416.htm)

\(^3\) [http://www.smforestry.com/analysis/13416.htm](http://www.smforestry.com/analysis/13416.htm)
China property insurance, Sunshine insurance and China continent property insurance. In total, 667 ha, with insurance amount of 6.256 million RMB and insurance premium of 50,200 have been insured.

**Initiative payment for environmental service.** Tengchong contains many famous tourist attractions, many of which are within its natural forests. After the tenure reform took place, the tourism industry began to issue payments to villagers whose lands overlap with scenic areas on major tourist routes. For instance, Baojia village is close to one of the famous tourist attractions in Tengchong, and the tourist company has been using the surrounding forests that belong to Baojia village for free for a long time. However, with the implementation of collective tenure reform, in order to protect the rights of villagers, the local government has pushed the tourist company to sign a contract with Baojia villagers and rented about 72ha of forest land to the tourist company for 30 years at a price of 95,300 RMB/year. With the clear rights of the forestland, after the implementation of collective forest tenure reform, villagers who own the trees on the rented forest land are entitled to directly share the benefit. Meanwhile, even if the forestland is rented out to the tourism industry, the company only has the right to permit sightseeing in the forest, and villagers still have the ownership of the trees. Moreover, the company has also committed to provide job opportunities to the villagers, and each household got a small booth inside the park for souvenir sale. The Baojia example has since been promoted as a beneficial payment mechanism which could potentially be adopted in other areas with a booming tourist industry and collective forest tenure reforms.

**Setting up sustainable forest management mechanism.** Tengchong has become one of the pilot counties for logging quotas and forest harvesting reform in 2009 to reach sustainable forest unitization and management. This reform has changed the process of logging quota planning, application and management, and gave more rights and responsibilities to local communities. Meanwhile, households’ participation in forest daily management as well as fire control has greatly increased. The county government encouraged local communities to, with households’ consent and willingness establish forestry farmer association. 56 units have been initiated, which could provide relevant forestry development information, services and technologies for farmers.

**Increasing forestry income for farmers and forestry cover rate.** Tengchong has achieved afforestation of 117,333 ha, increasing its total forest land to 440,660 ha with 70.7% forest coverage. In 2009, the total forest output value reached 0.75 billion RMB and households’ income per capital increased from 537 RMB/year in 2007 to 785 RMB in 2009.

**Experiences and lessons learned**

**Enhanced community participation is crucial for the success of reforms**

An important lesson learned is that farmers’ full understudying and participation of the tenure reform is vital for conflict resolution, and eventually the success of the reform. The tenure reforms allowed local people not only decide how to carry out reforms, but also to manage the entire reform process themselves. A “One village, one approach” attitude has allowed decisions to be discussed by all villagers, and approved by at least two-thirds of eligible villagers. A key principle of collective forest tenure reform should be to ensure the use of clear and transparent processes.

**Respect the traditional and collective practices, and allow communities to select the forest tenure arrangements that best suit their local situation**

Tengchong, as well as Yunnan Province as a whole, has a unique ecological culture that includes traditions of customary tenure. Forests are not only a major source of income but also an important and irreplaceable source of cultural traditions and spiritual faith for indigenous communities. According to
the traditional customs of ethnic minorities in these areas, the sacred mountains are owned by the community and considered a shared community resource. Increased emphasis on individual ownership of forests may, consequently, undermine traditional collective tenure arrangements, thereby creating social problems. Therefore, it is important to respect the customary tenure traditions of local communities in order to achieve beneficial environmental outcomes, community development, and “social peace.” For instance, there are several types of forest management models for collective, individual farmers and villages; the models primarily exist as an agreement or contract to coordinate their interests. In successful cases, such as the forest run by Xinqi village, the local government and relevant bureaus believe in the model and respect farmers’ practices. Therefore, the reform has maintained current forest management practices with respect to the local situation.

**Integration of previous policy provisions, and increased participation of key government staff in the reform process, is important to ensure continuity and stability of reforms**

China’s forest tenure reforms began in 1949. In order to ensure the continuity and stability of new reforms, some previous policy provisions (such as prior land tenure contracts) have been integrated into new ones. For example, even though there were very complicated tenure systems — such as “two hills systems,” “contract hills,” “waste hill auction” and “shareholder operation” — that produced many conflicts over forest tenure, the reforms did not simply disregard previous policies. Rather, the reforms respected the previous contracts or operations and tried to find suitable long-term solutions, and ensure the continuity and stability of the reforms to avoid further conflicts.

It is also very important to set up pilot sites before the reform spreads over the entire country, as the lesson learned from those pilot studies would contribute greatly for further improvement. Meanwhile, in order to ensure the successful implementation of the pilot tenure reform process, each level of government in the pilot areas was required to nominate key government officials to participate in the process.

**Tenure reform processes present high costs for both technical and labor input**

The reform is costly in term of both technical and labour input. Tengchong County identified and settled nine types of input with due consideration of local history and tradition, which sufficiently paved the way for completing the historic reform. The effective implementation of the forest reform centered on full respect to households’ will and greater household participation, decision-making and supervision. Such practice incurred a huge increase of workloads and brought new issues like overlapping property rights within the same forest. Thus, the willingness and investment of government is important. For example, during the tenure reform, 239 technicians were trained and more than 80 workshops were launched; and more than 19 million RMB has been invested since the inception of the reform in Tengchong.

**Timing and careful management of the tenure transfer process are critical for the longer-term success and equitable outcomes of reform**

Due to high levels of dependence on forest resources for farmers’ livelihoods, and the cultural and spiritual significance of forest areas to many communities, it is critical to manage the transfer of tenure through market mechanisms, including payment for environmental services. It is important to encourage private companies adopt a longer-term approach to tenure procurement.

Overall, it is very important to realize that the success of forest tenure reform depends on the larger socioeconomic and political context. The right timing is significant to make those environments ready for the reform. The success of tenure reform also relies on a wide range of associated policies include improving market access, availability of logging permits, and village committee autonomy. Again, more
importantly, farmers’ full understanding of and participation in the tenure reform is vital for conflict resolution, and eventually the success of the reform. Finally, it is very important to remain aware that the tenure reform is a very long process, the results of which may reach beyond the initial goals of the reform as well as the government’s expectations.

Challenges

Higher costs and greater complexity of realizing reform

The proportion of individually owned and managed forest post-reform is likely to increase the costs and complexity of forestry management for two main reasons. First, for forestry practices such as disease and pest control, the cost of management and implementation on an individual basis is likely to be higher than it would be on a collective basis. Second, infrastructure, such as road access for harvesting purposes, is currently insufficient for a large number of individual plots. However, putting this infrastructure in place may engender conflict due to issues surrounding the difficulties of negotiating access through individually-owned land.

“Rich resources, small industry”: The dilemma of commercializing forest resources.

A major component of the government’s forestry reform agenda is to increase the efficiency of forestry management and optimize economic gains from forest resources. The reforms aimed to use market mechanisms in order to achieve these goals. It is also commonly accepted that a major objective of collective forest tenure reform is to promote forest tenure and trade, with the assumption that reforms would allow larger companies and wealthy individuals to obtain tenure from individual households, thus accumulating forest resources and further developing the industry. However, encouraging the transfer of forest tenure to private industry, removes the primary source of income for many forest communities. Thus, the government is currently faced with the dilemma of whether to proceed with the commercialization of forestry tenure and management, or to limit this process.

While it would be effective to attract investments in forestry and change the problem of “rich resources but small industry”, is the introduction of big companies for large-scale forest management and production a precondition for forestry industrialization and development? Based on the experience in Xinqi Village of Tengchong County, small forest farms managed by farmers groups and villagers have achieved an industrial scale of operation and turned a profit. In the last decade they have contributed more than 5 million RMB to village infrastructure and construction, and the village's forest cover rate is still more than 80%. There are numerous similar cases in Tengchong County, which indicate that smallholders are also capable of developing robust industry.

Limited access and benefits for forest farmers in protection areas

Due to increasing environmental concerns, a number of forest protection programs have been implemented in China, including the Natural Forest Protection Program (NFPP), State/Provincial Natural Reserves and the Forest Protection Program. These programs require uniform management and protection over important ecological areas; in some cases, collective forests are more or less included. Since the establishment of forest protection programs, it has been almost impossible to cash timber within the protection areas (PAs) due to a logging ban. The issue is not so obvious but aggregates after forest tenure reform, as the reform allocates collective forest into private for management. Therefore, rural households with collective forest holdings within PAs cannot generate income from their resources, while those with collective forests outside PAs can only access limited benefits by planting...
cash crops and harvesting timber. Though government subsidize 5 or 10 RMB/mu/year for collective forests within PAs, those subsidies far from offset the loss of benefits from collective forests.

**Increased complexity and cost of operating a logging quota system**

China’s central government has instituted a logging quota system for forest resources. This quota system operates by setting the upper limit for logging that is lower than the forest growth rates, in order to maintain forest cover and promote afforestation. Following the reform, the government will propose to maintain this quota system. However, the fact that a much greater proportion of forest is now individually managed rather than collectively managed presents a significant challenge to the quota system.

**Classifying forest areas of cultural and spiritual significance**

A number of forest areas and features, including “sacred mountains”, “spirit forests” and “water source forests”, are considered by local ethnic groups and communities to be culturally and spiritually significant. Because of this, there are a number of sensitivities around allocating tenure for these areas/features to individuals. How to classify and manage such areas remains a challenge for all levels of government.

**Threat to biodiversity by tenure transfer to commercial operations**

Post-reform Since the reforms were enacted, a number of individual tenure owners have begun to sell their tenure rights to commercial forestry operations. Commonly, their contracts provisions stipulate that tenured land will be returned within a certain period with an equal amount of forest cover with preexisting forest cover maintained. However, there is no specific provision in these contracts to ensure that a given level of biodiversity is preserved. The common practice is to clear the land for plantation forestry (monoculture). When tenure expires, the land will not, under current contract provisions, moncropping permanently alters the biodiversity, therefore the resource cannot be returned to its owners in its original state. Given the importance of NTFPs (e.g., mushroom gathering) to the economic well-being of local communities and the strength of local markets, this loss of biodiversity is a serious matter.

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4 Non-timber forest products (NTFPs) are goods of biological origin other than wood derived from forests. This includes food (nuts, mushrooms, fruits, herbs), fibers (used in construction, furniture, clothing), resins and gums, and products used for medicinal or cultural purposes.
Annex 1: Laws Enacted, 1992-2012\textsuperscript{x}

Important policy developments following Rio 1992 include the following:

1. The regulations for the Implementation of the People's Republic of China on the protection of terrestrial wildlife was approved by the State Council and promulgated by the State Forestry Administration (previously Ministry of Forestry) in 1992. On July 31, 1992, China formally joined the International Convention on Wetlands. Lead by SFA, 11 ministries jointly promulgated the China Wetlands Protection Action Plan, relevant policies to protect wetland resources and biodiversity have been issued. On April 3, 2007, the Compliance Office of International Convention on Wetlands was established in Beijing.

2. On Feb. 26, 1993, the State Council issued a Circular on Further Strengthening the Work of Afforestation, listed ten important measures and requirements for further strengthening afforestation and tree planting.

3. On May 16, 1994, the General Office of the State Council announced the Circular on Strengthening Forest Resources Protection and Management, requiring governments at all levels to correctly handle the relationship between economic development and forest resource protection and management, to strictly implement the forest harvest quota and timber transportation licensing system, to absolutely reverse the situation of over consumption of forest resources, to strengthen supervision and management of forest land use, and land use compensation scheme, to strengthen the protection of wildlife and rare plants, and to combat any illegal or criminal activities related to forest resources.

4. Later in 1994, the National Greening Committee and SFA issued a Notice on Further Promoting the Afforestation of Barren Hills and Wastelands. The annual National Conference of Forestry Department Directors was held on December 20 through 25 in Hefei, Anhui province. The conference thoroughly summarized successful experiences and practices of forest reform and construction in recent years, analyzed objectively situations China's forestry faced, and explicated the basic ideas of forestry development in the 9\textsuperscript{th} five-year plan, and set a goal of establishing relatively complete forestry ecosystem and relatively advanced forest industry.

5. The Forestry Action Plan for China Agenda 21 was reviewed and passed on the CCICED 5th committee meeting hold on March 21, 1995. The Action Plan set the following goals: by the year 2000, the net increase of forest land and national forest cover will reach 9.98 million ha and 15\% -16\%, respectively. Total forest industry output will be 304 billion Yuan; by the year 2010, there will be 289.8 million ha of net increase in forest land, and forest cover will be at 17\%, and total forestry output will reach 1055.9 billion Yuan. By the mid-21\textsuperscript{st} century, a relatively complete forest ecosystem and a relatively advanced system of forestry-related industries will be established.

6. In August 1995, the National Commission for Restructuring Economy together with SFA (Ministry of Forestry then) published the General Outlines for Forestry Economic Reform. According to the Outlines, forest resources shall be classified into public interest forests and commercial forests based on their functions and production and management purposes, and management models based on this classification need to be applied. In December, during the National Conference of Forestry Department Director Generals held in Guangzhou, the goal of establishing a relatively complete forest ecosystem and relatively advanced forest industry system was further stressed, and reform on forest management based on classification was particularly mapped out.
7. On November 22, 1995, the National Planning Commission approved the General Planning for the Shelterbelts for Comprehensive Control of the Liaohe Basin, General Planning for the Shelterbelts for Comprehensive Control of Taihu Lake Basin of Huaihe River, the General Planning for the Shelterbelts Establishment for Comprehensive Control of Pearl River Basin, and the General Planning for the Middle Reaches of Yellow River Forest Shelterbelts Program. By January 1996, the 3rd phrase of “Three North” project was initiated.

8. On September 30, 1996, the State Council issued the People’s Republic of China Regulations on Protection of Wild Plants, which was put into force on January 1, 1997.

9. On April 29, 1998, the second meeting of the 9th National People’s Congress Standing Committee passed the Decision on Amendments to the Forestry Law of the People’s Republic of China. This decision was released the same day by Order of President signed by Jiang Zemin, which was put into enforcement on July 1, 1998. At the mean time, the Amended Forestry Law was promulgated according to the Decision.

10. After the severe flood in 1998, China initiated a series of eco-protection programs, including Mountain Closure for Afforestation, Natural Forest Protection Program (NFPP), Slopping Land Conversion Program (SLCP, or Grain for Green), and Wetlands Conservation. Through these programs, the central government provided forestry sector with great supports at policy and financial level. On August 5, 1998, The State Council published the Notice on Protection of Forest resources to stop deforestation and reclamation or unlawful appropriation of forest land. The Notice requested the government at all levels to consider forest resources protection and cultivation as an important task of ecosystem improvement. All deforestation activities must be stopped immediately. A comprehensive inventory should be conducted to those deforestation activities already happened. All criminal deforestation behaviors should be cracked down in accordance with the law.

11. On November 7, 1998, the State Council promulgated the Notice on issuance of the National Ecological Environment Construction Plan, attached with the National Ecological Environment Construction Plan. The Plan pointed out status quo, guiding ideology and target of China’s ecological environment construction. It also indicated general layout, prioritized region and key projects, and policy measures. The short term goal of the Plan is to strictly control new soil erosion caused by human intervention and effectively curb further desertification by 2010. By 2010, newly increased forest area would be 39 million ha, with a forest cover of 19% or up (canopy density equals to or greater than 0.2 ). The mid-term goal is to strive to make the national ecological environment improved remarkably after the momentum to curb the deterioration of ecological environment in the first phase. By 2030, newly increased forest area would be 46 million ha, with a forest cover of 24% or higher. The long term goal is by 2050 to have national ecological environment improved greatly, with a forest cover of 26% or more.

12. On July 30, 1999, the General office of State Council issued the Notice on continuously freezing all construction projects levy for occupation of forest lands. Starting from August 5, 1999 through the time of issuance and implementation of the Regulations on implementation of Forestry Law, all applications to use forest lands for construction projects would be frozen. During this period of time, those who need to levy forest land for construction projects are required to go through the procedure of application and approval in accordance with the Notice and SFA’s rules.

13. On January 29, 2000, the State Council issued the Regulations on Implementation of Forestry Law of
People’s Republic of China (State Council Order No 278). The Regulations clearly defined each rules. It serves as a strong legal tool and safeguard to further strengthen forest resources protection.

14. On July 8, 2000, the Seeds Law of People’s republic of China was approved by the 16th meeting of the 9th national people’s Congress Standing Committee, which was set to be enforced on December 1, 2000. It marks China’s forest tree seedlings management into the legal track, and will benefit the protection and rational utilization of tree seeds resources, standardization of tree seed production, operation, use and management practices, improvement in tree seedlings quality, so as to further promote the sustained and healthy development of the forest seedling industry.

15. In 2000, the General office of State Council issued the Opinions on Forest Ecological Benefits Compensation Funds. To establish forest ecological Benefits compensation funds would play an important role in improvement of China’s ecological environment and achieving sustainable development. In 2001, Ministry of Finance approved establishment of forest ecological benefits compensation funds, which is mainly used for protection and management of protection forests and special purpose forests (so called ecological forests). In October 2004, Ministry of Finance and SFA jointly published the Management Measures on Central Finance Forest Ecological benefit Compensation Funds, which symbolized the new phase of paid use of forest ecological benefits, having long reaching impacts on speeding up forest development.

16. On August 31, 2001, the 23rd meeting of the 9th national people’s Congress Standing Committee passed the Criminal Law Amendments (b), which shall enter into force as if the date of publication. In order to punish all criminal activities of deforestation, reclamation and illegal appropriation or abuse of forestland, Article 342 of the Criminal law was to modify as: "those who violated regulations on land administration, illegally occupied agricultural land such as farmland and woodland, involved in land use changes, resulting in damage of a large number of arable land, woodland and other agricultural use land, are entitled to either five years or less of imprisonment or criminal detention and fines, or charging fines only."

17. On August 29, 2002, the Rural Land Contract Law of the People’s Republic of China was adopted by the 29th meeting of the 9th National People’s Congress Standing Committee. Being both fundamental law of China’s rural land contracting system and legal system for China’s rural woodland contracting, Rural Land Contract Law is directly related to the stability of forest rights, the management system of forest land, forestry production and management, as well as interests of majority of forestry operators. The law clarified forest land registration, transfer of contracted land, and term of forest land contract. It also specified withdrawing and adjustment of contracted forest land, providing a legal basis for standardizing forest land contracting.

18. On December 6, 2002, the 66th State Council meeting reviewed and approved the Regulations on Grain for Green, which was published as the State Council Decree No. 367, and took into effect on January 20, 2003.

19. On December 28, 2002, the 31st meeting of the 9th national people’s Congress Standing Committee reviewed and passed the Criminal law Amendments (d), strengthening wildlife conservation, and increased enforcement on combating illegal timber harvest. The concept of forest tenure being the key was brought up again in the Opinions on Further Improvement of policies and measures for Grain for Green.
20. On June 25, 2003, the CPC Central Committee and State Council issued the **Decision to Accelerate the Development of Forestry**, called upon to pursue sustainable forest development with ecological construction as the core, to establish a national ecological security system with forest vegetation as the principal and combination of forest and grasslands.

21. On April 12, 2006, the **Management Regulations on Import and Export of Endangered Wild Fauna and Flora of People's Republic of China** was adopted by the 131th executive Meeting of State Council, which entered into effect on September 1, 2006.

22. On April 9, the State Council Executive Meeting chaired by Premier Wen Jiabao, mapped out collective forest tenure reform. During this meeting, the CPC Central Committee and State Council **Opinions on Comprehensively Promoting Collective Forest Tenure Reform** was reviewed and passed in principle. On June 8, CPC Central Committee published the document.

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