

A photograph of a rural landscape in China. In the foreground, two farmers are bent over, working in a rice paddy field. They are surrounded by rows of young rice seedlings. In the background, there are several traditional Chinese houses with tiled roofs, nestled among lush green trees and vegetation. The overall scene depicts a typical rural agricultural setting.

Rural development strategies and government roles in the development of farmers' cooperatives in China

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Agriculture and rural development in China



New Socialist Rural Reconstruction Program



Agricultural modernization and industrialization



Organizational models for vertical integration

- Agri-business enterprises – “dragon-head enterprises”
- Farmers’ Professional Cooperatives (FPCs)
- Others (e.g., government-run specialty wholesale markets)

Numbers of Vertical Integration Entities by organization type, 2000-2005

	2000		2002		2004		2005	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Total integrating organizations	66,688	100	94,432	100	113,953	100	135,725	100
Dragon-head enterprises	27,276	41	41,905	44	49,709	44	61,268	45
Brokerages	22,146		32,076		41,430		62,914	
Specialty co-ops	9,552	14	20,245	21	30,546	27	48,473	36
Specialty markets	7,674	12	9,163	10	10,565	9	11,543	9
Others	9,592		11,288		12,249			

Source. Zhongguo nongye chanyehua fazhan baogao, 2008: 309.

The development of farmers' cooperatives in China

- Three phases:
 - 1949 to early 1980s
 - early 1980s to 2007
 - 2007 to present
- The first national Farmers' cooperative Law enacted in 2007
- Debate on 'true' and 'fake' cooperatives

Farmers' cooperatives registered in China from 2007-2012

	Number of registered coop.	Numbers of registered members	Registered capital (millions of RMB)
2007	26,400	350,000	31,170
2008	110,900	1,417,100	88,020
2009	246,400	3,917,400	246,140
2010	379,100	7,155,700	454,580
2011	512,700	11,964,300	724,540
2012	689,000	46,000,000	1,100,000

Research objectives and questions

- **Objective:** Rather than continuing the debate on ‘true’ and ‘fake’ cooperatives, we argue that FPCs have the potential to make significant economic, social, and environmental contributions to rural development in China by adopting various alternative farming strategies.
- **Research Questions:** “how new entrepreneurial and alternative farming strategies pursued”, “what roles played by the Chinese government”, and “what roles played by different farm members and their participation in decision-making and profit-sharing”, and “what are the main contributions of FPCs to rural development and their development challenges”

Research methods

- Two case studies
 - Daizhuang Organic FPC in Jiangsu province
 - Tonglu Peach FPC in Zhejiang province
- Face-to-face semi-structured interviews (20 interviews)
- Selecting criteria
 - Following the coop. principles
 - Adopting 'alternative' farming strategies and relatively successful economically

Daizhuang Organic FPC

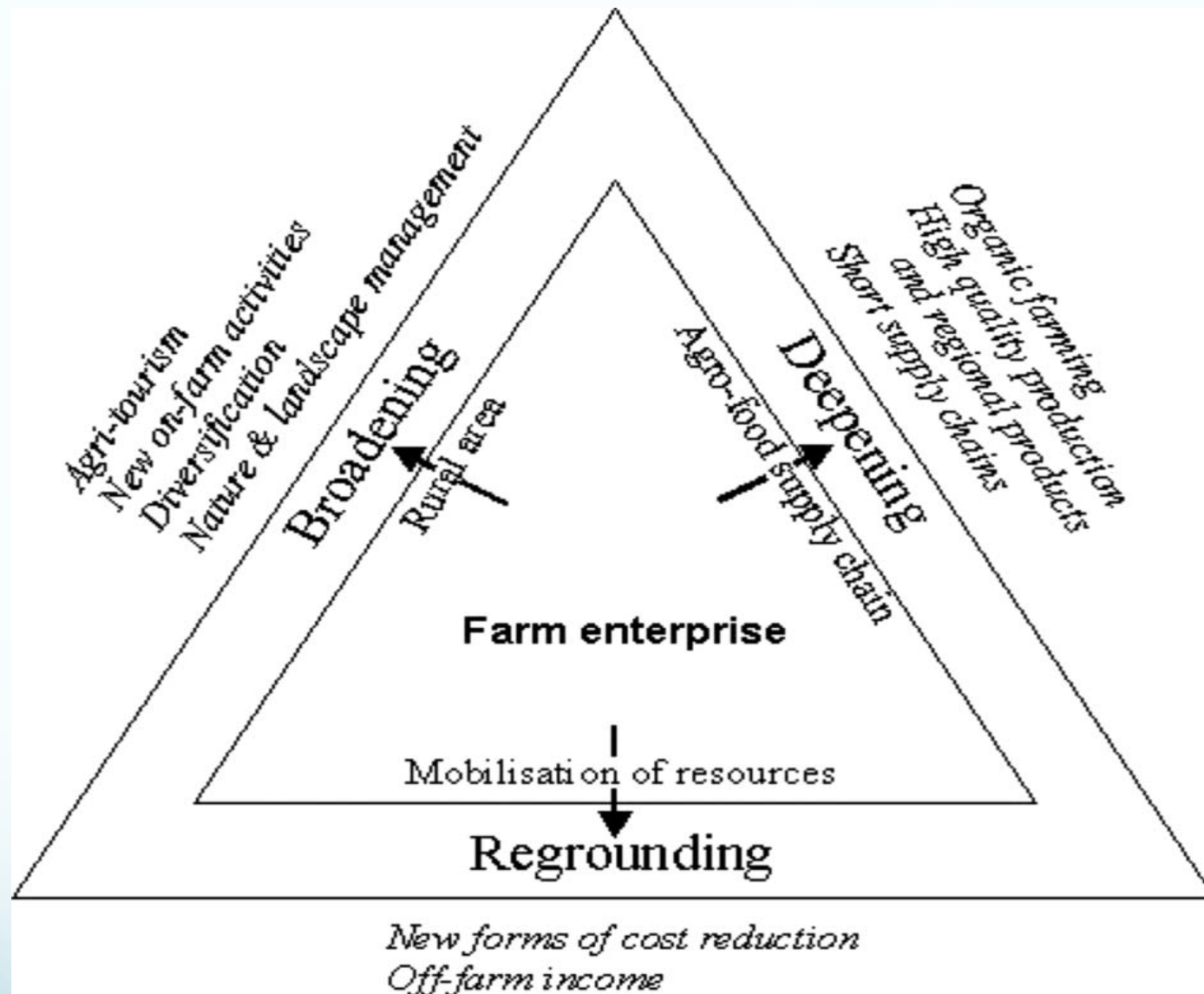


Tonglu Peach FPC



Membership and decision-making

	Daizhuang FPC	Tonglu Peach FPC
Membership	Core members (playing roles in coop. management and technical support) and common members; members farming in almost the same scale	Core members (large-scale; investing more capital) and common members (also small-scale)
Decision-making	Core members decide technical innovation and marketing while common members mainly participate in production	



Framework of alternative strategies for RD (source: van der Ploeg et al. 2002)

Alternative farming strategies

	Daizhaung FPC	Tonglu Peach FPC
Deepening strategy	Product branding; food processing; organic certification; direct marketing	Product branding; sorting and packaging; green and hazard-free certification; direct marketing
Broadening strategy	Plan to develop agri-tourism	Pediment Festival and agri-tourism
Regrounding strategy	Unified farming management	Unified farming management; collaborating with other FPCs

Government roles

- Implementing the Cooperative Law and developing a series of preferential policies
- Intervening directly in the establishment and operation of cooperatives
- Providing various financial (i.e., subsidies, tax exemption and preferential loans) and non-financial supports (i.e., technical, marketing and moral supports)

Rural Development Contributions

- Economic contributions
- Social contributions
 - Social integration
 - Local and regional embeddedness
 - Adoption of food quality standards and food safety
 - Rural democracy governance
- Environmental contributions
 - Ecological agriculture
 - Local food supply
 - Agri-tourism – environmental awareness

Development challenges

- Limited access to land and capital
- Massive loss of young talent in agricultural sector
- Low market competitiveness
- Weak internal management
- Lack of government support

