Law of the PRC on Land Contracting in Rural Areas

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purposes of stabilizing and improving the two-tier management system based on household contract management and combining centralization and decentralization, endowing farmers with long-term and secured land management rights, safeguarding the legitimate rights and interests of the parties to land contracting in rural areas, promoting the development of agriculture and the rural economy, and maintaining social stability in rural areas.

Article 2 — For the purposes of this Law, "land contracting in rural areas" means the contracting by means such as household contracting of land such as cultivated land, forest land, grassland and other lands lawfully used for agriculture, which are owned collectively by farmers or owned by the state and collectively used by farmers, and the contracting of land directly managed by the state agricultural authorities.

Article 3 — The state shall implement a land contract management system in rural areas. In rural land contracting, women and men shall enjoy equal rights. The lawful rights and interests of women in contracting shall be protected, and no organization or individual may deprive or infringe upon women's rights to contract land.

Article 4 — The state protects the rights and interests of the collective land owners and the land contract operators, and no organization or individual may encroach upon such rights and interests. The state protects the right of the contract-undertaking party to subcontract, lease, exchange, transfer or swap the land contract management right in accordance with law, the principles of voluntariness and compensation and the provisions of law.

Article 5 — Members of the rural collective economic organizations shall have the right to contract the rural land lawfully contracted by the rural collective economic organizations of which they are members. No organization or individual may deprive of or illegally restrict the right to contract land enjoyed by members of the rural collective economic organizations.

Article 6 — The parties to rural land contracting and operation, and the transferee of land management rights, shall protect and rationally utilize the land in accordance with the purposes of land use agreed in the contract and shall not use the land for non-agricultural construction. No organization or individual may occupy, trade or illegally transfer land in other forms.

Chapter II — Household Contracting

Article 7 — The rural collective economic organizations, villagers' committees or villagers' groups within rural collective economic organizations shall exercise the contracting party rights. The land collectively owned by farmers and lawfully owned by rural collective economic organizations, and the land jointly used by two or more rural collective economic organizations shall be contracted separately by the relevant rural collective economic organizations.

Article 8 — The contract-undertaking party shall enjoy the following rights:

(1) — To possess, use and obtain profits from the contracted land in accordance with law, and to independently organize production, operation and disposal of products;

(2) — To subcontract, lease, exchange, or transfer the land contract management right in accordance with law;

(3) — To obtain corresponding compensation when the contracted land is lawfully expropriated or occupied;

(4) — Other rights provided for by laws and administrative regulations.

Article 9 — The contract-undertaking party shall assume the following obligations:

(1) — To maintain the agricultural use of the land and shall not use it for non-agricultural construction;

(2) — To protect and rationally utilize the land in accordance with law, and shall not cause permanent damage to the land;

(3) — Other obligations provided for by laws and administrative regulations.

Article 10 — The term of a contract for cultivated land shall be 30 years. The term of a contract for grassland shall be 30 to 50 years. The term of a contract for forest land shall be 30 to 70 years. Upon expiration of the contract term provided for in the preceding paragraph, the contract term for cultivated land shall be extended

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for another 30 years, and the contract terms for grassland and forest land shall be extended accordingly.

Article 11 — The contracting party and the contract-undertaking party shall enter into a written contract. The contract shall contain the following items:

(1) — The names of the contracting party and the contract-undertaking party, and the names and residences of the representatives of the contracting party and the contract-undertaking party;

(2) — The name, location, area and quality grade of the contracted land;

(3) — The contract term, starting and ending dates;

(4) — The purposes of the contracted land;

(5) — The rights and obligations of the contracting party and the contract-undertaking party;

(6) — The liability for breach of contract.

Article 12 — The contracting party shall not modify or rescind the contract during the term of the contract without authorization.

Chapter III — Contracting by Other Means

Article 13 — Land that is not suitable for household contracting, such as barren mountains, barren ditches, barren hills, barren beaches and other rural land, may be contracted by means such as bidding, auction and public consultation, and such contracts may be entered into with entities and individuals other than members of the collective economic organization.

Article 14 — Where rural land is contracted by other means, a contract shall be entered into by and between the contracting party and the contract-undertaking party. The rights and obligations of both parties, the contract term, and such shall be negotiated and determined by both parties. Contracts entered into by means of bidding, auction or public consultation shall be subject to notarization if required by law.

Article 15 — Where the contract is awarded through bidding, auction, public consultation or other means, the contract-undertaking party shall obtain the land management right certificate upon registering in accordance with law. The land management right certificate shall set forth the name of the holder, the location and area of the land, and such.

Chapter IV — Transfer of Land Contract Management Rights

Article 16 — The contract-undertaking party may subcontract, lease, swap, transfer or use other means to transfer the land management right to others in accordance with law. The transfer of land management rights shall adhere to the following principles:

(1) — Consultation, voluntariness and compensation on an equal basis, and no organization or individual may compel or obstruct the transfer of land management rights;

(2) — The agricultural purpose of the land shall not be changed, and the comprehensive agricultural production capacity of the land shall not be impaired;

(3) — The term of transfer shall not exceed the remaining term of the contract;

(4) — The transferee shall have the capacity for agricultural operation;

(5) — Members of the collective economic organization shall enjoy priority under the same conditions.

Article 17 — The transfer of land management rights by the contract-undertaking party shall enter into a written contract with the transferee. Where the transfer term exceeds five years, the parties may apply to the registration authority for registration of the land management right. Without registration, such right may not be set up against a bona fide third party.

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Article 18 — The contract-undertaking party may use the land management right as capital contribution to agricultural cooperatives, or mortgage or provide other guarantees with the land management right, and the guarantee may be registered with the registration authority. If the debtor fails to perform the obligations under the relevant agreement, the guarantee holder shall have the right to be paid in priority from the disposal of the land management right.

Article 19 — Where the contract-undertaking party transfers the land management right, the contractual rights and obligations relationship between the contract-undertaking party and the contracting party shall remain unchanged. The transferee shall have the right to possess and use the contracted land, carry out agricultural production and operation independently, and obtain profits.

Chapter V — Dispute Resolution and Legal Liability

Article 20 — Where a dispute arises from land contracting and management, the parties may resolve it through consultation, or request mediation by the villagers' committee or the township (town) people's government. Where the parties are unwilling to consult or mediate, or where consultation or mediation fails, they may apply to the rural land contract arbitration institution for arbitration, or directly file a lawsuit with the people's court.

Article 21 — Where the parties raise objections to the award of the rural land contract arbitration institution, they may file a lawsuit with the people's court within 30 days from the date of receipt of the award. Where no lawsuit is filed within the time limit, the award shall become legally effective.

Article 22 — Where a state organ or any of its staff members, by taking advantage of their authority, infringes the land contract management right or alters or rescinds a contract without authorization, causing losses to the parties, such losses shall be compensated; the directly responsible person in charge and other directly liable persons shall be subject to administrative sanctions in accordance with law; where the case constitutes a crime, criminal liability shall be pursued in accordance with law.

Article 23 — Where a contracting party, in violation of the provisions of this Law, contracts land that is not suitable for household contracting by means other than bidding, auction or public consultation, the contract shall be invalid.

Chapter VI — Supplementary Provisions

Article 24 — The standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government may, in accordance with this Law and in light of the actual circumstances of their respective administrative areas, formulate implementation measures.

Article 25 — This Law shall come into force on March 1, 2003.

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