JPRS-CAG-86-001

8 January 1986

China Report

AGRICULTURE

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CHINA REPORT

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PEOPLE'S REPUBLIC OF CHINA

NATIONAL

POTENTIAL FOR AGRICULTURAL EXPORTS TO JAPAN GREAT

Beijing ZHONGGUO XIANGZHENQIYE BAO in Chinese 21 Aug 85 p 2

[Article: "There Is Great Potential for Chinese Exports of Local and Animal Products to Japan"]

[Text] Chinese local and animal products have been exported to Japan for a long time, and many products enjoy a ready market there. In 1984 the volume of Chinese exports to Japan reached more than $400 million. The export volume of more than 10 of these exports, including rabbit hair, cashmere, handmade carpets, hog bristles, raw lacquer, and cassia bark, accounts for more than 60 percent of the total Japanese import volume of these products. Although the value of some of our exports to Japan is considerable, they still make up only a small proportion of the Japanese imports, e.g., feathers exported to Japan account for only 16 percent of Japanese imports. There are other commodities which the Japanese market needs in rather large quantities, but we do not export enough to Japan, and our share of the imports is too small. For example, black tea, leather clothing, and vegetational animal feed account for merely 0.5 percent, 3.9 percent, and 2 percent, respectively, of Japanese total imports. According to statistics, the total value of local and animal products imported into Japan was $5 billion; Chinese exports only made up 7 to 8 percent of their imports.

Tea: Japan is a major tea-consuming nation. According to statistics, in 1984 it imported 7,500 tons of black tea, 3,000 tons of green tea, 3,500 tons of oolong tea, 1,500 tons of pu'er tea, and 600 tons of scented tea. Our exports to Japan in 1984 were worth $13.35 million; it is predicted that by 1990 they may increase to $27 million, which is quite possible.

Local products: Chinese exports to Japan in 1984 were close to $80 million. Rosin, turpentine, and raw lacquer were worth $27.23 million; mountain products such as bamboo goods, fireworks, and firecrackers were $22.58 million; flowers, birds, insects, and fish were $89.4 million; lumber and wood products were $14.81 million.

Special fibers: Includes every kind of bast fiber, rabbit hair, cashmere, etc. Last year we exported to Japan $58 million of bast fiber commodities, $56.7 million of rabbit hair, almost $20 million of cashmere, and almost $2 million of other fluff.

Fertilizer and animal feed: At present Japan imports very great quantities of fertilizer and feed. The annual value of imports is $2 billion, which includes 15 million tons of corn worth $1.8 million. But in 1984 our exports of vegetational feed, consisting mainly of wheat bran and rapeseed cake, were only worth $17.8 million. Fertilizer and feed made from animal sources were worth $3.5 million.

Delicacies: At present our exports to Japan consist primarily of shelled walnuts, dried canned fruits, seed of job's tear, shelled mountain peaches, honey, black tree ears, hot pickled mustard tuber, dried hot pepper, dehydrated vegetables, wild vegetables, etc. In 1984, our exports to Japan of this kind of commodity totaled $54.76 million. In general, Japan does not produce these kinds of goods, but throughout history most Japanese have enjoyed eating them; many of them are health foods.

Spices and Fragrant oils: In 1984, we exported $19 million worth to Japan. Japan requires these things because the production of cosmetics and food products is impossible without spices and fragrant oils.

Furs, leather, and other products: The sales value in 1984 in Japan was 300 billion yen. We exported to Japan almost $15 million worth of fur products, and $6.1 million of leather and leather goods. The potential fur market in Japan is very great: because Japanese are afraid of the cold when they leave their warm buildings, they want to wear fur clothing. Japan is a traditional market for Chinese leather. The only thing is that Japan has high demands, which at present we are still unable to meet.

12919/9435
CSO: 4007/3

MA YONGWEI ON BANK BONDS

Beijing NONGCUN JINRONG [RURAL FINANCE] in Chinese No 19, 1 Oct 85 pp 2-3

[Interview with Ma Yongwei [7456 3057 0251]: "Ma Yongwei, Director of the Agricultural Bank of China, Answers Reporter's Questions Concerning Bank Bonds and Issuing Special Loans"]

[Text] [Question] What are bank bonds? Why does the Agricultural Bank of China want to issue them?

[Answer] Bonds are a form of negotiable security. The bank bonds issued by the Agricultural Bank of China are certificates of credit. The holders of bonds have the right to recover their principal plus interest when they mature. Some banks in foreign countries use the issuance of bonds as a normal method for raising capital and one of the normal duties of China's banks is to issue bonds to raise capital.

The only thing is that 1985 will see the first trial since the nation was founded. As everyone knows, the deposits and fixed term and active term savings deposits of organizations and enterprise units are important channels that banks use to raise capital. The issuance of bank bonds similarly is an important channel for banks to use for raising capital, and differs only in form.

To assure smooth progress in reforming China's economic system, the state has adopted a series of measures to strengthen macroeconomic financial controls. In one area, banks have tightened money markets and controlled credit allocations and the issuance of currency. In another area, development of the national economy has increased enterprise demand for capital and caused an acute imbalance between capital supply and demand. There now are some rural and small town enterprises which, despite having social demand for their products and very good economic results, find it difficult to continue expanding production because of a lack of capital. With the goal of invigorating the microeconomy, alleviating the present contradiction between capital supply and demand, guaranteeing that several wrap-up construction projects with good results do not suffer losses, bringing about the conversion of some consumption capital into productive capital, and with approval by the People's Bank of China, the Agricultural Bank of China issued 1.5 billion yuan in bank bonds in 1985 to raise capital and solve the urgent capital needs of these enterprises.

[Question] What are the characteristics of the bank bonds issued by the Agricultural Bank of China in 1985?

[Answer] Bank bonds with many different face values were issued by the Agricultural Bank of China in 1985. They are short-term, high-interest bonds. The bonds come in three face values, 25, 50 and 100 yuan, and basically meet the ability and needs of the masses at different income levels to purchase bonds. The bonds have a one-year term and an annual interest rate of 9 percent. This is 25 percent higher than the fixed term savings account interest rate now available from banks. The bonds receive the principal and interest when they mature and cannot be cashed early. They draw nothing if they exceed the time limit and no interest is paid on the time in excess of the limit. In addition, it was decided that the 1985 financial bonds would not have to be signed, that their loss could not be reported, and that they could not circulate, be transferred or be mortgaged. The bonds can be redeemed only at the original selling bank. The goal of these stipulations was to stabilize the capital sources of the banks.

[Question] Why are only individuals permitted to buy the 1985 bonds?

[Answer] The rural economy has developed rather substantially since the 3d Plenum of the 11th CPC Central Committee. Peasant income levels and standards of living continue to rise and the amount of money the peasants hold also continues to grow. According to statistics from related departments, there was a 45-percent increase in the amount of cash held by the peasants compared with 1984. Moreover, typical surveys in some areas have shown that some specialized households, especially individual industrial and commercial households and enterprise contractors, have over 10,000 yuan on hand or even several hundred-thousand yuan. There is major capital potential among the peasants. To bring about the conversion of some of consumption capital into productive capital and to increase the capital strength of productive construction, we have decided to restrict the purchase of bank bonds issued by the Agricultural Bank in 1985 to individuals.

[Question] How is the capital raised by the bank bonds to be used?

[Answer] Special uses have been ordered for the capital raised through the bank bonds that we issued in 1985. They are to be used entirely for making special loans.

These special loans refer to loans that are granted to those rural and small town enterprises whose products are urgently needed by society, who enjoy good economic returns and who can complete and put into operation technical transformation and capital construction projects if they invest a small amount of capital and for the circulating capital urgently needed after project completion. The purpose of developing special loans is to combine stronger macroeconomic controls with adherence to the policy of differential treatment, and use economic methods to regulate capital supply and demand, to readjust capital structures, to solve the urgent capital needs of some enterprises and to guarantee that these wrap-up construction projects do not suffer losses. The development of special loans also gives the Agricultural Bank in all regions

rather substantial room to maneuver for a unified solution of the capital needed to develop the commodity economy in rural areas outside the scope of state-centered credit.

[Question] What enterprises can apply for special loans?

[Answer] To be eligible for special loans, an enterprise first of all must be an enterprise unit that conforms to bank stipulations concerning rural and small town enterprise loans, and they must have the following conditions: (1) The products for which the loan is designed must be in great demand on domestic markets or for export. (2) They must be enterprises which already have completed most of their project investments. (3) The loan projects must be able to bear the burden of high interest rates and quick capital turnaround, have good economic results, and be capable of repaying the loan within 1 or 2 years. (4) Units with sufficient economic incomes must act as guarantors and the guarantor units must assume the related repayment tasks.

[Question] Why are the interest rates of bank bonds and special loans higher than the interest rates on regular savings and loan accounts?

[Answer] The reason that the interest rate on bank bonds is higher than the interest rate on equal-term bank savings deposits is determined mainly by the fact that the bank bonds have a fixed term. They can be redeemed only at maturity and cannot be cashed in ahead of time, which is much more restrictive than savings accounts. Secondly, the 1985 bank bonds serve to raise capital through special loans, so we must encourage the masses to buy them enthusiastically and increase the amount of capital to support construction in rural and small town enterprises. A rather high interest rate also has been set for the special loans. This serves to strengthen macroeconomic financial controls. In a situation of a rather acute contradiction between capital supply and demand in rural and small town enterprises, the selection of enterprises with good results to assist their development provides a test to the enterprise through the high interest rates. The good will thrive and the bad will fade away, which will promote the flow of capital toward enterprises with good economic results and restrict enterprises with poor results, and which in turn will be effective in promoting readjustments of product mix and industrial lineup. This is another important measure we are using to provide selective assistance to enterprises.

[Question] Why must there be a guarantor for the special loans? What responsibilities does a guarantor unit assume?

[Answer] The high interest rate and short term of the special loans means that the principal and interest must be paid to the purchaser of the bond when it matures, so there is greater danger for the loans. To guarantee the safety of the capital, we require all enterprises making applications for any type of special loan to find a unit with substantial economic income (including those that handle property insurance and insurance companies) to serve as guarantor. The guarantor unit must be an enterprise under state, collective, or private ownership that practices independent accounting and has responsibility for its profits and losses, that has sufficient profits and that has a net value of

fixed assets greater than the cash value of the loan that it is guaranteeing. The guarantor unit assumes the related tasks of repaying the bonds.

[Question] If a borrowing unit cannot fulfill its loan contract, what can the bank do?

[Answer] To avoid having bank capital lie idle and to protect the interests of those who buy the bonds, to fully exercise the role as economic levers of bank credit and interest rates, to manage and use capital well, and to guarantee that the loan is recovered as scheduled, the borrowing enterprise must sign a loan contract with the bank that clarifies the rights and duties of each side when it applies for a special loan. The enterprise must guarantee fulfillment of the contract and repay the principal and interest as scheduled, and it must assume responsibility for any economic losses that occur if the agreement is broken. Because we issue bonds to raise capital on the basis of the amount of capital needed by the enterprises, we not only pay higher interest to the buyers of the bonds but also have very rigid time restrictions. For this reason, we will implement the following credit sanctions for enterprises that break the agreements: (1) They are not permitted to use regular bank loans to repay special loans. If we discover that a unit has exceeded the time limit for a regular loan but has repaid a special loan, the interest rate for a special loan will be applied for the excess time based on the amount of the special loan. (2) Those who receive loans and then use them for other purposes will be punished by the collection of an additional 50-percent increase in interest for special loans that exceed the time period. Those that run more than 2 months past term will have deductions taken from their accounts at the bank and the guarantor unit will be responsible for any insufficiencies. (4) Enterprises that extend the handling of their borrowing measures in a way not in accordance with the stipulations in the loan contract still can have their interest calculated by the bank starting from the loan date stipulated in the contract. (5) Those enterprises who stop all or part of their loan after signing a loan contract must forfeit an agreement violation fee equal to 2 months according to the interest rate on the loan. Those who have not yet taken steps to deal with them after 2 months must repay the agreement violation fee and void the original contract. (6) Enterprises wishing to repay their loans ahead of schedule first of all should obtain agreement from the bank and pay a 9 percent agreement violation fee according to the principal paid in advance and the term.

This still is the first try at issuing financial bonds and allocating special loans for the Agricultural Bank, and we have no experience. I hope that under the leadership of party and government departments at all levels the related units will support and assist us in doing good work in this area.

12539/12859
CSO: 4007/82

RECOGNITION OF AGRICULTURE'S IMPORTANCE NEEDED

Beijing NONGCUN GONGZUO TONGXUN [RURAL WORK NEWSLETTER] in Chinese No 10, 5 Oct 85 pp 6-8

[Commentary: "Again Recognize Agriculture as the Foundation of China's National Economy"]

[Text] Since the 3d Plenum of the 11th CPC Central Committee, there have been enormous achievements in the reform of China's rural economic system, large-scale increases in the output of important crops such as grain, cotton, oil, and sugar, and great improvements in the lives of peasants. Facing these enormous victories, some comrades seem to think that the problem of agriculture has already been solved. In some places the leadership of agricultural production has been neglected to varying degress, emphasizing industry and sideline production at the expense of agriculture: "People just want to go from town to town, not into the field." According to statistics from a district in Haimen County, Jiangsu Province, so far this year nine industrial and four sideline production events have been organized, but only one agricultural event. In some places, the peasants' burden has been made heavier by an increase in money-collecting activities, due to overestimating the peasants' degree of prosperity. According to an investigation of 9 counties in Shandong, the per capita burden was 54 yuan, 12.7 percent of the per capita net income; 50 to 60 percent of each person's share went to the county or higher government levels. The problems stated above, of neglecting the leadership of agriculture and unreasonable increases in the peasants' burden, exist to varying degrees everywhere in China. Therefore it is certainly necessary to recognize once again that "agriculture is the foundation of China's national economy."

Of China's 1 billion people, 800 million are peasants, so that the state of agriculture has an enormous influence on the total situation. The experience accumulated in the 36 years since the founding of the PRC is that whenever agriculture has bumper harvests, the light and textile industries, which use agricultural sideline products as raw materials, are able to develop, market supplies are fairly ample, city and country people are fairly content, and the entire national economic development is fairly smooth. This is just what Comrade Hu Yaobang was saying in his report to the 12th CPC Congress:

"Agriculture is the foundation of the entire national economy; as long as agriculture advances, the other things will be somewhat easier to handle."

"The CPC Central Committee's Suggestions on Drafting the Seventh 5-Year Plan for National Economic and Social Development" reaffirm: "Agricultural development is still the important foundation of China's entire national economic development, and we must attach full importance to its strategic position." The quadrupling of the total value of industrial and agricultural output by the end of this century is our strategic goal. Agriculture occupies a decisive position in the realization of this strategic goal. In 1984, the total national output value for industry and agriculture was 1,062,700,000,000 yuan, of which the total output value for agriculture was 361.2 billion yuan and for light industry (which uses agricultural sideline products as raw materials) was 237.1 billion yuan; added together the two equal 598.3 billion yuan, 56.3 percent of the total output value for industry and agriculture. This illustrates that the size of the harvest in agricultural production and the rate of development directly affect whether or not more than half the output value can be realized. Let us further look at winning foreign exchange through exports: in the 6 years from 1978 until 1983, the exports of agricultural products and processed goods made from them accounted for 46.7 percent of all Chinese exports during that time. In 1984, just the exports of grain, edible oil, foodstuffs, textiles, silk, and local and animal products reached 10,844,000,000 yuan, 44.37 percent of the total exports for that year. This means that we depend on agriculture for almost half of export foreign exchange earnings. At the same time, villages are still a vast market for urban industrial goods. In 1984, the total national retail value of social commodities was 335.7 billion yuan, of which the retail volume of agricultural commodities was 199.6 billion yuan, 59.5 percent. From this we can see the enormous importance of the strategic position occupied by agriculture, be it in realizing the strategic goal of quadrupling [output value] or in winning foreign exchange through exports and providing markets for urban industrial products.

The achievements of the past 6 years have been remarkable, but we must soberly note that the level of Chinese agricultural production in fact is not high and that the peasants' lives still cannot be called prosperous. In 1984, Chinese agriculture had an especially large bumper harvest, but nationally there were only 786 jin of grain per capita, lower than the world per capita level of 859 jin (Canada 3,566 jin, America 3,130 jin, Australia 3,747 jin, France 2,177 jin, Soviet Union 1,358 jin); there were 7.8 jin of vegetable oil per capita, 60 percent of the world average level of 13 jin; there were 32.8 jin of meat per capita, 55 percent of the world average level of 60 jin. According to calculations with data from 1980, every Chinese absorbs 2,465 calories of heat from their food, 94 percent of the average world level. Only 6 percent of the heat absorbed came from food of animal origin, much lower than the world level of 17 percent.

According to the State Statistical Bureau's sampling of 31,435 households, in 1984 the national peasant per capita income was 355 yuan. If we deduct income not derived from production, such as gifts from relatives and friends, it was only 305 yuan. Moreover, 53 percent of the counties and 55 percent

of the rural population have per capita incomes below this level. Even if we look at Heilongjiang, where the income is above the national average, the proportion of prosperous households is still rather small. According to a survey of 11 counties in Suihua and Songhua Jiang Prefectures and the cities of Jiamusi and Qiqihar, 18 percent of households are prosperous ones, with per capita incomes above 500 yuan; more than 60 percent, with per capita incomes from 200 to 500 yuan, have enough for basic needs; 20 percent are poor households with per-capita incomes below 200 yuan. The percentage of 10,000-yuan households is very small: in 7 provinces and cities surveyed (Beijing, Hebei, Shanxi, Liaoning, Jiangsu, Shaanxi, Heilongjiang), there are a total of 150,000 such households, only 0.3 percent of the rural households in these areas. Nationwide there are about 80 million peasants whose problems in meeting their basic needs have yet to be thoroughly solved.

There is still a definite gap between the level of Chinese agricultural production and the world average, and compared with economically developed countries the gap is considerable. Improving the peasants' life for now can only mean solving the fundamental problems in meeting basic needs. Going from "basic needs" to "relatively comfortable" will require persistant effort. Therefore, any thoughts or methods that neglect agricultural production or loosen the leadership of agricultural production, will have unfavorable consequences for the four modernizations.

Having made clear that agriculture is the foundation of China's national economy, we must continue to conscientiously carry out reform of the rural economic system; accelerate the progress toward specialization, conversion to commodities, and modernization; and enable agricultural production to maintain continuous and stable growth. At present it is particularly necessary to stress the following points:

I. Never Neglect Grain Production, Steadily Restructure Rural Production

Development of grain production is the premise for restructuring rural production. It is precisely due to the large-scale increases in grain production over the past 6 years that today we can have the opportunity for large-scale restructuring of production. Should grain production drop, it would initiate a series of chain reactions: the currently thriving livestock industry would be influenced, the market supply of meat, poultry, eggs, and fish would shrink, prices for goods would go up, and it would be difficult to proceed smoothly with the entire restructuring of rural production. Therefore, we must resolutely implement the policy of "never neglect grain production, actively develop a diversity of production," attach great importance to grain production, and ensure the steady growth of grain production. In 1984, the area planted in grain throughout China was 115.55 million mu less than in 1978; in these 6 years the area was reduced by an average of 19.26 million mu every year. But this year the grain and oil acreage has been reduced by more than 50 million mu, which is going somewhat faster. There has been lower output of summer grains and early rice due to factors such as reduced acreage and natural disasters. This fall there has been drought in the south and flooding in the northeast, so it is predicted that this year's national grain harvest will be smaller than last year's. We definitely must pay attention to this trend, and make arrangements for next year's grain production as early as possible. Provinces which ship grain out should study policy measures that will allow

the income of peasants in areas which are main producers of commodity grain to become basically equivalent to that of cash-crop producers. This will encourage the enthusiasm of grain-growing peasants, take advantage of areas suited to grain production, and contribute more to the nation. Provinces, cities, and autonomous regions which ship in grain should determine the steps for restructuring that area's rural economy according to the amounts that can be brought in, the supply channels, and transport facilities. Provinces and autonomous regions that are capable of achieving self-sufficiency should resolve to do so by means of centralized planning and rational distribution. They should set up local commodity grain depots and stable supply and marketing channels so as to achieve regional balance. In other words, they should encourage and stabilize the peasants' enthusiasm for growing grain as well as steadily carrying out restructuring of rural production.

II. Develop Rural and Town Enterprises, Gradually Convert Rural Labor Force

The important reason why China's villages are poor and backward is that there are 800 million peasants trying to make a living. If we want to eliminate poverty and backwardness, we should change the rural production structure and convert the large rural force; this is a task of historical significance. Setting up rural and small town enterprises is one of the major ways to absorb the rural labor force. In 1984, there were 6.06 million rural and small town enterprises nationwide, with a total production value of 170.9 billion yuan and 9.6 billion yuan paid to the state in taxes; they provided 2.3 billion yuan of capital for rural development and various institutions and gave work to 52 million people, social and economic benefits of great value. In southern Jiangsu Province, where rural and economic enterprises are fairly advanced, there are already 5 counties with annual production values of 2 billion yuan, 27 "100 million yuan" townships, and 40 "10 million yuan" villages. These places have already largely or completely solved the local problem of finding work for surplus labor, building up a number of small towns and villages where surplus labor, deployed to new positions, is creating even more wealth for society. The people's educational and scientific level has also been raised. Following the development of commodity production, the urban-rural gap is in the process of gradually shrinking. We want to build socialism with Chinese characteristics; the development of rural and small town enterprises and turning villages into cities and peasants into workers are important symbols which embody these Chinese characteristics. We certainly should view rural and small town enterprises as part of our strategy and enthusiastically support the development of rural and small town enterprises.

The rapid development of rural and small town enterprises is continuing this year, and of course it has created a few new problems. We must conscientiously learn from experience, correct defects, solve problems, and ensure its healthy and steady progress.

III. Provide Good Service, Help Peasants Increase Production and Income

We still lack knowledge and experience in developing socialist commodity productin, and everyone from the top to the bottom must go through the process of studying anew. Arranging production according to the needs of the domestic market requires understanding, analysis, and transmission of market information; supply of outstanding varieties, chemical fertilizers, agricultural chemicals, and agricultural machinery and tools; technical guidance during production; exchange and promotion of high-yield cultivation models; product grading, inspection, packing, storage, and shipping; etc. For all of these we need to provide socially useful service to peasants, as well as gradually to establish relevant facilities and provide the conditions vital to developing commodity production. Even though many agricultural, animal, local, and special products could become commodities, if we lack these services, facilities, and conditions, the peasants' desire for the best economic results will be crippled.

State-run, collective, and individual enterprises should move forward together. We should develop many kinds of socially useful services, widely open channels of circulation, expand the market for selling agricultural byproducts, and ensure increased production and income for peasants. All kinds of money-raising, deductions, and assignments should be moderate and not get out of hand. Each institution must note the differences in local conditions and seek no more than that area is capable of giving. This will prevent some money-grubbing units using the name of reform to harm the peasants' interests.

IV. Strive To Support Poor Areas

The great majority of China's poor villages are concentrated in mountains, former revolutionary areas, and regions settled by minorities. The common characteristics of poor areas are: (1) The agricultural production structure has no variety; until now they still have not escaped from the yearround struggle to meet their basic needs, and most of the labor force is used in getting food to eat. (2) The industrial production base is weak; there are very few profitable industries aside from traditional handicrafts and simple processing of agricultural byproducts. (3) The rate of turning agricultural byproducts into commodities is very low; basically the economy is still stuck in the condition of an isolated natural economy. The consequences of these characteristics are that local finances are in difficulty and abundant natural resources cannot be developed and used. The key to good support work is relying on the power of the local peasants, vigorously developing commodity production, trying every method that will produce and accumulate wealth, increase the local economic vitality, and improve and expand the reproduction capacity. Support work should focus on things that lay a foundation for creating a benevolent economic cycle. Following the development of rural commodity production, the gap between economically developed and poor areas is tending to widen. Zhejiang has organized assistance especially meeting Ningxia's needs, and Jiangsu has done the same for Gansu; training people and joint operations have already met with some success. We must pay attention to learning from and popularizing effective experiences, and do a good job of supporting poor areas.

12919/6662
CSO: 4007/79

JINGJI RIBAO EDITORIAL ON GUIDING GRAIN PRODUCTION

HK120516 Beijing JINGJI RIBAO in Chinese 6 Dec 85 p 1

[Editorial: "Direct Grain Production Positively and Steadily"]

[Text] Winter wheat in the north is doing well. The first year of grain production in the Seventh 5-Year Plan has begun. Realistically guaranteeing the steady growth of grain production for 5 years and realizing the tasks related to the development target in 1990 has been put on the agenda.

Despite a drop in the total grain output this year, the state has abundant grain stocks in hand. Peasants also have enough surplus grain in stock. There is a balance in grain received and delivered. At present, market prices for grain are holding steady. The situation is good.

What must be stressed now is still the need to strengthen guidance and service for the coordinated development of grain production and various other undertakings. If our guidance is proper and our service good, the steady growth of grain production and a diversified economy can be achieved. This is the very kind of situation that we should strive for and also can create. But if we should be guilty of blindly giving orders in guidance work, not only would an increase in grain production be rendered difficult but the steady development of other rural undertakings on a lasting basis would suffer. This is the kind of situation that we should strive to avoid and can also avoid.

Prudent guidance over grain production should be based on a correct fundamental assessment of the readjustment of the rural industrial structure. A readjustment starting with a proper reduction in the area sown with grain and an increase in multiple undertakings is the road to penetrating reform and wealth that our countryside must follow. We have already embarked on this road with steady steps and have scored relatively great achievements. This is to say that after several years of effort and especially after a relatively big reduction in the area of land under grain this year, the existing distribution of crops has basically been on the rational [word indistinct]. The areas planted with grain and economic crops should be appropriately stabilized. On the basis of a rational readjustment of the mix of crops planted, we must energetically introduce science and technology, improve conditions for production, strengthen management and

administration, continuously increase grain applications in regard to transformation and processing, and appropriately increase investment in irrigation facilities and other agricultural undertakings. Thus, the situation of coordinated development of grain and a diversified economy can be achieved and can last.

/6091
CSO: 4007/123

MINISTRIES INVESTIGATE IRREGULARITIES IN GRAIN DEPARTMENTS

Beijing RENMIN RIBAO in Chinese 2 Sep 85 p 2

[Report by XINHUA reported Wu Shishen [0702 1102 3234] and RENMIN RIBAO reporter Pan Gang [3382 1511]: "Ministries of Trade and Finance, and Auditing Administrative Demand That Each Locality Further Investigate Problem of Grain Departments Illegally Keeping Extra Funds From Above-Quota Prices Paid by State"]

[Text] The Ministry of Commerce, Ministry of Finance, and the Auditing Administration today held a joint telephone conference, demanding that each locality go even further in its investigation of certain grain units which have illegally kept extra funds from above-quota prices paid by the state for grain.

The telephone conference pointed out that problems uncovered in previous investigations show that there is a fairly serious incidence of some grain departments practicing fraud, breaking the law, embezzling, and using their power for personal gain. Some units ignore the national interest and pocket the extra price by taking advantage of the many different prices for grain; some units divide up among themselves the illegally obtained extra price; there are even a few that connive with lawless elements of society to sell grain coupons on the black market and engage in corruption and theft. There are quite a few grain management offices with problems in Xuchang and Zhoukou prefectures in Henan Province. Last year they converted 230 million jin of negotiated-price grain into grain bought in addition to the contracted amount, pocketing 11 million yuan from the extra price. From August of last year until January this year, the grain office in Shenze County, Hebei Province, colluded with the county grain depot, grain distribution center, and negotiated-price company; the grain did not move, but the books were fiddled with, thus cheating the country out of the extra price on more than 1 million jin of grain. Using their ill-gotten gain, within 6 months they handed out bonuses 11 times.

Responsible comrades from the ministries of commerce and finance and the Auditing Administration spoke at this telephone conference. They gave several ideas on how to properly make further investigations.

1. Grain departments at every level should put investigative work on their agenda and give it due attention. When the state sells a portion of the ordinary-price grain as negotiated-price grain, converts the grain and increases its value, this benefits the nation and its citizens. Grain departments should work hard to do this work well. It is absolutely forbidden to gain private benefit for a prefecture, unit, or individual by going through the motions of carrying out policies, and using opportunities and various tricks to pocket the extra funds from above-quota prices paid by the state. Leading departments at every level should regard the investigation as an important element of party rectification and seriously carry it out with a spirit of great responsibility for the cause of the party.

2. Carry out further investigations. The previous investigations proceeded unevenly in different places; the next step is to make joint, large-scale inspections of tax revenue and property. Organize resources to carry out spot checks of key units. Whichever grain departments are among the major objects of investigations should cooperate closely with the Ministry of Finance, the Auditing Administration, and the Discipline Inspection Commission. The Ministry of Finance and the Auditor's Office cannot try to remain uninvolved in the investigation work.

3. Deal with the problems seriously and earnestly. Illegal behavior simply cannot be tolerated. Those who refuse inspection or attempt deception should be dealt with seriously following the inspection. Those who violate the law or discipline should be punished with party and political discipline. Those who commit criminal offenses should be turned over to judicial departments for punishment according to the law. All financial losses should be recovered; no units or individuals may benefit from their crimes. As for major cases, the reputations of those who engage in illegal acts should be blackened through exposure in the public press.

12919/9435
CSO: 4007/3

LEGISLATOR CALLS FOR MORE AGRICULTURE LEGISLATION

OW120738 Beijing XINHUA in English 0656 GMT 12 Dec 85

[Text] Guangzhou, December 12 (XINHUA)--China should further strengthen its agricultural legislation to safeguard the development of the rural economic reform, a senior legislator said here today.

A national organization specializing in the research of agricultural legislation should be set up immediately, said Xu Rongxin, a leading member of the policy research office of the Ministry of Agriculture, Animal Husbandry and Fisheries, at an ongoing national seminar on economic legislation.

He said that the reform of the rural economic structure in the past few years has greatly spurred the development of agricultural production. But many new agricultural activities and economic relations cry for urgent legal coordination, and new contradictions need to be solved by the law.

He gave as an example the increase in disputes over land, water conservancy facilities, mountain forests and orchard contracts. The legal rights of some specialized households and rural enterprises have been violated, he added.

Yet, the existing agricultural laws and regulations fail to provide for these problems, he said.

Since 1979, ministries and commissions under the State Council have issued more than 400 regulations concerning agriculture. These include regulations on forestry, protection of aquatic resources, purchasing and selling of farm produce, and taxation of collectively-owned enterprises, individual businesses and specialized households.

However, China's present agricultural legislation work is far from adequate for a country with 80 percent of its population living in the rural areas, Xu said. He urged that a national organization specializing in research into agricultural legislation be established as soon as possible. Relevant courses should be offered in universities and colleges in order to train a large number of personnel well-versed both in agriculture and law.

Supervision of the implementation of existing laws and regulations should also be strengthened, Xu added.

/6091
CSO: 4020/121

PRC MEETING ON WATER CONSERVANCY CONSTRUCTION REFORMS

HK230653 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 22 Nov 85

[Text] From 17 to 22 November, the Ministry of Water Resources and Electric Power convened in Kunming a national symposium on water conservancy construction, to sum up and exchange experiences in reform and stick to the orientation of reform. It stressed adopting a pioneering spirit in continuing to advance reforms in water conservancy construction work, so as to achieve still better results in construction.

The ministry convened a similar conference in Chengdu in July last year. During the more than 1 year since that meeting, there has been great development in reforms in water conservancy construction throughout the country. The systems of contracted responsibility for investment, contracted responsibility for the wage component per 100 yuan of output value, and the [word indistinct] responsibility system have been popularized throughout the country, with very good results.

Beginning in 1984, Yunnan Province has instituted the system of contracted responsibility for investment for large and medium on-line projects administered by the provincial authorities. Contracts for 15 such projects have been signed in the past 2 years, and 7 of these have now been completed. The construction cycle for the (Mohuanghe) reservoir in Yuanjiang County was reduced from 3 years, as originally planned, to 2, and 47,000 yuan in investment were saved.

Regarding the popularization of the system of putting projects up for tender, barriers between departments and areas have been broken down in the construction of a number of projects and competitive tendering has been launched. In some projects which have been handled well, investment has been saved, the construction cycle has been shortened, and good quality of work has been assured.

In the reform of planning management, all parts of the country have attached more importance to the results of investment and to macroeconomic policy-making, and stipulated a flexible development orientation of providing all-round service. They have opened up a variety of channels for raising capital for water conservancy construction, enabling a gradual increase in the number of projects built with raised capital. The new method of using foreign investment has been pioneered for some projects.

In addition, pilot projects have been organized in wage contracts for construction units and turning design units into enterprises. Initial success has been scored in these respects. The reforms have taken a stride forward in depth and breadth.

Practice has proven that the reforms in water conservancy construction in recent years have been very successful. However, compared with the demands of the situation in reform in the whole country, there is a long way to go, and the development is very uneven.

The meeting pointed out: The future efforts should be focused on studying and implementing the spirit of the National Conference of Party Delegates, following the reform orientation pointed out by the CPC Central Committee, displaying pioneering spirit, and continuing to advance the reforms in water conservancy construction, so as to make this construction still more effective and to make new and still greater contributions to attaining the vast goal of quadrupling production by the end of the century.

/6091
CSO: 4007/123

SALES OF CANNED GOODS INCREASING SUBSTANTIALLY

Beijing ZHONGGUO XIANGZHENQIYE BAO in Chinese 7 Sep 85 p 2

[Article by Wang Ce [3769 3261]]

[Text] According to market surveys, sales of canned goods in China have increased by a large margin in the past few years. In 1984 the various canned goods sold through state commerce reached 10.36 million cases, an increase of 20 percent over the previous year. From January through May of 1985 sales reached 7.5 million cases, a 65 percent rise over the same period of 1984. Of this, sales of canned fruit comprised some 4.59 million cases, up 50 percent over 1984. In Hunan, Hebei and Hubei provinces the increase was 50 to 80 percent, and in the provinces, cities and autonomous regions of Zhejiang, Beijing, Tianjin and Ningxia sales rose 100 to 200 percent.

Hebei is China's number one canned goods production base. In 1985 its light industry system alone will produce 3.5 million cases of various canned goods, an increase of 20 percent over 1984. Of this, 400,000 cases will be exported and the remainder will be sold within the province.

The reasons for increased sales of canned goods are as follows: 1) There has been an increase in the people's standard of living and a change has occurred in the composition of nonstapel foods. Canned goods have become a consumer product for many households. In particular, they are both convenient for health purposes and pleasing to the eye for travelers and family feasts. 2) The practice of bringing along a few jin of fruit when visiting the sick or when returning home to visit relatives and friends has changed to one of giving canned goods. 3) After fruit, meat, poultry and aquatic products were opened up to public access their price rises spurred increased sales of canned goods. In the spring of 1985 the price of apples and citrus was about 1 yuan per jin, and the price of a can of fruit was also about 1 yuan. This greatly stimulated increased sales of canned fruit.

It is estimated that state commercial sales nationwide may reach 9 million cases for the entire year, which is a 40-percent increase over 1984. There is a vast potential market for all kinds of canned goods in China.

12510/9190
CSO: 4007/10

INCREASED OUTPUT OF POLISHED RICE, REFINED FLOUR

Beijing JINGJI RIBAO in Chinese 20 Jul 85 p 3

[Article by Hu Zhiyuan [5170 1807 0337] and Jiang Xiluan [5592 6932 2940]: "National Output of Polished Rice and Refined Flour Continues To Grow, Remarkable Improvement in Grain-Consumption Pattern of City and Town Dwellers"]

[Text] According to data provided by the Grain and Edible Oil Industry Bureau of the Ministry of Commerce, in 1984 the state-run grain processing plants nationwide produced 18.04 million tons of polished rice and refined flour, 81 percent more than in 1983. In the first quarter of this year, 4.28 million tons of polished rice were produced, rising from last year's 54 percent of the total rice output to 68 percent. The production of refined flour was 2.21 million tons, rising from last year's 26 percent of total flour output to 33 percent. According to the national rationed per capita supply, this comes to 11 jin of polished rice and 6 jin of refined flour per person per month, setting a new historical record in China's grain supply.

In recent years, following the annual increases in grain yields, local grain and edible oil processing plants have actively developed the refined processing of grain in order to meet the needs of consumers. Fujian Province, for example, carried out technical reforms in its current grain processing enterprises. There are 51 completely constructed plants engaged in production, which in the first quarter of this year produced 167,000 ton of polished rice and refined flour, a 56-percent increase over the same period last year. The provinces and autonomous regions of Liaoning, Nei Monggol, Jiangxi, Henan, Sichuan, Gansu, Ningxia, and Xinjiang have fully used the present circumstances to adjust technology and equipment and expand refined processing, with remarkable results. At present four provinces--Jilin, Hebei, Jiangsu, and Hunan--have polished rice outputs which make up more than 80 percent of total rice output. Five cities and provinces--Shanghai, Jiangsu, Zhejiang, Jiangxi, and Hubei--have refined flour outputs which make up more than 50 percent of the total flour output. Some cities already have unrestricted supplies. There have been increased allcoations among the provinces and autonomous regions and within provinces.

As the production supply of polished rice and refined flour continually rises, a number of traditional name-brand products have one after another resumed production: "Man-of-War" flour from Wuxi, Jiangsu; "Hawk" flour from Wuhu, Anhui; "Red Peony," "White Magnolia," and "Dahlia" flour from Guangzhou; and "Pellet Powder" from Heilongjiang. Some new varieties have been developed: "White Rose" flour from Huangshi, Hubei; "Pellet Powder" from Beijing; the flour specifically for use as gluten from Zigong, Sichuan; and the "Pure Rice" from Jiangsu Province's Wuxi, Changzhou, and Zhenjiang, and Zhejiang Province's Wenzhou. All of these are pouring onto the market and are popular with consumers.

12919/6662
CSO: 4007/72

MINISTER ON CONSOLIDATION OF WATER CONSERVANCY ACHIEVEMENTS

Beijing NONGCUN GONGZUO TONGXUN [RURAL WORK NEWSLETTER] in Chinese No 10, 5 Oct 85 pp 14-16

[Reporter's Interview with Minister Qian Zhengying of the Ministry of Water Resources and Electric Power: "Further Consolidate and Develop Achievements in Farmland Water Conservancy Construction;" date and place not specified]

[Text] Minister Qian Zhengying [6929 2973 5391] of the Ministry of Water Resources and Electric Power was visited recently by NEWSLETTER reporter Chen Daian [7115 0108 1344], and he answered the reporter's questions concerning the question of how to achieve further consolidation and development of achievements in farmland water conservancy construction.

[Question] What achievements have been made in farmland water conservancy construction in the 30-plus years since the founding of the nation? What roles have they played in stabilizing increased output in agriculture, improving the people's lives and developing the national economy?

[Answer] The achievements made in farmland water conservancy construction in the past 30-plus years have been considerable. We have controlled, repaired and built more than 170,000 km of rivers and lakes, dikes, embankments and seawalls, opened up outlets for floodwater drainage on the Hai He and Huai He and built more than 85,000 reservoirs and over 6 million dikes and dams. Total reservoir storage capacity now exceeds 420 billion cu m. Motive power used in mechanical and electrical drainage and irrigation has grown from 96,000 hp to more than 81 million hp. The north, which used to have no mechanical wells for farm use, now has 2.4 million of them. There were very few locks in China right after liberation. Now there are more than 24,000. Over 5,300 large and medium scale irrigation districts at a scale of 10,000 mu or more have been set up. Moreover, there also have been many projects for ditches, canals, pipes and other projects to eliminate waterlogging, control salinity and drain low-lying land, as well as matching field projects like bridges, culverts, stations, valves and so on. Substantial developments also have occurred in water conservancy project facilities for soil and water conservation.

The benefits of these water conservancy facilities are quite obvious. One is that development of irrigation has created the conditions for stable high output in agriculture. The irrigated area in China has been expanded from 240 million mu shortly after liberation to 700 million mu at the present time.

Although this figure is less than one-half the total area of farmland, it accounts for two-thirds of total grain output in China. The area planted in paddy rice has grown from 340 million mu to 500 million mu. The irrigated area for upland crops has grown from 48 million mu to 340 million mu. The second benefit is that they have improved flood prevention and waterlogging drainage standards and reduced flooding and waterlogging disasters. China had 360 million mu of cultivated land prone to waterlogging shortly after irrigation. We have achieved preliminary control on 270 million mu of this, equal to three-fourths of the total. There are 110 million mu of saline and alkaline land in the north and 67 million mu or 60 percent has been controlled. There were 110 million mu of land with low yields due to cold intrusion, mud, leakage and other reasons and 50 million mu have been transformed. We now have resolved the drinking water problems of more than 75 million people. We have resolved water supply problems on 200 million mu of land in pastoral regions and developed grasslands irrigation on 9 million mu. Furthermore, farmland water conservancy construction has brought with it capital construction on farmland centered on mountains, water, fields, forests and roads and provided favorable conditions for the development of forestry, animal husbandry, sideline production, fisheries and rural and small town industries and played many other roles.

[Question] Responses indicate that farmland water conservancy facilities in many areas have been damaged, which has endangered agricultural production and the people's lives. Please discuss the main reasons behind these problems.

[Answer] As I mentioned previously, enormous achievements have been made in farmland water conservancy construction since the founding of the nation. The most prominent problem we face now is how to achieve further consolidation and development of these achievements. The irrigated area in China has shown a tendency to decline in recent years, dropping by 48.67 million mu between 1981 and 1984. There was an increase of 41.36 million mu during this period, so there was a net reduction of 7.31 million mu. Moreover, the benefits from flood prevention and waterlogging drainage also have declined. There are many different reasons behind these problems. One is lax leadership. Some leaders have been busy with economic incomes in recent years and the good weather in some areas and a slight alleviation of the grain shortage have caused some to neglect water conservancy. In addition, following the implementation of responsibility systems in rural areas, basic level water conservancy management organizations have been incomplete and no responsibility systems have been implemented in farmland water conservancy, so there still is a situation where no one is involved in managing it. The second reason is that renewal and transformation work have not kept pace. Like other facilities, farmland water conservancy facilities have a certain useful lifespan and require renewal and transformation when their time comes. The fact that some projects during the early period were poor and simple at the time means that the renewal period is even shorter. This problem will become increasingly serious as time passes. The third is that man-made destruction is extremely serious. Some unlawful elements have forgotten what is right when they see the benefits and willingly steal water conservancy project equipment and materials and cause damage to water conservancy facilities. In addition, changes have occurred in water sources, irrigated cultivated land has been taken over for various types of construction, and there are other reasons. Reduced water sources accounted for 16 percent of the reduction in national irrigated area in 1984, and construction of various types for 5 percent.

[Question] What measures in the areas of principles and policies should be adopted for further consolidation of achievements in the development of farmland water conservancy?

[Answer] Existing farmland water conservancy facilities are the major force of production in agricultural development, and we must conscientiously cherish them. Leaders at all levels in rural areas should concentrate on work in the following areas now to achieve consolidation and development of existing farmland water conservancy construction achievements: (1) Strengthen leadership over farmland water conservancy construction. Practice has proven that the quality of water conservancy construction in a particular area has a strong relation to the degree of attention this item of work receives from the leaders of that place. For this reason, leaders at all levels and especially at the county and township levels should treat work in this area as the order of the day and concentrate on it several times each year. I hope that all areas will make a comprehensive investigation of the current situation and the conditions of results for farmland water conservancy projects and adopt effective measures to deal with and solve the problems that appear. Furthermore, they should use the slack farming season during the winter of this year and the spring of 1986 to organize forces for construction.

(2) Further perfect township water conservancy management organizations throughout the region and perfect responsibility systems for farmland water conservancy management. Those areas that already have set up systems of production responsibility for farmland water conservancy management should further consolidate and perfect them. Those that have not yet established them should set them up quickly. In accordance with differences in the scale of projects and under conditions of no change in ownership, district and township water conservancy management stations (or water conservancy personnel) should take responsibility for organizing contractual responsibility. They can contract with peasant households, specialized water conservancy households, combined households, small groups or associations for management and administration and they also make projects or villages the units and set up irrigation service centers for unified management and administration. There can be comprehensive contractual responsibility or single item contractual responsibility. There must be definite contracts that specify responsibilities, rights and interests to protect the contractors. The time period of contracts can be extended as appropriate. Those projects that are of poor quality, provide few results, and have had no one to assume contractual responsibility for a time and that are not using irrigation and drainage equipment temporarily should improve protection and maintenance. Projects managed by the state can implement comprehensive contractual responsibility for administrative departments by responsible persons in management units. Management units can implement internal position responsibility systems as well as multilevel economic responsibility systems according to items, and they can tie the economic incomes of employees to the safety and benefits of prouects, success in economic diversification and so on.

(3) There should be unified arrangements for the needed capital, materials and manpower. Inputs are the key that determines our ability to consolidate and develop existing achievements in farmland water conservancy. First of all, we should adopt multilevel and multichannel methods to resolve capital problems so

that the state, collectives and individuals advanced together. In principle, we should depend mainly on self-reliance for major repairs, renewal, transformation, elimination of dangers and protection of safety for small-scale farmland water conservancy projects. The areas that benefit should bear a rational burden and the state can provide assistance as appropriate in accordance with the scale of the projects and the ability of the masses to bear the burden. Responsibility over farmland water conservancy fees now has been given to localities. All of these fees should be used to consolidate and develop the achievements in farmland water conservancy and should not be used for other purposes. Local revenues and other agriculture support fees also should make appropriate arrangements. Secondly, the manpower needed, especially for maintenance, matching projects, renewal and transformation should be provided in accordance with the areas receiving the benefits, and this should not be viewed as egalitarianism and indiscriminate transfer of resources. To avoid placing an excessive burden on the masses, each prefecture and county can stipulate the amount of labor accumulation work. Second, the needed materials should be included in local plans according to management systems to guarantee timely provision.

(4) Make rational demarcations of the scope of project protection and management. Management units in water conservancy projects managed by the state can demarcate the scope of project protection and management in accordance with project management requirements and related stipulations in the "Water Conservancy and Hydropower Project Management Articles" published by the Ministry of Water Resources and Electric Power to report clearly on the approval of the people's government for the project site, to clarify boundaries and establish indicators, and certificates of authority can be issued by people's governments at the local county or higher levels. Within the scope of project management that is stipulated, the land and other subsidiary structures are under state ownership and use rights are in the hands of management units. They cannot be encroached upon by other units or individuals. Within the stipulated scope of project protection, no unit or individual can engage in activities that endanger the project. Small-scale water conservancy projects run by collectives also should have a specific project protection scope that can be determined by the townships and villages themselves.

(5) Strengthen the legal system and prohibit destruction of water conservancy project facilities. Farmland water conservancy project facilities are the property of the state and collectives, and they are protected by law. We first of all must educate cadres and the masses to protect water conservancy facilities voluntarily. Secondly, those who illegally encroach upon, destroy or steal from water conservancy facilities should be investigated earnestly and anyone who causes damage must bear responsibility for economic compensation. Serious cases should pursue criminal responsibility and punish them according to law. This is especially true of regions where there has been serious destruction of water conservancy facilities. Various forms of propaganda can be used to order its prohibition and some major cases and important cases can be dealt with severely and quickly according to law to eliminate this evil wind within a short time. Third, any new future capital construction that suffers losses to already-constructed water conservancy project facilities and any area or benefit should hold advance discussions with water conservancy project management units and take responsibility for compensation for the loss. Moreover, we should

strengthen basic level water conservancy staff construction. Cadres should be chosen as needed by the "four modernizations" to enrich grassroots organizations and make continual improvements in the professional and technical levels of employees, and we should be concerned with and solve real difficulties in their lives, welfare treatment and other questions.

[Question] What is the focus of water conservancy work for this winter and the spring of 1986?

[Answer] As for farmland water conservancy work during this winter and the spring of 1986, we should strengthen leadership on the basis of reviewing experiences and lessons in preventing flooding and fighting drought this year, make readjustments in management organizations, and further perfect and implement responsibility systems. Moreover, we should adopt measures for firm elimination of the evil wind of destruction done to water conservancy facilities. In addition, we should be conscientious in maintenance and protection of projects and in restoring projects that have been washed out or damaged, and take the opportunity to make advance preparations for winter repairs to farmland water conservancy and renewal and restoration work. Newly built projects should organize construction in a planned manner by implementing organizational leadership and basing it on capital, materials, manpower and other things. They should concentrate on technical guidance to achieve construction, completion and management of every site.

12539/12859
CSO: 4007/80

GUIDELINES FOR STATE IRRIGATION DISTRICTS ISSUED

Wuhan NONGTIAN SHUILI YU XIAOSHUIDIAN [IRRIGATION AND DRAINAGE AND SMALL HYDROPOWER STATION] in Chinese No 5, 31 May 85 pp 2-4

[Article by Ministry of Water Conservancy and Electric Power: "Opinions on the Reform of the Business Management Structure of State-Operated Irrigation Districts"]

[Text] China has more than 5,600 large- and medium-sized irrigation districts with an irrigated area of at least 10,000 mu. Their total irrigated area of 308 million mu constitutes 42 percent of the national total. The proper management of these districts plays an important role in guaranteeing the continual increase in agricultural production and the smooth progress of the "four modernizations." Yet for a long time many irrigation districts have stopped at the low levels of administrative management and single-purpose operations. Furthermore, their ancillary projects remained incomplete, their management was lax, and they either did not collect water fees or the fees they did collect were too low. All this led them to rely for the longest time on state subsidies to get through the day, seriously impeding the thorough utilization of water and soil resources and reducing the economic efficiency of the irrigation districts. Irrigation district reform should be in the direction of a fundamental solution to the problems of "drinking from a big pot of water" and "eating from a common pot," so as to cause the irrigation district management units to develop progressively towards enterprization and socialization.

1. Following the development of the rural commodity economy and the readjustment of the structure of the rural economy, the guiding ideology of irrigation district management work must undergo a big turnaround. This mainly requires an extension of the past exclusive service to irrigation uses of water for farm crops to a more comprehensive service of agriculture, forestry, animal husbandry, fisheries, township industrial and sideline production and domestic water uses; and it demands

turning from the single-purpose production, administrative management and inadequate attention to inputs and outputs of the past to multipurpose operations and enterprise management, striving for economic benefits, enlivening the business management of irrigation districts, and raising their capacity for self-sufficiency (that is, for maintaining simple reproduction).

2. The irrigation district management body is of a nonenterprise nature. The current focus of reform is to change administrative management into enterprise management and implement in an all-round way an economic responsibility system by expanding the right of self-determination of irrigation district mangement units and gradually building them into economic entities with independent accounting and responsibility for their own profits and losses. Each irrigation district management unit should become self-funded as rapidly as possible and further have a certain amount of accumulation which can be used for expanded reproduction. For those irrigation districts which cannot now be self-sufficient, we can apply the methods of providing them with fixed supplements whereby a district may retain any remaining funds for its own use but will receive no supplement for excess expenditures, and setting a fixed time for them to reach self-sufficiency.

To enliven the economy of the irrigation districts we must rely on the main on "two pillars and one key". The "two pillars" are reforms in water fees and multipurpose operations and the "one key" is to set up a sound economic responsiblity system.

3. We should strive for quality when we set up irrigation district management organs and staff them. In the personnel system this involves carrying out an irrigation district chief (head of the bureau, department or office) responsibility system, transforming the cadre lifelong tenure system into one of selection and appointment, and changing the status of new staff and workers from regular labor to contract labor. The head of the irrigation district is to be responsible to the next higher management department and to the irrigation district congress. He is to be empowered to organize the leading groups of the irrigation district and to appoint the responsible persons of the next lower professional units. The irrigation district head is to be empowered to determine the establishment of administrative organs and the staffing of personnel within the irrigation district and is to be empowered to grant awards and levy penalties in accordance with the work

done and with labor attitudes. The irrigation district management unit will be permitted to recruit skilled personnel and contract workers in accordance with actual needs.

4. Internally, irrigation districts may operate a multitiered financial management system and various forms of responsiblity systems. For example, those units whose incomes exceed their expenditures can retain a share of the excess above a set quota to be transferred to higher levels; those units whose expenditures currently exceed their incomes can receive subsidies based on quotas, wherein they may retain any surplus but will not be compensated for excessive outlays; those industrial and sideline units with products and output value can operate under methods such as profit contracting and the retention of a share of excess receipts. These will make it possible for the economic income of every staff member and worker to be tightly linked with the economic outcome of the irrigation district and with the results of each individual's labor.

As much as possible, the irrigation districts should organize those staff members and workers who are rendered excess after the instituting of economic contracts to develop diversified operations and make arrangements for them to engage in production. As long as it is done voluntarily, they may also convert them to unpaid employee status so that they may seek another position on their own. They may request higher level personnel departments to arrange other work for those with an education which is not being put to use. They should help those who are weak or old to go through the necessary procedures for separation or retirement.

5. The labor compensation of irrigation district staff members and workers must reflect the socialist distribution principle of distribution according to the work done, with more income for more work. The management staff members and workers of an irrigation district can be subject to floating wages, wages based on the responsibilities of the position, or awards linked to the percentage of the duties assumed. Contracts or piece-rate wages should be adopted whenever possible for those whose labor yields specific products or output value.

To allow them to work contentedly and to find sustenance in their old age, those long-term temporary workers in water conservancy who have participated since before the end of 1966 should be provided for through different forms of retirement

systems. These systems should conform with the workers' conditions of retirement and the economic circumstances of the irrigation district.

6. An irrigation district must collect water fees. Agricultural water fees are a component of the costs of agricultural production. They must be assessed in accordance with the costs of supplying water. These costs should include the wages of management personnel, operating expenses, project repair costs and funds for major repairs and depreciations. Districts with lift irrigation should also include expenditures on oil and electricity consumption. In general the water fees for economic crops should be higher than those for grain crops. The specific standards for fee collection may be set independently by each province according to the above principles. Industrial and municipal water fees are assessed according to the costs of water supply plus an appropriate markup.

In general, water fees should be calculated according to the quantity of water supplied, or a method of basic water fees plus a volumetric charge may be adopted. Those irrigation districts which still collect fees according to mu should take positive steps to change over to volumetric calculation and collection as soon as possible. Irrigation districts must develop comprehensive methods for scientific and planned water use, increasing the price for excessive use, and supplying water according to vouchers provided in exchange for fees collected in advance. An irrigation district has a right to cut off the water supply to those who fall in arrears and do not pay.

Water fees are the most critical measure for maintaining the simple reproduction of the irrigation district, for raising the efficiency of use of water sources, and for bringing about a virtuous economic cycle in water conservancy. We must make great efforts to propagate their importance and hold the course in doing a good job in this area. The financial management of irrigation districts must be strengthened. Districts must accept the supervision of higher level supervisory departments and departments of finance and accounting. The economic income of an irrigation district can only be used for the operating expenses and project improvement of that district. Higher level departments are not allowed to tap it at will. Capital funds for major repairs and for depreciation are designated specifically for major repairs and renovation of the irrigation district's project facilities, and absolutely may not be transferred to other uses.

7. As long as it does a good job of project and water use management, an irrigation district should make the most of its strengths to open up new avenues and actively diversify its operations. Some of these activities can be carried out directly by the district, while others can be operated jointly with the peasants or other units. Irrigation districts with appropriate conditions can also draw in foreign capital to engage in new types of production. The specific types of diversified operations can be of many kinds, not just one. They can be related to water, agriculture, industry, commerce or tourism. Management is generally best done through contracting to either groups or individuals, with independent accounts, sole responsibility for profits and losses, remission to higher levels according to quotas, retention of excess receipts or profit sharing.

In the main, diversified operations should rely on water for their development. The relevant tax payments and requests for reductions should be handled in accordance with the stipulations of the financial and tax departments.

8. The role of the irrigation district assembly should be brought into full play. In principle, the representatives to the irrigation district should be produced by election by the beneficiary households. They should include the leading cadres at all levels in the beneficiary districts who oversee water conservancy, representatives of the staff and workers of the irrigation district, water conservancy technicians, basic level water management personnel and representatives of water using households. In principle, the irrigation district assembly should meet once a year. It is mainly authorized to discuss and choose the chairman, vice-chairmen and members of the irrigation district management committee; to examine and approve the annual plan for the irrigation district and to supervise its implementation; and to formulate relevant methods for collecting water fees and systems of rules and regulations for project maintenance and irrigation management.

An irrigation district with suitable conditions may test out a method whereby the its beneficiary households manage it in an all-round way through the assembly and the board of directors. That is, the representatives of the beneficiary households can choose a board of directors which in turn solicits and hires the irrigation district head. By bringing into full play the right of the beneficiary households to manage the irrigation district democratically and by closely integrating responsibilities, rights and benefits, this can progressively transform the present state management into collective management by the beneficiary households.

9. Strengthen the building of basic-level management organizations. In keeping with the current universalization of the contract responsibility system in the rural areas, basic mass water management organizations should be strengthened and sound management units with a mass nature should be set up. After democratic discussion by the assembly, each irrigation district may determine, in keeping with its specific conditions, the compensation of the management personnel and the annual maintenance and cleaning of the canals, together with labor responsibilities on small-scale and ancillary projects.

10. A management domain and canal protection area must be designated around each structure and along both sides of the canals within the irrigation district. The management unit must report those areas which have not yet been delineated to the local government as quickly as possible so that the latter may make a delineation, clarify its boundaries, set up markers and issue certificates. The headworks of the main canal and the protection area along both banks of the main canal should be managed directly by the irrigation district management unit. It is decidedly impermissible to plant at will or to construct other structures in these areas.

11. Irrigation districts must increase their investment in intelligence and pay serious attention to the training of staff and workers and to scientific experimentation. Any irrigation district with appropriate conditions, especially any large district, must set up a long-term staff training base so as progressively and in a planned way to raise the professional and technical levels of thèir staff and workers and basic-level water management personnel. When a district is incapable of doing this training by itself, it may done jointly by several districts or entrusted to higher level departments, water conservancy institutes or large irrigation districts. At the same time, professional and technical backbone cadres must be sent in batches and stages, in a planned manner, to outside places for further study to upgrade and renovate their technical levels.

In keeping with its own conditions and requirements, each irrigation district must set up a scientific experimental farm or station. Neighboring irrigation districts can also set these up jointly. The scientific research unit of the irrigation district should concentrate its efforts on solving the most urgent problems currently facing production in the district. At the same time it must assume the responsibility for the introduction, extension and popularization of advanced technology.

12. It is necessary to be concerned about the cultural and material life of the staff and workers. As the income of an irrigation district increases there should be a progressive improvement in the staff's conditions of residence, recreation and welfare in production. It is particularly necessary to pay attention to improving the residential and living conditions of the basic-level working personnel and to help the staff and workers solve problems of school and employment for their children. It is necessary to carry out the Party's policies on intellectuals conscientiously and to provide intellectuals with appropriate consideration in their work, study and everyday life. If they attain set standards through assessment or examination, non-state regular staff and workers who have been engaged for a long time in technical work at an irrigation district should be given a technical title and the corresponding compensation. The two types of civilization should be grasped together so that all the staff and workers will work contentedly for the irrigation district and will do their jobs well.

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CSO: 4007/402

NATIONAL

IMPORTANCE OF DEVELOPING GRASSLANDS EXAMINED

Rising Industry

Beijing JINGJI RIBAO in Chinese 16 Sep 85 p 4

[Article by Qian Xuesen [6929 1331 2773]: "A Rising Industry With Bright Prospects"]

[Text] I. Establish Knowledge-Intensive Grassland Industry

One year ago, inspired by Comrade Hu Yaobang's instructions on the need to plant grass and trees in Gansu Province, I raised the question of creating a knowledge-intensive grassland industry (see NEI MONGGOL RIBAO, 28 June 1984, p 4). What is the knowledge-intensive grasslands industry? What I mean is, with the grasslands as a foundation, we should create a materially rich industry using forage grass, synthesized by the energy of sunlight, which will be processed first by wild and domestic animals and other organisms and again by the chemical industry and mechanical means. Grassland production is not merely limited to an ecological system; it is a high-level, comprehensive production system, which includes all applicable modern scientific techniques, and includes biological technology, mechanical processing, and chemical industrial production. Grassland production is in fact a complicated production management system; aside from the centralized management of grassland and livestock, grassland production also consists of the following administrative activities: 1) crop production; 2) forestry; 3) animal feed; 4) processing; 5) mining; 6) hunting; 7) tourism; and 8) transport, If we use systems engineering to manage it, then of course it is knowledge-intensive production.

What are the prospects for China's grassland production? Let us use the grasslands of Nei Mongeol as an example. The annual per-mu output value there is only 0.2 yuan, while with current technology the annual per-mu output value for grasslands could be about 1 yuan. After technological improvements in the near future, the annual per-mu output value could reach 7.8 yuan, with a maximum of 24 yuan. Using the figure of 4.7 billion mu of grasslands in all of China, we can calculate that the total output value of grassland industry could reach 4.7 billion yuan in the near future, and by the year 2000 could reach 33.54 billion yuan, or even 103.2 billion yuan. At that time the total annual output value from industry and agriculture will have reached 2.8

trillion yuan; 103.2 billion yuan would be 3.69 percent of the total industrial and agricultural output value. But this is not the upper limit. According to expert opinion, the per-mu output value from New Zealand's pastures is 80 times that of ours, while the present per-mu output value from Holland's pastures is 200 times that of ours. Therefore it is entirely possible for 4.7 billion mu to have an annual per-mu output value of several hundred billion yuan. The future of the grassland industry is extremely bright.

II. Establishing the Grassland Industry Is Primarily a Problem of Ideological Awareness

Since the 3d of the 11th CPC Central Committee, leading comrades in the Central Committee of the CPC and the State Council have issued many directives concerning the planting of grass and developing the grasslands. But it has been very difficult to get the grassland industry going, and the reason is that many people have been boxed in by traditional concepts; they always think that grass comes from nature as a matter of course, needing no management, but they would not be willing to manage it even if it were. In addition, the grasslands are nationally owned, so for a long time people could not solve the problem of linking grasslands into the system of herdsmen's animal breeding contracts, unifying the management of pasture and livestock. For this reason, it was not possible to arouse the initiative of herdsmen.

This problem of awareness has finally been solved. In livestock areas of Nei Monggol a production responsibility system is being practiced, in which pastures are divided up among households or groups, grasslands management fees are collected, and a suitable proportion of the price for animals is kept by the households; this is a production responsibility system unifying the management of pastures and animals. The Standing Committee of the Sixth National People's Congress on June 18 of this year passed a National Grasslands Law, and announced that it will take effect from 1 October 1985. The future development of grasslands now has a fine foundation for ideological awareness.

III. Grassland Industry in Farming and Forestry Areas

According to the concepts within the National Grasslands Law, grasslands include grass-covered mountains, hills, and areas. So it's not just 4.7 billion mu; the country probably has an additional 1.3 billion mu of grass-covered mountains, hills and areas which are the foundation for grasslands production in farming and forestry areas. Using the concepts of the agricultural type of knowledge-intensive production, this grassland production is subordinate to farming and forestry production, it is a part of these two kinds of agricultural-type production. These two kinds of grassland production probably cannot match the vast scale of the above-mentioned grassland production, but they are linked to farming and forestry, which at present have already started to develop. The economic and technical conditions are fairly good, so that progress should be even faster. They are at the forefront, so that they can provide valuable experiences and techniques for the establishment of large-scale grassland production.

IV. Establish Testing Sites for the Development of Grassland Production

Grassland production is a long-term item in China's socialist construction, and has a bright future, but it is no easy task. We must look to the 21st century and struggle for the realization at that time of what we have called the sixth production revolution in human history, creating the agricultural-type of farming, forestry, grassland, ocean, and desert knowledge-intensive production! In order to establish this kind of grassland production, we should systematically solve the problems of area hydrogeological surveys, personnel, and science and technology; we should also establish grassland production testing sites. All these things require urgent attention.

New Awareness of Grassland Production

Beijing JINGJI RIBAO in Chinese 16 Sep 85 p 4

[Commentary: "New Awareness of Grassland Production"]

[Text] China has a vast area of grasslands and abundant resources. In the past, people always made grassland production subordinate to animal husbandry, believing that the only use for grass was to raise livestock. But from the perspective of modernized agriculture as a whole, grasslands production has its special strategic position. Within the structure of agriculture as a whole, grasslands production has very close lateral integration with the other fields of production--farming, forestry, livestock, sideline, and fisheries. In farming, it can enrich fields, improving the soil fertility; the alternate use of a field for pasture and crops is one of the most ancient cultivation methods, known throughout time and throughout the world. It can conserve the water and soil; reduce the effects of drought; purify the air and make the environment greener; it also has the effect of preventing wind erosion and desertification. In forestry, grass and trees have been linked through history. The close ties between forestry and grasslands cannot be severed. In many areas, direct reforestation often fails. In sideline production, it can be used to process feed, make paper, and provide material for weaving baskets and the like, and sometimes it can be used to make Chinese medicine. In fisheries, some kinds of grass are important feed for raising fish. In other words, not only is grassland production indispensable to farming, forestry, livestock, sideline, and fisheries production, it also occupies an important position within them; it is an important component of a complete agricultural structure.

In the past few years, there have been new developments in the modern management and buildup of China's grasslands: the grasslands law has been passed and promulgated; the thorough implementation of the herd and pasture joint contract production responsibility system for households or associated households, stimulating the production initiative of herdsmen; the buildup of grasslands is beginning to enter into the national economic planning of the central and many local governments. It can be predicted that following the gradual popular acceptance of the important strategic responsibility borne by grasslands production in the development of modern Chinese agriculture and the allocation of the nation's land, and following the full opening up and

use of our motherland's enormous green treasurehouse, grassland production's contribution to the nation and the Chinese people will not be less than that of agriculture, forestry, sideline production, and fisheries. The economic ecological, and social benefits it will bring will be of inestimable value.

Improvements in Grassland Management

Beijing JINGJI RIBAO in Chinese 16 Sep 85 p 4

[Article: "Development and Management of China's Grasslands Is Advancing Rather Quickly; Establish a Foundation To Bring Grassland Production to Life"]

[Text] Guided by the plan forcefully promoting planting grass and strengthening the development of grasslands, the development and management of China's grasslands are advancing rather quickly. According to statistics for the end of 1984, the area of grassland planted and improved by humans had reached more than 73 million mu; 21.1 million mu were newly added that year; and there were 7.92 million mu of newly fenced in pasture. At present, China has established outstanding forage grass seed breeding stations of 10 million mu in more than 20 provinces and autonomous regions with different kinds of grasslands, annually producing more than 50 million jin and several dozen varieties. This is more than enough more for their own needs. Also, by setting up a system for cleaning, selecting, processing, grading, and inspecting seeds, export markets have been opened up. These have set a fine foundation for China's grassland production.

The experimental results in China of large-scale aerial sowing of forage grass have been remarkable. By 1984, 6.5 million mu of forage grass had been sown from the air in 22 provinces and autonomous regions nationwide. In 1985, 1.56 million mu of aerial-sown demonstration pastures are being set up. China now has an initial understanding of the principles of aerial sowing of different kinds of pasture, achieving breakthroughs in the aerial sowing of outstanding forage grasses in the arid gobi of Xinjiang, the arid desert of Nei Monggol, and the high cold grassy plains of Qinghai and Yunnan.

In more than 20 provinces, cities, and autonomous regions China has developed over the years 18 test sites for the modernization of the pastoral region livestock industry, focusing on the development of grasslands, and more than 30 10,000-mu artificial pasture test sites. In 11 counties in south China, comprehensive test sites have been opened for the development of southern grass-covered mountains and the livestock industry. These test sites are acquiring experience in the development of horizontal and vertical systems of Chinese-style modernized grassland livestock industry.

There are also developments in scientific research work on China's grasslands. The state has organized more than 30 universities, colleges and research units to set up forage grass experimental stations integrating research, teaching, and production. Investigations into pasture resources have already begun on a national scale. The work setting up an investigation into plans for the natural preservation of grasslands will basically be finished this

year. The elimination of insect pests and rats in grasslands is changing from prevention solely through use of poisons toward comprehensive prevention through biological and mechanical means.

To meet the needs of making cities greener, Beijing, Guangdong, Shandong, and Yunnan have set up a number of lawn-production stations, using the advanced lawn technique of growing the grass seedlings "carpet-style." In forest regions there is the integration of forestry and grasslands production, letting livestock graze in the forest, and fisheries are growing grass to raise fish. These techniques have all obtained remarkable results.

China's Grassland Resources

Beijing JINGJI RIBAO in Chinese 16 Sep 85 p 4

[Article by Yun Xujiang [9322 2485 3984]: "Do You Know? China's Grassland Resources"]

[Text] China has 6 billion mu of grasslands, approximately 37 percent of the country's total area. This is 3.7-fold the area of cultivated land, 3.1-fold the forest area, and is 14 percent of the world's grasslands. This area is close to that of the grasslands in Australia, the Soviet Union, and the United States.

There are 5,000 to 6,000 varieties of forage grass and plants suitable for feeding animals scattered throughout China's natural grasslands. Of these, north China has about 3,000 varieties and south China more than 4,000. Most of the outstanding forage grasses cultivated in the world are found in China.

For many years there have been increasingly serious losses of grasslands due to the slow development and weak management of China's grasslands. In the grasslands of pastoral regions, well over 1 billion mu have been affected by desertification, deterioration, and alkalization, and this area is expanding annually at the rate of more than 10 million mu.

Thirty percent of China's grasslands are damaged by insects and rats, and 25 percent are short of water.

Due to indiscriminate grazing and overgrazing, the output from China's natural pastures has dropped over the past 30 years by one-third to one-half.

12919/9435
CSO: 4007/5

FURTHER DEREGULATION OF HOG PRICES URGED

Beijing ZHUANYEHU JINGYING BAO in Chinese 17 Aug 85 p 6

/Article by Wang Gan /3769 2413/ and Wang Tianjian /3769 1131 0494/, staff reporters: "We Should Further Deregulate Purchase Price of Pigs; Since Early Summer Many Areas Have Experienced Difficulty in Selling Pigs; How To Solve This Problem"/

/Text/ Pork has an extremely important place in the lives of Chinese. According to statistics, every year more than 20 billion jin of pork are consumed in China. This year the Central Committee of the CPC decided to deregulate the price of nonstaple foods, permitting production by a number of means, thus furthering the vigorous expansion of rural pig raising and raising the number of live pigs on hand. However, this has also created a few new problems. In particular, since the beginning of this summer, some areas have again found it "difficult to sell pigs." When analyzed closely, we see that this instance of "difficulty in selling pigs" is very different from the "difficulty in selling pigs" before price deregulation, when there was only one system, and purchase prices were held down. Carefully examining the reasons, we see that when the purchase price for live pigs really had not been deregulated, the price only went up and not down, so that it did not reflect the fluctuations in the market.

Using Beijing and Tianjin as examples, since the beginning of the summer people clearly have been eating less meat, and shops basically cannot sell fat meat. But this period is the high season for selling live pigs; the food companies only buy but they cannot sell, and the cold storage is bursting at the seams. Cold storage capacity in the Beijing area is 60,000 tons, but this is already saturated, greatly exceeding the volume of previous years. At present the purchase price in the Beijing area for pork is about 0.88 yuan per jin, but the market wholesale price for fat meat is 0.97 yuan per jin and 2.30 yuan per jin for lean meat. On the one hand, they must also continually bring in live pigs. They get stuck on both sides, attacked from the front and the rear, and so have a hard time making it. In mid-July the Tianjin Municipal Food Co sold a shipment of frozen pork. They brought it in from the meat plant at 1.08 yuan per jin, but the selling price at the time was only 1.00 yuan per jin; we can say that the more pork the food company purchased, the more severe its losses. At present the state subsidies of food companies are

limited, but the food companies cannot operate at a loss, and this has led to the new "difficulty in selling pigs." Therefore, the key to solving this problem is to adjust downward the purchase price for live pigs, distinguishing the different situation in each area and acting reasonably and with discretion.

According to our understanding, the "strength" of the price for pigs is because those controlling the price simply are not food companies. Their inability to be "masters of their own homes" forms a new vicious cycle; the pig-producing households complain that the food companies will not buy; the food companies complain that the local governments will not relinquish power (their power to adjust prices). The managers of some food companies have stated that they will not buy any more even if that means losing their jobs, because their companies are independent accounting units, enterprises solely responsible for their profits and losses, which cannot operate at a deficit. The local governments have maintained the number of pigs on hand out of concern for the feelings of the peasants. One consequence is that they do not allow the purchase price to be lowered, the second is that this allows the food companies to make unlimited purchases.

We feel that we should pay attention to the following points in order to control effectively the "difficulty in selling pigs" and to destroy the new vicious cycle:

Respect the Law of Value, Change Executive Interference into Market Regulation: The purchase and selling price of live pigs should follow market fluctuations. In order to maintain the basic interests of pig-raising households, we can set a protection price, which will protect their investment. The state will subsidize the purchase price for pigs when it is below the state protection price. The power to set prices should truly be given to the food companies, enabling them to be the masters of their household. Food companies should be able to be flexible in determining prices, depending on the needs of the market, the amount in storage, and seasonal differences.

Actively Assist Pig-Raising To Open Second Marketing Route: Encourage specialized households and independent enterprise households to enter into market competition. In places where township enterprises are fairly developed, enterprises can join together with specialized households to run pig farms; the factories and households linked together can sign contracts, where the factory guarantees income and the household guarantees a supply of pigs. It is also possible for food company plants to link up with pig-raising households, practicing profit recovery and stimulating pig production. In the future this association of factory with household, the linking of production with marketing, will perhaps be a new way for economically developed areas to develop pig production. Opening up this new route will break up the total control by state-run food companies, reduce the number of middlemen, lower expenses, stimulate consumption, and

also enable people to eat fresh pork. The city of Xuzhou has done fairly well in this: the sales volume of pork sold by independent enterprises is 40 percent of the total pork sales, while the amount sold through state-run enterprises is less than 30 percent. In addition, the national tax policies should benefit sales through individual enterprises and specialized households. A purchase and administrative tax of 3 percent should be paid on pork sold through state-run food departments, with an additional 5 percent tax on fully processed products. Individual enterprises would only have to pay 3 yuan per pig for a "slaughter" tax.

Work Hard To Improve Breeds of Pigs: The current decline in pork sales is primarily because the meat is too fat, a more important reason than the price and seasonal factors. Since the people's consumption habits have already changed greatly, fat meat is becoming less and less popular. Even the Soviet Union, which in the 1950's imported fat pork, now only orders totally lean meat. Most of the pigs now raised in villages are of the fat-type, which have a lean-meat rate of only 30 percent. In the past few years, there have been approximately 100,000 tons of processed pork fat annually sent off to make soap. If we actively promote lean-meat-type pigs, we can both solve the problem consumers have in buying lean meat and solve the peasants' difficulties in selling live pigs; and also reduce losses. In order to encourage people to raise more lean-type pigs, we should increase the purchase price discrepancy between lean-type pigs and fat-type pigs, using prices as a means to popularize the lean-type pig.

Accelerate Development of the Feed Industry: In raising lean-meat-type pigs, we cannot use the traditional method of "stuffing its belly with swill" and starchy feeds, if we do, the lean-meat-type pigs will degenerate into fat types. Presently many rural pig-raising households still have not really recognized the importance of compound feed; although using compound feed costs more than dried sweet potatoes and the like, when fed to lean-meat-type pigs it is superior to ordinary feed in both increasing the growth rate and the selling price. Of course the quality of the compound feed must be high.

At present the rural feed industry is principally run by county feed companies of sole proprietorships, but due to the problems of price and shipping, this has many unfavorable effects on the development of lean-meat-type pigs as commodities and the restructuring of crops. Each locality should use its own natural advantages to develop lean-meat-type pigs; at the same time it should actively develop the feed industry; state-run, collective and independent enterprises should together work hard to support pig raising.

The Great Masses of Pig-Raising Households Should Reasonably Arrange the Breeding Season: At present many pig-raising households do not pay attention to looking for a "gap" in the calendar when live pigs are sold, but usually rush into selling along with everyone else. Human factors

have created the difficulty in selling pigs, so that in the high season the food companies have more pork than they know what to do with. The high season for selling pigs should be staggered, raising the pigs to be ready for market in the off-season to obtain better economic results.

Only if we pay attention to the above several problems will it be possible for the purchase and sale of pigs to really come alive and the contradiction between supply and demand to be gradually solved.

12919/12276
CSO: 4007/35

MECHANIZED DEVELOPMENT OF LIVESTOCK INDUSTRY

Beijing ZHONGGUO NONGJIHUA BAO in Chinese 16 Sep 85 p 7

/Article by Guo Mingyuan /6753 2494 0337/, of the Hohhot Livestock Industry Mechanization Institute, Ministry of Machine-Building Industry: "Make Timely Adjustments in Direction of Development of Livestock Industry Mechanization"/

/Text/ At the beginning of the 1950's the mechanization of the Chinese livestock industry began its development in pastoral areas. The work tasks mainly emphasized the mechanization of mowing, raking, and shearing. At the time this accorded with the reality of livestock production in China. But for almost 30 years, until the end of the 1970's, this orientation basically had not changed, which to an extent stifled the development of mechanization in the livestock industry. The degree of mechanization in mowing never exceeded 5 percent, and was even less in shearing; in 1978 the production value of the livestock mechanization industry was only 0.13 percent of the total production value of the agricultural mechanization industry. At the end of the 1970's departments managing livestock industry machinery and mechanization adjusted their thinking on how to guide the direction of development of livestock industry mechanization. For example, instead of emphasizing the development of livestock mechanization products serving the livestock industry in pastoral areas, they should give priority to products serving animal-rearing in villages and suburbs; instead of producing single machines, they should emphasize developing systems and sets of products; the location of livestock machine plants should emphasize cities and places in the interior with a fairly good industrial base instead of grasslands and border regions; while emphasizing norhern pastoral areas as test sites for the modernization of the livestock industry, areas with every sort of economic base should also be considered. This adjustment meets the actual needs of livestock production in this era, boosting the healthy development of livestock mechanization itself. Take the mechanization of feed processing as an example: before 1979, there was no variety in the kinds of feed, and the so-called mechanization of feed processing consisted of nothing more than pulverization. Since 1979, following the development of the livestock industry in most villages and suburbs and the increased awareness among animal raisers of the superiority of compound and mixed feeds, and especially following the appearance and development of Chinese-made medium- and small-scale machinery for processing feed, the mechanization

of compound feed processing has developed rapidly. In 1979 the national output of compound and mixed feed was only 400,000 tons; in 1982 it had increased to 5 million tons, and by 1984 it had reached 12 million tons. It had developed fairly quickly in the relatively developed provinces, cities, and autonomous regions of Beijing, Shanghai, Jiangsu, Zhejiang, Sichuan, Liaoning, Jilin, Tianjin, Henan, Hebei, Hunan, Hubei, and Guangdong, whose output is approximately 80 percent of the entire national output. The feed machinery industry has developed at a correspondingly fast rate. In the machine industry system alone, the production volume in 1983 increased 280 percent over 1982, and in 1984 it had increased 340 percent over 1983. This is one of the results of proceeding from reality to make timely adjustments in the direction of development of livestock mechanization and to adapt to the development of the productive forces of the livestock industry.

The current tendencies show that China's livestock industry will develop even faster from now on. (1) The past few years of livestock production practice have proved that the breakthrough to accelerated development of the livestock industry occurred with the development of households specializing in animal rearing, where the family is the administrative unit. Therefore, from now on the administrative system will focus on specialized households, large specialized households, combined specialized households, and specialized villages, all of which are independent units. The administration of the livestock industry will develop in the direction of small-scale operations, and livestock mechanization will also make a corresponding entrance into the period of self-administration by agricultural (herding) households. Changes in their buying behaviour will be a decisive factor influencing trends in the livestock mechanization market (including the product market and the technology market). (2) The characteristics of increased sales of commodities will become even more prominent. The attention of those engaged in livestock raising will increasingly be focused on reducing inputs and increasing the products. This is why the level of economic results will become the main standard in determining whether or not to choose a certain development in livestock mechanization. (3) Following the restructuring of rural production, the division of livestock production will become further specialized. There will be even more kinds of specialized households, which will provide pre- and post-production service to animal raisers, specializing, for example, in feed processing, transport, marketing of animal products, and processing. That will require the livestock mechanization should gradually expand its scope, opening up new markets and adding new areas.

There is another tendency which deserves our careful attention. Since the 3rd Plenum of the 11th CPC Congress, yields of all of China's main agricultural products have continued to increase regardless of weather conditions. In 1984, the national per capita amount of grain had reached 400 kg alleviating the long-standing severe shortages of grain in China. Quite a few areas even have "difficulty in selling grain" and other problems of a surplus. This has created favorable conditions for restructuring rural production, carrying out grain conversion and multilevel processing, and developing animal breeding. Therefore, within a fixed period the amount of livestock and poultry raising using grain as the main

feed will continue to increase. The order within the structure of animal husbandry will still be pigs, poultry, cows, sheep, and miscellaneous, and the focal point for the development of livestock mechanization will still be in the suburbs and agricultural areas. However, regardless of whether we compare it with domestic development trends or with foreign countries, the present so-called grain surplus is structural and temporary. If the restructuring of rural production develops smoothly, 400 kg of grain per person is not very much. In China, there are only 1.5 mu of cultivable land per person, and there is little potential for increasing that. Therefore, if we preserve for a long time this kind of internal structure in the livestock industry, this will also definitely limit its development. China's grassland resources are fairly abundant, including grass plains, mountains and hills, as well as grass beaches by lakes and the ocean. The usable area in the whole nation is more than 4 mu per person. In the past, the productive force of the grasslands was very low just due to various policy, awareness, or historical reasons, but its potential is very great. In recent years, quite a few specialists have predicted that by the end of this century or the beginning of the next, the new frontier of the Chinese economy will have shifted to the Great Northwest, so we should make the ecological preparations ahead of time. Leaders of the Central Committee of the CPC and the State Council have all given many directives regarding planting grass and raising animals, in addition to the perfection and implementation over the past 2 years in pastoral areas of the "grass and livestock joint contract" responsibility system and the implementation of the "regulations on the management of grass plains." All of this has greatly stimulated the masses' enthusiasm for developing grass plain regions. In both the north and the south many achievements and much experience have been obtained, causing severalfold increases in the grassland productive force. In addition, China has large amounts of green manure crops and straw from farm crops which can be used as feed, providing increasingly better conditions for expanding the number of herbivorous livestock. Therefore, in the long run, the order within the structure of animal husbandry will develop toward cattle, sheep, pigs, poultry, and miscellaneous. In foreign countries the poultry and livestock are mainly grain-fed; the forage grass products, such as vegetable protein and grass powder, in the feed increases every year. This will certainly have a large influence on the direction of development of livestock mechanization. There are already manifestations of this, such as the growth in sales of chain-link fencing and the resumed increase in sales of grass harvesters. This deserves our careful attention.

12919/12276
CSO: 4007/35

STATE REDUCES AGRICULTURAL PROCUREMENT

Beijing NONGMIN RIBAO in Chinese 24 Aug 85 p 2

[Text] The kinds of first and second category farm and sideline products currently administered by the Ministry of Commerce system have recently been reduced from 21 to 12. The state procurement assortment includes the following items: grains, including paddy, barley and corn; oil source materials, including peanuts and rapeseed; and cotton, including dengneimian [4583 0355 4875] and mianduanrong [4875 4252 4823]. The assigned procurement assortment includes pigs, roundpod jute and bluish dogbane, ramie, marginally marketable tea leaves, cattle hide from state slaughtering operations, sheep's wool, mao bamboo, punt-pole bamboo and vegetables for large and medium cities and for major mining areas.

Nine products--goat hide, sheep hide, cashmere, beef, mutton, fresh eggs, apples, citrus and tung oil--were completely opened up to the public and free trade in them is underway.

Simultaneously, the assigned procurement assortment of Chinese medicinal materials currently administered by the state also fell from 30 kinds to 24 kinds. These fall into two categories for administrative purposes: 1) wild, rare varieties, such as musk, Radix Glycyrrhizae, Cortex Eucommiae, Cortex Magnoliae Officinalis and others that must be purchased in their entirety by pharmaceutical departments; 2) varieties from concentrated production areas, compounded for prescriptions on a broad scale, such as Rhizoma Coptidis, Radix Angelicae Sinensis, Rhizoma Ligustici Chuanxiong, Rhizoma Rhemanniae Glutinosae, Rhizoma Atractylodis Macrocephalae, fuling, Radix Ophiopogonis, Radix Astragali seu Hedysari, Flos Fritillarae Thunbergii, yinhua [6892 5363], Flos Chrysanthemi, Radix Achyranthis Bidentatae, Rhizoma Corydalis, Radix Platycodi, Fructus Forsythiae, taro, notoginseng, ginseng (including wild mountain ginseng), Calculus Bovis and so forth. Planned procurement is underway on these items, and products not included in the plan are handled freely. Other medicinal materials have been completely opened up to the public and diverse channels are in effect to handle them.

12510/9190
CSO: 4007/10

PRC CONCERNED OVER MIGRATION BY MOUNTAIN FARMERS

HK050737 Beijing CHINA DAILY in English 5 Dec 85 p 4

[Text] Despite the flexible economic policies of recent years that have enabled many farmers to thrive, people from hilly areas are still migrating in large numbers to the plains and cities. An article in Economic Reference News discussed measures to stop this exodus.

The country's vast mountain areas, rich in timber, minerals, hydropower potential and animal resources, need people to develop them, the article says. But unless the problems of transport, electricity, education, cultural life and medical care are solved, people will continue to leave the hilly areas for more habitable climes.

The biggest headache for people living in the hilly areas is caused by the highway problem, which holds back their contact with the rest of the world and also their path to prosperity. The economic development of these areas, therefore, hinges primarily on the improvement of travel conditions.

The article urges the state and prosperous regions to supply money and materials for road projects in the hilly areas. The local people, instead of waiting for aid, should rely on their own resources by raising funds and manpower. Concerned government departments should offer technical help and provide construction designs that will save time, labour, and costs. The maintenance of roads can be contracted out to individual households.

Lack of electricity is another handicap for these areas. Many farm and sideline products cannot be processed locally, and some villagers have to burn oil for lighting. Even if some people can afford television, there is no electricity for them to enjoy it.

Modernization cannot do without electricity. Efforts should be made to popularize hydropower stations since water resources abound in hilly areas. State-run enterprises, collectives and individuals are encouraged to invest in such projects, receiving in return a supply of electricity proportional to their share of investment. Concerned departments should provide low-interest loans and low-price materials for such projects.

The difficulty in education posed by the lack of classrooms and teachers also accounts for the exodus. The article urges local governments and people to improve the school conditions and the life of teachers.

It says key schools should provide board and lodging for children living in remote areas. Individuals should be encouraged to run private and itinerant minischools, which would receive guidance and instruction from the local education bureau. The article also suggests that high schools in the hilly areas should concentrate on vocational training so that graduates will be equipped to apply their skills to needed construction projects.

Meanwhile, there is a great need to build libraries, cultural clubs and cinemas in the hilly areas as people's living standards rise.

"We are no longer worried about what to eat and what to wear but about what to hear and what to see," the farmers say.

The state-run art troupes should visit the hilly areas at regular intervals. And private art groups should also be allowed to tour the areas, if their performances are healthy, the article says.

To curb the migration, the government should also improve medical services by setting up more village clinics, training more medical workers and encouraging the private practice of medicine. The health department should conduct a general survey of diseases in the local areas and offer immediate treatment to the farmers.

The article urges party committees and governments at various levels to pay attention to the population exodus and propose measures to stem the flow of people from the hilly areas.

/6091
CSO: 4020/121

FARM MACHINE PRODUCTION, MARKETING ANALYZED

Beijing ZHONGGUO NONGJIHUA BAO in Chinese 26 Aug 85 p 1

[Article by Shang Bian [0794 6708]: "Farm Machine Market for First Half of Year Analyzed: Many Changes Are Brewing Amidst Brisk Production and Marketing, Departments Concerned Demand That Enterprises Producing and Marketing Farm Machinery Pay Close Attention and Strive To Adapt to Market Needs"]

[Text] The Agricultural Machinery Bureau of the Ministry of Machine-Building Industry recently carried out an analysis of the state of farm machine production and marketing nationwide for the first half of 1985. They concluded that production and marketing are both brisk and that the situation is quite satisfactory. The accumulative total gross output value (calculated based on 1980 prices) is 6.93 billion yuan, which is 63 percent of the annual plan and an increase of 37.9 percent over the same period of 1984. Eleven of the 18 principle products have fulfilled more than 50 percent of their annual plan. Large-scale increases over the same period of 1984 include the following: 236 percent in farm transport vehicles; 94.6 percent in internal combustion generators; 65.7 percent in tractor-operated seeders; 56.2 percent in poultry engines for farm machines and in small tractors, large agricultural trailers and large and medium-sized tractors; and 24.3 percent in tractor fittings.

The accumulative total output value in the nationwide system of farm machinery companies was 4.7 billion yuan in the first half of 1985, up 32.9 percent over the same period of 1984. Of this, the accumultative total sales to rural production teams and commune members was 4.25 billion yuan, an increase of 34.1 percent over the same period of 1984. Fairly large-scale increases included the following: 34 percent for large trailers, 29,5 percent for small 4-wheeled tractors, 21 percent for power machinery used in agriculture and 20 percent for farm and machinery for processing sideline products.

However, in March the problem of a slowdown or gradual decline in the pace of farm machine product sales began to appear. This situation exists for large and medium-sized tractors, small tractors and some farm machines and tools. For example, comparing 1985 with 1984 month by month, small 4-wheeled tractor sales rose 87 percent in January, 39 percent in February,

13 percent in March, 26 percent in April, 21 percent in May and 15 percent in June over sales in the same months of 1984. As of the end of June 1985, reserves have climbed to 11,576 vehicles, which is 6.5-fold the 1,787 vehicles in stock in the same period of 1984. In some areas the less known or inferior brands arouse almost no interest.

According to our analysis, the major factors which led to the declining trend in tractor production and sales in the first half of the year are as follows:

1. Rural freight volume has declined. In April, after the State Council issued its "Circular on Controling the Scale of Fixed-Asset Investment," rural construction projects were restricted. Some township enterprise construction projects, as well as highway, cultural, educational and sanitation construction projects, were cut back and the freight volume declined correspondingly. In addition, some of the transport tasks were preempted by automobile and agricultural transport vehicles, and the demand for tractors was thus reduced.

2. The supply of funds for purchasing farm machinery has tightened up. Right now a fairly large proportion of the funds used by farmers to purchase large and medium-sized tractors, farm machinery and tools comes from bank loans. In April of 1985 the State Council specially issued for the People's Bank of China "Certain Regulations Controling the Scale of Credit in 1985." These required township enterprises and specialized households borrowing money from agricultural banks and credit cooperatives to provide 30 to 50 percent of the funds on their own, thus affecting farmers' purchasing power for farm machinery. In addition, some areas experienced floods, droughts and hailstorms that reduced agricultural yields. This affected farmers' income so that they could not come up with more money to buy farm machinery.

In March and April of 1985 the departments concerned imported a number of wheeled tractors from Eastern Europe, and this also had a certain effect on sales of Chinese tractors.

Moreover, in the past 2 years production and sales of small tractors have increased sharply. There are some areas where the demand has already been satisfied to some extent, and this factor has also had an impact.

It seems likely that the above situation will not change much in the short term. Moreover, seeing that agricultural credit will not be relaxed in the latter half of the year, that imported tractors will continue to enter the market and that the supply of diesel for agricultural use will be rather short, enterprises producing and marketing farm machinery must pay close attention and strive to adapt to market changes. They must insist on production fixed to sales and forestall the creation of overstocks. In planning and organizing, they must increase production of fittings that are lacking on the market. As a buyer's market appears, they must further strengthen product quality inspections and post-sales servicing.

12510/12951
CSO: 4007/14

TOWNSHIP FRUIT PROCESSING PRODUCTION SCALE ANALYZED

Beijing ZHONGGUO XIANGZHENQIYE BAO in Chinese 4 Sept 85 p 2

[Article by Guo Xiangchao [6753 4382 6389], Henan Machine Research Institute:
"An Analysis of Production Scale in Township Fruit-Processing Plants"]

[Text] Editor's note: The processing of farm and sideline products is a major aspect of township enterprises and has played a positive role in the rapid development of the fruit-processing industry and in satisfying the needs of urban and rural residents. China has an abundance of fruit resources and there is now a great potential for township development of fruit processing industries. Some abundant fruit resource areas that have gotten started rather late in food processing need to make preparations for the construction and expansion of fruit-processing plants. In doing so, equipment production capacity and plant construction scale are problems that effect the level of economic benefits to the enterprise. Thus, we hope that when setting up fruit-processing plants the various localities will consider the matter comprehensively based on the state of resources, transport conditions, technological and management levels and product sales, and determine the production scale that is compatible with local conditions. The essay published herewith for general reference, on "An Analysis of Production Scale in Township Fruit-Processing Enterprises," points out that production scale should be considered from six aspects. [End of editor's note]

China has abundant fruit resources of various kinds that are produced in large quantities over a vast area. Since the founding of the People's Republic of Chinea yields have been constantly increasing, and the rate of increase has been particularly fast in the past few years. In 1983-fold the national fruit yield surpassed 9.48 million tons, or 3.9 the amount produced right after liberation in 1952.

In the past few years the fruit-processing industry has developed extremely rapid in Chinese townships and towns. Small fruit-processing plants in the thousands have been built all over the place in the various major production zones, and many places are also making active preparations to construct them.

What is the production scale within which there are fairly good economic results from township and town fruit-processing plants? This is a question for which many departments and enterprises urgently desire to know the answer. With regard to this question, we have been conducting investigative research and analytical calculations on up to 100 fruit-processing plants for over 2 years now, and we have concluded that the size of a plant to be built should be determined based on the following few conditions:

1. Natural Resource Conditions: Everyone knows that fruit is not easy to store or to ship. Therefore, fairly good economic results ensue from the development of processing in the producing area. To conduct processing in the producing area the natural resource conditions in that locale must be considered. Two meanings are indicated in this reference to natural resources: the existing resources that can be processed and the natural resource development situation. If only the present situation is considered and development is ignored, waste may result, and this is also true if only development is considered at the expense of the present situation. Generally speaking, suitability consists of 60 to 70 percent of the present situation and 30 to 40 percent of development.

2. Transport Conditions: This involves two areas: the first is transport of raw materials, supplementary materials and fuels used in production; and the second is product transport. Fruits are largely produced in mountainous regions where transport conditions are deficient. A transport radius allowing 4 to 6 hours for the roundtrip journey is suitable. If the distance is too great, it is difficult to utilize windfalls and injured, second-rate fruit.

In places where there are rugged mountain paths, it is inadvisable to produce bottled and canned fruit or wines, nor is it advisable to produce goods that are difficult to transport, such as haw jelly.

3. Management and Technological Levels: If the processing plant's management personnel lack specialized knowledge of management it is inadvisable for the enterprise to be too large.

If the educational level of workers is fairly low and the plant lacks qualified personnel that have received training on machines and electrical appliances, then it is inadvisable for the equipment to have an overly large production capacity or for there to be a high degree of mechanization.

4. Storage Conditions: Fruit production is highly seasonal and it is unwise to preserve fruit for a long time under normal atmospheric temperatures. If storage conditions are very poor and yields are excessive, production imbalances may be created and economic results will decline.

5. Product Sales Conditions: Current production is for the most part determined by sales. Consequently, one absolutely must consider the market for one's goods.

6. The Production Capacity of Existing Domestic Facilities: Processing faccilities have already been considered in terms of design, but in order to

the needs of most processing plants and determine their production efficiency, at the time of construction the condition of the equipment chosen must be considered. If the equipment chose is unsuitable, poor economic results may also ensue.

In general, we believe that the above six conditions are quite important. Each plant should determine its production scale based on its own actual situation. Generally speaking, a production scale processing 1 to 1.5 tons of fruit per shift is about right.

Our analysis of 30 apple-processing plants showed average annual profits of 20,000 yuan in the 8 plants that processed less than 1 ton per shift, 56,000 yuan in the 17 plants that processed 1 to 1.5 tons per shift and 85,000 yuan in the 5 plants that processed 2 to 3 tons per shift.

We also analyzed 33 hawthorne product plants and found annual profits of 10,000 to 30,000 yuan for the 6 plants that processed less than .5 ton per shift, 50,000 to 100,000 yuan for the 9 plants that processed .5 to 1 ton per shift, 100,000 to 150,000 yuan for the 7 plants that processed 1.5 to 2 tons per shift and 150,000 to 250,000 yuan for the 5 plants that processed over 2 tons per shift.

In addition, we analyzed 12 jujube-processing plants and 20 comprehensive fruit processing plants and found them basically in conformance with this pattern.

Because the majority of processing plants conform to this pattern, the state and the departments and enterprises concerned should all consider processing of 1 ton in two daily shifts to be the indicator of economic efficiency when they decide on the manufacture of complete sets of small-scale equipment to process preserved fruit, hawthorne slices (fruit and tree peony root bark) and sugared jujubes.

12510/12951
CSO: 4007/14

AGRICULTURAL PLANNING, PRODUCT CIRCULATION DISCUSSED

Beijing NONGMIN RIBAO in Chinese 17 Sep 85 p 3

[Article by Liu Fuyuan [0491 4395 0997]: "Agricultural Planning and the Circulation of Farm Products"]

[Text] I. Agricultural Planning Principally Is Farm Product Circulation Planning

A Principal economic component of agriculture in the PRC is the peasant family economy founded on collective ownership of land, with state ownership accounting for a small proportion. The commodity ratio for agricultural products is currently still rather low; the quantity of goods alone is the major standard linking agricultural planning with other planning. The land is extensive and agricultural production is very much influenced by natural conditions. These factors have been decisive in determining the three main characteristics of agricultural planning in the PRC as follows:

1. Peasant households have an independent economic return, and posses the right to act on their own initiative in economic activities; the state cannot hand down a direct plan to the peasant households, since agricultural planning mainly is indirect planning. If the requirements of the state plan are not suited to the economic benefit of the peasants, there is no way to realize the plan. In general, then, in implementing the guiding plan we must rely in the main on economic measures such as economic contracts, agricultural credit and pricing policy to bring agricultural production activities into line with the unified plan.

2. In entering into exchange in the marketplace, what satisfies the requirements of the state and the various sectors is the quantity of commodities in farm products; agriculture depends on this commodity quantity to reflect its role as the foundation of the national economy and to provide the state with the amount of farm product commodities it needs. To maintain the balanced linking up of the agricultural production plan with other plans, the focus of the agricultural plan should be placed on the commodity portion of farm products, especially the quantity of commodities for the major farm products.

3. A notable characteristic of agriculture is the mutual intertwining of economic reproduction and natural reproduction. Different living things have

their characteristics laws of growth, development and propagation, and are adapted to a particular environment. Environmental conditions, such as climate, soil and rainfall, also vary greatly from place to place, and this determines the regional and seasonal nature of agricultural production. Consequently, formulation of the agricultural plan must accord with both economic and natural law, and we need to pay special attention to suiting measures to local conditions and local seasons, and allow for unforeseen local conditions and local seasons, and allow for unforeseen circumstances.

Engels has pointed out that "production and exchange are two different functions," and "these two functions interact each moment; moreover, they influence each other to the extent that they could be described as the abscissa and ordinate of the economic curve" ("Selected Works of Marx and Engels," Vol III, p 186). We are not able to directly plan the production of thousands upon thousands of peasant households, but it is possible for us to plan the circulation of farm products in the macroeconomy; if we pay attention to the ordinate and regard it as the planned variable, then production as the abscissa will become the dependent variable. Policy decisions in the circulation sphere bring about farm product value, are the key link in determining whether the producers' incomes will be substantial or scant; whether the farm products will sell, and at what prices the goods will sell will have the greatest impact on the producers. So long as the circulation process is planned, the production process will be objectively planned as well.

To be sure, agricultural planning is not limited to planning the circulation of farm products. It also includes planning the supply of the agricultural means of production, capital construction investment planning, etc. But the main thing behind all these kinds of planning is to develop the rural commodity economy. The starting point for all of them is how many commodities agriculture can supply now and in the future, how much income the peasants will get from selling their products and how much accumulation the state will collect from agriculture. So long as we put agricultural and commercial relations in order, set up a sound, rational farm product circulation system and come up with a good farm product circulation plan for the short, intermediate and long term, agricultural commodity production will begin to develop rapidly and bring a high return. All other relevant agricultural planning targets must be in tune with the planned required amounts of farm product commodities, and be set in accordance with that. Thus if, as a result of implementing the farm product circulation plan, the other kinds of planning mentioned above, as well as matters such as the rational organization of agriculture, forestry, animal husbandry, sideline production and fishery, specialized division of labor in agriculture, carrying on intensive farming, modernization of production measures, popularization of biotechnology, storage and transport, and product quality are as what is shouted at the army, "Attention! Dress right, dress!" it will be like lining up the troops and we will be able to get things into shape quickly.

II. Planned Readjustment of the Agricultural Mix and Farm Product Circulation

In the natural economic plan, after determining the planned required amounts of farm products, the proportion of planned demand of the various farm products objectively fixes the industrial mix of agriculture, forestry,

animal husbandry, sideline production and fishery, and defines the internal structure of each industry. The planned price is determined based on value and in accordance with planned demand and supply relations. The planned price is like a lever for controlling planned demand, by making it the fulcrum and prying supply to make it equal to planned demand. Planned demand represents an industrial mix adjusted in a planned manner and the supply mix represents the proportion of each industry on hand. The planned pricing structure of farm products and the parity system itself in a planning period can determine the direction and extent of readjustment of the various agricultural sectors.

At the same time, we also must see that there are certain limits to utilizing planned pricing in national businesses and the role of leveling and restraining measures to adjust a part of the structure. With regard to certain products, or in certain periods, the state does not have much control over the source of goods, or management costs are high, so to readjust, level or restrain we must increase extra-price financial expenditures. Under these conditions, we should not adjust, level or restrain prices, but let the spontaneous mechanism of the market fully act upon them. We should assimilate the lessons of history and not again force peripheral approaches. RMB is a symbol for currency, and currency is a common equivalent; having a quantity of goods or a quantity of money is the same. There is no money beyond goods; issuing more paper money is like trying to help shoots grow by pulling them upward or carrying faggots to put out a fire--adopting the wrong method will make the situation worse. So we cannot readjust the internal structure of agriculture according to an ideal rate and proportions; rather, it must be done according to consumption demand. The standard is not our good intentions or the models of advanced nations; it should be economic and social results, and the degree to which it is suited to opening up the resources of China today and developing the national economy. This is what we must give full attention to when applying various economic levers to readjust the agricultural plan.

III. Regional Agricultural Plans and Farm Product Circulation

From now on national-level agricultural planning in China should focus on intermediate- and long-term plans. Short-term plans, such as annual plans, should be readjusted by the local economic regional planning departments based on specific conditions. The state long-term plan for agriculture should center on the farm product circulation plan. Planned commodity demand is still the starting point. An important problem in intermediate- and long-term planning is the matter of the agricultural regional plan; it should be determined in accordance with the rational flow of farm products.

China is a country with a vast territory and undeveloped communications and transportation. Even if developed to the communication and transportation levels of the United States, it would not be suited for adopting nationwide regional specialization, which allows the allocation of farm products throughout the country. We should consider utilizing the comparable cost principle to place farm products in the nationwide circulation system, based on fully developed regional resources.

Because the natural and economic conditions of the various regions differ, it would be economically beneficial to implement appropriate division of labor

between regions to capitalize on the relative strengths of the various regions. But excessively focusing on regional specialization may bring about detrimental results. For example, some regions in the United States specialize in the production of one or a few farm products needed throughout the country, making each region lack self-sufficiency in food. Most regions in the northeast ship in more than 70 percent of needed foodstuffs from other states, which intensifies the dependence of the region and impedes agricultural development in that area. There is a $1.00 transport fee on foodstuffs with a production value of $2.00. Expenditures for transporting food in 1980 amounted to more than $16 billion, and energy consumption was extremely large. This lesson should not be lost on us as we work out an agricultural development strategy.

IV. The Market System for Farm Product Circulation

Setting up a sound organizational system for marketing farm products which is suited to the development of commodity production is a major task for ensuring the smooth flow of farm products and guaranteeing the agricultural plan will be fulfilled. We can divide the planning into two stages at first: the first stage should be an organized market system founded on the farm product marketing cooperatives at all levels in the rural areas, supplemented by the wholesale market and led by the national-level businesses. State purchases of farm products in recent years have been geared to the myriad households. Reducing the links at the village (formerly production team) level causes the peasants to waste a great amount of time and brings about selling difficulties, and if business pressure in the commodity sector is great, buying difficulties result; the peasants and the state both work hard but lose money and commerce between them requires large expenditures. It will be more convenient of the peasants and the state if the village marketing cooperatives are linked. The state agricultural plan also could be communicated from the national-level businesses to the supply and marketing cooperatives at all levels, and from the supply and marketing cooperatives and selling cooperatives to the farm households. The planned commodity demand and planned price are issued in advance to provide the farm households with dependable information for planning production.

The second stage, after the food commodity ratio is raised somewhat, is to unite agriculture and the farm product processing enterprises to form an economic system wherein agriculture and industry are integrated. On this foundation, national-level and collective businesses participate in joint management. Business leads the processing industry, where processing is determined by processing; the production and circulation of agricultural products are brought into the industrial and commercial processing and marketing system. Agricultural planning and farm product circulation will become consolidated to a great extent. The state plan required amounts are issued to the businesses and the businesses pass them on to the factories and farms. Agriculture, industry, commerce and transporting become combined operations and undergo comprehensive development to form various joint enterprises with many administrative levels, multiple systems and various economic components all interwoven.

In short, farm product circulation originally was an important link in agricultural reproduction; for a long time now, we have treated it merely as a matter for the commercial sector. The agricultural sector managed production

and not circulation, and the commercial sector managed circulation and not production; this aspect should be terminated under the new economic system. We must thoroughly do away with limiting agricultural planning to production planning, eliminate the traditional idea of separating out circulation planning, and shift the focus of agricultural planning to farm product circulation.

12513/12951
CSO: 4007/21

STATE S&T COMMISSION PLAN DISCUSSED

Beijing NONGMIN RIBAO in Chinese 3 Sep 85 p 1

[Article by Zhou Zheng [0719 6927]: "State Council Approves State Science and Technology Commission's 'Urgent Plan'"]

[Text] On 16 August the State Council approved the "urgent plan" formulated by the State Science and Technology Commission concerning the use of science and technology to guide the countryside, arm township enterprises and promote vigorous rural economic development.

The leading central authorities think very highly of this plan and have recently pointed out that it is an undertaking with both immediate and long-term benefits. In reforming agricultuaal composition, failure to develop township enterprises would be unacceptable, and there is no prospect for that development without reliance on science and technology. Integrating these two factors may hew out a new path suited to Chinese national conditions. Consequently, we should make this a basic policy for long-term commitment.

In recent years rural,and small town enterprises have flourished. In 1984 the value of such industrial output reached more than 170 yuan, playing a huge role in vitalizing China's rural economy. However, current rural and small town enterprise technology is quite backward. For many enterprises there is a great deal of waste in production activities, pollution is severe and development is slow. In order to change this state of affairs quickly, fully exploit abundant rural labor power and material resources and promote modernization in rural and small town enterprises--and by doing so to reach our 1-trillion-yuan goal for output value after 10 years--the State Council has decided to implement the "Urgent Plan" formulated by the State Science and Technology Commission. The major components of this plan are to begin organizing the various localities in 1985 to stress "short, balanced, fast" projects whose significance will be in providing examples and popularizing rural and small town enterprises. That is, these would be technological development projects that feature a short period of scientific commercialization, that are suited to the technological level of small and medium enterprises and that achieve fast economic results. These would be popularized in a planned fashion to make scientific and technological achievements act like a spark and move like wildfire in all four directions.

The "urgent plan" touches upon 25 different spheres, including aquatic products, poultry, cash crops, minor mineral products, biological products, building materials, clothing, furniture, microelectronic technology and so forth. It has now been decided to begin by developing a group of 28 projects. Included are shrimp, eel and river-crab breeding and development; processing and exploitation of duck and geese products; development of mushroom, American ginseng and ramie technologies; and development of techniques for the implantation of cattle embroys. The range over which these will be extended involves 20 provinces and cities. Popularization of these projects is of immense significance for developing township enterprises and invigorating the rural economy.

In order to implement this plan, the State Science and Technology Commission will promptly send people all over the country to survey and study the state of rural and small town enterprises and the focus of their development. This will help to decide what scientific achievements and technical aid can be provided by the scientific research organs of the departments under the CPC Central Committee and the State Council.

12510/9190
CSO: 4007/10

BRIEFS

EGG SHORTAGE--News was relayed at the National Pork and Egg Product Adjustment Conference recently convened in Zhenjiang, Jiangsu to the effect that there will be a nationwide egg shortage in the second half of 1985. Due to the poor market for fresh eggs in the preceding period, egg prices dropped, feed prices increased and farmers were unenthusiastic about raising poultry. To counter this new situation, Beijing, Tianjin and Shanghai have separately adopted emergency measures to augment procurement of fresh eggs and replenish stocks. The food sector in Beijing has appointed a group of the major leading cadres to go all over the country making purchases of fresh eggs. As of June, Shanghai had already adjusted the procurement price for fresh eggs four times. Beginning on 1 July the procurement prices were 1 yuan per jin for duck eggs and 1.10 yuan per jin for chicken eggs. [Text] [Beijing NONGMIN RIBAO in Chinese 29 Aug 85 p 2] 12510/9190

COTTON PRODUCTION BASES--It has been disclosed by the Ministry of Agriculture, Animal Husbandry and Fishery that a group of top-quality cotton production bases are to be constructed nationwide. The first ones are to be constructed in 22 different counties; 4 in Shandong, 3 in Henan, 3 in Jiangsu, 4 in Xinjiang, 1 in Anhui and 1 in Shanxi. The requirements for counties in which top-quality cotton production bases are to be constructed are as follows: 1) Improving cotton quality must be a priority goal. 2) They must build two good systems: one system to breed improved cotton varieties (including stock seed multiplication farms and the ginning mills and breeding bases for the improved cotton); and one system to popularize agricultural technology (primarily to satisfactorily establish county farm technology extension centers). 3) Capital investment for construction must depend primarily on self-reliance and bring local initiative into play. The state will also provide appropriate capital and material aid. Investment in base construction will be borne by the central authorities, the province, the locality and the county combined. 4) The bases must be completed by 1986. [Text] [Beijing NONGMIN RIBAO in Chinese 3 Sep 85 p 2] 12510/9190

AQUATIC PRODUCTS OUTPUT--China's total output of aquatic products reached 6.19 metric tons in 1984, ranking third behind Japan and the USSR. The Ministry of Agriculture, Animal Husbandry, and Fishery estimated that total output is expected to reach 6.5 million metric tons or more in 1985. [Text] [Shanghai City Service in Mandarin 2300 GMT 16 Nov 85 OW] /6091

FINE QUALITY RICE STRAINS--Nanjing, 21 Nov (XINHUA)--Chinese agrotechnicians have developed a number of high-yield, good-quality round-grained nonglutinous rice strains since 1981, according to a Southern China Rice Breeding Group working here. Most have been developed by hybridization between round-grained and long-grained nonglutinous strains and yield more than 7.5 tons per hectare. Developing new rice strains is a key research item in China's Sixth 5-Year Plan (1981-1985). One new strain, "Zijin Jing", developed by the Jiangsu Academy of Agricultural Sciences, gave an output of 9.75 tons per hectare on a 6-hectare experimental plot this year. The Yunnan Academy of Agricultural Sciences has developed "Yun Jing 136", a strain that grows well at altitudes between 1,800 and 2,100 meters. It was grown on 10,000 hectares on the Yunnan-Guizhou plateau this year with a per hectare yield of 7.5 to 8.25 tons. "E Wan No. 5", developed by the Hubei Academy of Agricultural Sciences, has increased rice yields in the locality by 400,000 tons over the past few years. [Text] [Beijing XINHUA in English 0643 GMT 21 Nov 85 OW] /6091

CSO: 4007/123

DIRECTOR OF PROVINCIAL AGRICULTURAL DEPARTMENT INTERVIEWED

Hefei ANHUI RIBAO in Chinese 13 Sep 85 p 2

[Article: "Stabilize Acreage, Focus on Unit Yields, Raise Quality--Interview with Zhao Jiezhong, Director of Provincial Agriculture, Animal Husbandry and Fishery Department on Carrying Out This Year's Fall Planting Work"; date and place not given]

[Text] This year's fall planting is about to begin and we must seize the opportunity to focus on this work; it is very important for realizing summer bumper harvests next year. For this reason, this reporter recently called on Zhao Jiezhong [6392 2638 0022], director of the provincial Agriculture, Animal Husbandry and Fishery Department, and interviewed him regarding how to successfully carry out this year's fall planning.

[Question] What is the summer production situation for the province this year? What problems are there?

[Answer] Summer production occupies an important place in agriculture in the province. Summer grains account for more than 35 percent of annual grain acreage and output amounts to about 30 percent of total grain output; rape accounts for more than 70 percent of annual acreage devoted to oil crops and output manure accounts for more than 95 percent of the annual acreage of such crops. Therefore, we certainly must exert ourselves to successfully carry out the planting for the summer harvest.

The summer harvest production situation in Anhui Province this year by and large is pretty good. The proportion agriculture occupies among the other industries is becoming progressively more rational in the readjusting of the industrial structure. But a few localities, because they lack a correct understanding of the current industrial structure readjustment, tend to ignore grain production. This mainly is manifested in the following respects: first, reduction of summer grain acreage in some areas has been excessive and output has dropped dramatically; second, summer grain distribution has been irrational, there has been an incomplete selection of varieties, and varieties lacking resistance still make up a relatively large proportion; third, little attention has been paid to prevention and control of plant diseases and elimination of insect pests, and large wheat acreages are affected by such diseases and

pests; fourth, there has been a reduction in acreage devoted to grain production and a drop in per-unit yields of summer grains.

[Question] What is the guiding opinion of the provincial agricultural department for successfully carrying out this year's fall planting?

[Answer] Wheat is the staple food for more than half the population in Anhui Province. At the same time, developing the food and fodder industries requires a large quantity of summer grain crops such as wheat and pulses. Summer grain crop acreage in the province this year was 31.21 million mu, which was 1.76 million mu less than the previous year; total output was 800 million jin less, and the livelihood of the people in a few areas was affected somewhat. Therefore there cannot be a further reduction of summer grain acreage planted this fall. Our guiding opinion is that it must total about 31.5 million mu. In the flood storage area along the Huai He, in order to avoid damage or crop failure due to waterlogging, we should staunchly implement the production policy of "out with the fall, in with the summer [qiqiu duowu 2757 4428 1161 0582]," and appropriately expand summer grain acreage. The cash return of rape is relatively high and it currently has a fairly ready market; expansion has been quite rapid this year and it is possible it will expand further next year. In terms of stabilizing summer grain production and considering crops for yearly rotation, rape acreage should basically stabilize at last year's approximately 12 million mu. Where conditions warrant, we must actively and steadily expand the growing of lowland leaf mustard, cabbage, and rape, but is mut be comparatively centralized. Winter green manure is an important source of organic fertilizer and is extremely relevant to fostering soil fertility; the plan is to expand this year's fall planting about 1 million mu. The various localities must proceed from actual conditions when making specific plans and pay attention to successfully handling the relationship of several aspects. One is the relationship between acreage and per-unit yields. In acreage we must adhere to the principle of increasing stability and decreasing adjustment, and direct our attention to unit yields given stable acreage. Second is the relationship between output and quality. We must concentrate on raising quality on top of stabilizing acreage and focusing on unit yields; starting with variety distribution, we must increase the nutritional, commercial and sanitary quality of summer grain suited to market demand. Third is the relationship between grain and oil crops. We must expand rape in addition to stabilizing summer grain, but guard against growing rape at the expense of wheat.

[Question] How do we successfully arrange the distribution of this year's summer grain and rape varieties?

[Answer] Some of the summer grain variety groupings in the province currently are inappropriate; a large proportion of the varieties are mediocre in yield, mediocre in quality and lack resistance. For example, more than 4 million mu of bainong [4102 6593] 3217-wheat was grown this year; although it has the ability to produce bumper crops, the quality is poor and it is susceptible to disease, which reduces yields substantially. Wheat varieties in the Taishan Mountain system are mediocre in yield and seriously affected by

diseases; wheat grown in the region along the Chan-Jiang is mostly of the red variety, whose commercial quality is not as good as the white variety. The masses demand a change in varieties, but at the present time most of the white varieties are bred in the north, the dormancy period is short and they sprout easily; at the same time, they are quite susceptible to disease and are not suitable for popularizing along the Chan Jian. For this reason, when planning the variety distribution, the various localities must proceed from actual conditions, actively popularize superior varieties which are high in yield and have strong resistance, and change the situation where the varieties are too numerous, arbitrary or mixed, or there is reliance on a single variety. They must make sure the varieties are suitable for the soil fertility, climate and production conditions, and that the winter, semiwinter and spring varieties are appropriately grouped to realize fully the potential of the fine varieties for increasing yields. The Agriculture, Animal Husbandy and Fishery Department has issued an opinion regarding the specific distribution of varieties.

[Question] What problems do we need to pay attention to in the prevention and control of plant diseases and elimination of pests in summer grains and rape?

[Answer] In recent years, due to the introduction of new varieties, increased application of fertilizer, improved cultivation techniques and the influenced of numerous factors, further changes have appeared in the perils to wheat in the province in the form of plant diseases, insect pests and weeds. One is that sapsucking pests are returning rather rapidly; they erupted over a large area this year and affected 4,058,000 mu throughout the province, which resulted in a loss of approximately 200-plus million jin of wheat. A second change is that regions north of the Huai He have been affected by red seab. The area in the province where red seab had been prevalent in wheat was to the south of the Huai He. But this year the region to the north of the Huai He generally has been affected by the peril; the disease has afflicted more than 9.6 million mu throughout the province, more than half of which is in the area north of the Huai He. A third change is that powdery mildew and wilt [wenku bing 4773 2661 4016] have become more serious, rust has returned and weed damage has been considerable. Moreover, the peril is relatively serious in the regions where barley is afflicted with covered smut and wheat is afflicted with loose smut, bunt, glume blight, and viruses. Plant diseases, insect pests and weeds have affected wheat production considerably; in ordinary years when we relax prevention and control, there is about a 10-percent reduction in wheat output, and in years when there is a widespread outbreak of diseases, pests and weeds, output can be reduced 30 to 50 percent. Therefore, we must take very seriously the prevention and control of plant diseases and insect pests in summer crops, from planting to harvest. As for techniques and methods, we must concentrate principally on the following three links: one is to suit measures to local conditions and make clear the focal points for prevention and control; another is to actively develop comprehensive prevention and control on top of prevention and control in agriculture; a third is to do a good job in technical services work, to strengthen plant disease and insect pest forecasts, to supply suitable farm chemicals to ensure quality and quantity, and to alleviate the harm from diseases and pests. We especially must pay attention at present to prevention and control of sapsucking pests, red scab, powdery mildew and rust in wheat, and viral diseases in rape.

[Question] What is the significance of putting more into production as it relates to stabilizing grain output?

[Answer] Some localities put less into grain production this year and management was loose, which affected the steady increase in yields. After decreasing grain acreage, we can only put more into producing rather than less; only by concentrating on per-unit yields to increase total output will we be able to ensure steady increases in grain. Over and above increasing as much as possible the amount invested, we need to utilize fertilizers and farm chemicals in a scientific manner, apply scientific management, decrease production costs and increase economic return to bring about steady and continued increases in summer grain production.

Fall planting is just about to begin and the various localities must concentrate on doing the preparation work well, further implement measures to increase production, complete the fall planting work in a manner which will ensure quality and quantity, and work hard for all-round bumper harvests in next year's summer production.

12512/12951
CSO: 4007/18

PRODUCTION OF LEAN-TYPE HOGS IN ANHUI EMPHASIZED

Lean-Type Hog Production Emphasized

Hefei ANHUI RIBAO in Chinese 8 Sept 85 p 1

[Article: "Anhui Province Pays Special Attention To Developing Production of Lean-Type Hogs: Last Year Fuyang and Changfeng Counties Were Set Up As Lean-Type Commodity Hog Bases; This Year Fengyang and Mengcheng Will Be Set Up As Bases"]

[Text] Anhui Province has made good progress in developing production of lean-type hogs.

There has been sustained expansion of the hog-raising industry in recent years in the province's 47 counties and cities, especially in Fuyang, Changfeng, Fengyang and Mengcheng counties and Tunxi City; the adoption of artificial insemination methods has raised the hog slaughter ratio and lean meat ratio. The majority of localities where feed conditions are fairly good and the meat-hog commodity ratio is relatively high have introduced boars of lean-meat varieties such as Changbai [7022 4101], Yorkshire, Duroc and Hampshire, and after breeding local sows through artificial insemination, the improved hogs thus produced had a lean-meat ratio greater than 48 percent. Last year, through common investment by the State Ministry of Agriculture, Animal Husbandry and Fishery and the province, prefectures and counties, Fuyang and Changfeng were jointly set up as lean-type commodity hog base counties. Through more than a year of efforts, general artificial insemination stations in the two counties have basically been completed; they have achieved production while constructing, and have employed Changbai lean-type boars and carried out the artificial breeding of more than 1,100 sows. It is estimated that by the end of this year they could provide 10,000 head of lean-type piglets. This year, through investments in the province, Fengyang and Mengcheng were set up as lean-type commodity hog counties, and are now carrying out advance preparations for general artificial insemination station projects.

At the end of August, the province convened a conference in Fuyang County on lean-type commodity hog base construction work. Comrades attending the conference investigated the Fuyang County lean-type commodity hog base construction situation, exchanged representative experience of the various localities, and worked out steps for speeding up the development of lean-type commodity hog production in the province.

Hog Production Reform Discussed

Hefei ANHUI RIBAO in Chinese 8 Sept 85 p 1

[Commentary: "An Important Reform in Hog Production"]

[Text] People like to eat lean meat; this is because lean meat contains a high amount of protein, it tastes good and the cholesterol level is low. But there is little lean meat on the market at present and it is not possible to satisfy consumer demand. Foreign markets also urgently require the state to come up with even more lean-type hogs for export.

Consumption determines production, but it is inappropriate for the production required by consumption to be blind production. It is invevitable that this change in the pork consumption market would spur an important reform in hog production. In recent years, a group of counties and cities in Anhui Province introduced from other parts of the country lean-meat type breeds and semen from boars to breed local variety sows and carry on variety improvement. The lean-meat ratio of lean-type hogs is high and they have a rapid rate of weight gain. Although the number of hogs raised in the province last year was 160,000 head less than the previous year, the number slaughtered was 670,000 head greater because there were more lean-type hogs, and 100 million jin more meat was produced. It is clear that developing lean-type hogs is an effective means to increasing the economic return from raising hogs, and is an important reform in hog production. Each locality must proceed from the reality of that locality, stress comprehensive techniques and measures and bring about steady development of lean-type commodity hogs.

12513/12951
CSO: 4007/18

BEIJING'S HIGH VEGETABLE PRICES ANALYZED

Beijing ZHUANYEHU JINGYING BAO in Chinese 7 Sep 85 p 3

[Article by Zhao Bin [6392 1755] "Why Is There No Decline in Beijing Vegetable Prices?--A Survey of the Current State of Vegetable Production and Marketing in Beijing and a Tentative Plan for Development"]

> [Text] Editor's note: Vegetables are expensive in Beijing. Many city residents are complaining that, in the past, 3 or 4 jiao was sufficient to purchase a day's vegetables, whereas today even 1 yuan is insufficient for this purpose. Leading comrades in the State Council have also made clear that vegetable prices are a problem primarily in the northern part of the country, and this is true most of all for Beijing. Consequently, it is of great significance to inquire into the condition of the Beijing Vegetable Market and study what lies behind that condition. This also helps our specialized households understand market changes and study market operations. [End of editor's note]

I. Causes

After the Beijing Vegetable Market was opened up to the public, vegetable prices rose to an extent that exceeded all expectations. Retail prices of vegetables marketed in June, July and August rose in average of 80 to 90 percent over those for the same period of 1984. Prices of certain varieties, such as eggplants and kidney beans, increased four- to five fold over 1984 levels. Vegetable prices rose steeply and never declined and many people have been puzzled by this. According to the law of value, when market regulation takes effect there should be both increases and decreases, so why is there no decline in Beijing vegetable prices? Even more people wish to know what the trend of future development will be in the Beijing Vegetable Market and what plans are being made by the departments concerned. With these questions in mind, our reporter interviewed the departments concerned and conducted some on-the-spot investigations. Conclusion: The Beijing Vegetable Market is a seller' market. There are two primary causes that have led to this situation, as follows:

A. Increased Demand

From an overall aspect, following from the growing dimensions of Beijing as a city and from the increased population, the natural rate of increase in vegetable consumption has been constantly rising. From another aspect, after the markets for farm and sideline products were opened to the public in May 1985, they were affected by price rises, and meat, poultry, eggs and aquatic products were hard to sell. Taking the month of July as an example, by comparison with the same period of 1984 the sales volumes of pork, beef, mutton, aquatic products and poultry declined by 19, 46, 51, 71 and 56 percent respectively. The scale of these declines is quite evident--particularly so for aquatic products, which many people simply ceased eating. According to the current dietary habits of the Chinese people, chicken, duck, fish and meat may be eaten seldom, but vegetables are an absolute necessity. Ten years ago, if people disliked the high price of vegetables they could make do with pickled vegetables. But these days, the standard of living has risen universally and most households cannot return to eating pickled vegetables. Consequently, they are forced to turn to eating fresh vegetables. Vegetables substitute for fish and for meat. In addition, in recent years people have generally been stressing ways to preserve good health. Eating more vegetables has become a habit and there is little leeway in demand. It should be said that in the past few years the demand for vegetables in Beijing has been on the rise.

B. Decreased Supply

According to surveys, the quantity of vegetables marketed in Beijing in June, July and August of 1985 represented about a 40-percent decline from the quantity marketed in the same period of 1984. Tracing the reasons for this, the primary cause is that the production sphere is out of control. After the land was contracted in the Beijing suburban districts, 70 percent of the vegetable plots were divided among households and farmers were given rather a lot of operational autonomy. However, the suburbs are very close to the city and there are many routes to enrichment, so the farmers are unenthusiastic about growing vegetables. In 1985 the situation deteriorated to the point that more than 10,000 mu of vegetable plots were left barren in the suburbs. Adding in other causes, the area of vegetable plots in Beijing dropped from 210,000 mu in 1984 to 170,000 mu in 1985 and there were also declines in the area planted for each crop of vegetables. Taking Chinese cabbage, the major variety of autumn vegetable, for example, the area sown fell from 69,000 mu in 1984 to 42,000 mu in 1985, a decline of slightly more than one-third.

Lack of control over the production sphere has created the reduction in marketed vegetables, and imbalance in the sphere of circulation has further exacerbated this short-supply phase in the produce market. Because the supply of vegetables falls short of demand and there are good prospects for gains, a large contingent of small retailers is engaged in resale for profit. The reporter observed that most farm trade markets in the urban district of Beijing have to some extent become wholesale markets.

When frrmers' produce carts arrive the small retailers rush out in swarms to buy at a relatively low price and resell at a higher price. After some state-operated, grassroots-level produce shops shifted to collective operation, they also increased vegetable prices at will. All these factors have artificially aggravated the situation of high vegetable prices in Beijing.

C. Vegetable Prices Will Remain High Through 1986.

Unlike other Chinese cities, the marketplace in Beijing is subjected to multifarious factors that affect the situation and rather complicate matters. It is difficult to make a clear appraisal or accurate predictions, but we can gain some enlightenment from certain objective survey results. After vegetable dealing was opened up to the public in Beijing, an unusual phenomenon arose: on the one hand, the price of vegetables rose by a large margin and, on the other hand, the enthusiasm of suburban vegetable farmers for raising vegetables was not at all stimulated or increased by this. A look at the suburbs of Beijing shows that the area sown with vegetables this summer has decreased by over 40 percent compared with the same period of 1984, and the area sown with autumn vegetables has also declined by a large margin. What is the reason for this? Through inquiries, the reporter found out that when the price of vegetables rises an average of 80 to 90 percent, the vegetable farmer's income rises only 10 to 20 percent. After vegetable dealing was opened up to the public, state subsidy funds were to some extent diverted to the consumer's pocket. As far as the vegetable farmer is concerned, who receives this partial subsidy is of no consequence, as he profits nothing. Vegetable cultivation is a kind of production that calls for a rather large investment of labor, and, in the suburbs, production costs are also rather high. The prospects for high gains are not very good, so farmers are generally unwilling to grow vegetables (if the profits are high they are willing to grow vegetables, but if the price is high the commercial departments cannot accept them). The ones who benefited the most after vegetable dealing was opened up to the public were the large contingent of small retailers active in the sphere of circulation. According to statistics, in June, July and August there were about 15,000 small retailers engaged in reselling vegetables at a profit in the Beijing marketplace, and their daily income was approximately 30 yuan per capita. The strong contrast between the expense and income of the vegetable growers and the expense and income of the produce transporters and retailers made a profound impression on suburban vegetable farmers. At Sijiqing Commune the reporter found out that some vegetable farmers have abandoned vegetable cultivation and switched to buying vegetables from other farmers in their home markets and other towns. They then transport these vegetables for sale in the city. This stems from weighing the discrepancy between the kinds of benefits: there is a higher benefit from doing it this way than from cultivating vegetables oneself. There are also some farmers who are discontented with middleman exploitation and decide to produce their own goods for market. This inevitabley disperses vegetable production energies. In addition, the move in July to curb vegetable prices in Beijing more or less thwarted the enthusiasm farmers had for growing vegetables right after the market was opened up. They have a

wait-and-see attitude toward relevant future policies. Due to the above causes, we can say that suburban vegetable farmers have little enthusiasm for growing vegetables, particularly high-quality vegetables. If they were given full investment freedom we could not count too highly on vegetable farmers to cultivate vegetables on a large scale next year simply because there was a sellers market for them this year.

According to what we have learned, Beijing will be, and is now, adopting a series of measures directed at this matter, such as using economic means to guarantee the area of land cultivated for vegetables or implementing 3 continuous years of vegetable price subsidies. However, these are all means that have been used in the past, besides which, they are merely expedient measures taken because of pressing need. Under the present specific conditions it is difficult to prejudge what the results will be. Consequently, we can anticipate that unless exceptional steps are taken Beijing vegetable prices will remain high through 1986.

II. Countermeasures

The increase in demand and decline in supply in Beijing created a seller's market, in which demand exceeds supply, and this has led to a long period of vegetable price rises with no declines. This situation has provoked profit-resale activities in the circulation sphere and, conversely, has exacerbated the situation of vegetable scarcity and high price. This is the actual state of the Beijing Vegetable Market. To suit the remedy to the case, in very general terms we should write an essay on the word "more." More means cheaper, but when supply is less than demand there is no way to lower vegetable prices. Under the present circumstances, if we want to come up with a comparatively rational relationship between supply and demand, we have three kinds of choices: First, we can recentralize and issue a directive plan for producers as we have done in the past, using price subsidization methods to stabilize the market. This is precisely the route we have taken since liberation, and practice has proven that this is a "dead end" that leads nowhere. The second road is to open the market up completely and let market regulation take effect. Perhaps this is the development trend of the future, but from the perspective of the present situation in China, reforms have just gotten underway, we have no experience and the administrative system and cadre quality may not be able to adapt. For a certain period of time we must bear the agony of inflation. In order to minimize the losses that must be sustained and endure the suffering, yet a third road is open to us: "partial centralization and partial liberalization." The key to this method is knowing what to centralize and what to liberalize. We must take some "emergency steps" and some "expedient measures," and we must also have some long-term plans.

A. Transform the Vegetable Production Policy that "Gives Priority to the Suburbs"

Under past circumstances, when there was a planned economy, collective operation and a basis balance between market supply and demand, and

considering the particular characteristics of vegetables, such as easy spoilage, this policy was correct. However, it makes very little sense to continue to enclose ourselves firmly within such a small circle under the present situation (the low enthusiasm suburban farmers show for growing vegetables, the high cost of labor, the day-by-day reduction in vegetable plot area and the prominent contradiction between market supply and demand). Because we must now ensure that there be no reduction in the momentum of vegetable crop production in the suburbs, we have no other ingenious way to do so than to rely on "centralization" and price subsidies. The source of goods depends upon organization rather than on "centralization," and the balance of market prices depends upon "quantity" rather than "subsidies" for success. It is better to plan and establish a more rational vegetable production base than to subsidize vegetable production with large amounts of capital year after year.

The Beijing Vegetable Co has in recent years set up some vegetable production sites in a few counties in Zhangjiakou Prefecture, and has already achieved some quite encouraging results. For example, it costs 1 jiao and 7 fen to buy 1 jin of sweet red bell peppers on the outskirts of Beijing. Add on a 1-jiao subsidy and each jin costs 2 jiao and 7 fen. If it can only be sold for between 1 jiao, 2 fen and 1 jiao, 5 fen, it is a losing operation. It costs only 7 fen per jin to buy sweet red bell peppers in Yangyuan County, Zhangjiakou Prefecture. Arriving in Beijing, the transport fees are added and the cost is still less than 1 jiao per jin. In 1985 the vegetable company purchased and boought in 20 million jin, and low prices and alrge quantities made the venture entirely profitable. Certain varieties from these vegetable production sites can also prolong the supply period for the Beijing Vegetable Market. For example, the peak period for tomatoes in Beijing generally lasts only through July, but batches of tomatoes from Yangyuan can supply the city until National Day.

What advantages are there to bringing in vegetables from Yangyuan? One advantage is that the natural conditions there are suitable for certain varieties that have high growth rates, high yields and good quality. A second advantage is that there are comparatively few routes to enrichment for farmers there, so vegetable cultivation produces relatively high economic results and farmers are willing to engage in it. A third advantage is that, by comparison with Beijing. labor prices there are low, so vegetable production costs are low. A fourth advantage is that it is not too far from Beijing, so transportation costs do not have an excessive effect on vegetable costs, and the time interval does not have too much effect on the degree of vegetable freshness. These four points are just such as should form the standard for judging the conditions for Beijing to establish a new vegetable production base.

Beijing should shift its major energies toward operating this kind of base and make it the major source of her staple and mainstay vegetables. And, it should make some of the suburban and southern vegetable production areas supplementary to this major source, having them increase the assortment of highly perishable and delicate vegetables and play an auxiliary role in regulating market peak and slack seasons snd so forth. In view of this

production policy, Beijing's suburban vegetable production and marketing should be further opened up to the public to allow operation by farmers, small retailers and grassroots-level vegetable stands. For one thing, this could improve the crowded circumstances under which everyone wrangles for food. For another thing the commercial departments could lighten the serious burden of "confusion" and free hands to concentrate energies on developing priority production zones with superior management, make adjustments based on market changes and achieve the goals of prosperity in the marketplace and control over prices through "quantity."

B. Establish an Effective Information Feedback System.

There cannot be price equilibrium until there is a balance of supply and demand, and to achieve that balance there must be a fast and accurate information feedback system. In particular, this seems even more essential if we open up vegetable production bases on a large scale outside the suburbs. Of course, this construction is of a protracted nature and in the current transition period the departments concerned should still make substitutions by such means as setting down certain guiding plans and concluding supply and marketing contracts with farmers. As for the vegetable plot area in the suburbs of Beijing, there is also an essential period of continued "centralization" (economic means may be used).

C. Encourage and Support the Development of Specialized Households To Transport and Sell Commodities

In either the future construction of new vegetable production bases or the resolution of the recent problem of scarce vegetables and high prices, the transportation link is still the major problem that must be solved. For one thing, development of specialized transport households can make up for the shortcomings of state-run transportation forces and conform to the policy of uniting the state, the collectives and individuals in central operation of communications and transportation facilities. For another thing, it can play a role in promoting the stimulation of the rural economy.

As for small retail operations, rather than merely suppressing them, we should actively clear the way and guide them. From a macroscopic and long-range viewpoint, their operating activities are rational and beneficial. If we achieve a balance of vegetable supply and demand, their participation in market competition may play a role in regulating the assortment of goods and lowering prices.

As far as grassroots-level commercial-department vegetable shops are concerned, we should give them even more autonomy and create the conditions for them to compete equally with small retailers. We should make their operations mutually complementary with the small retailers so that the support each other. This is not without its advantages for solving the vegetable problem.

D. Guide Vegetable Farmers Into Intensive Cultivation

Even if we have a perfect information feedback system in the future, vegetable farmers have complete investment freedom, and reliance only on individual household production will not enable us to resolve fundamentally the kind of situation that faces us in the vegetable market. Looking at the current land-contracting situation in China, according to certain farmers, even if they have a high production level and a good head for management it is not enough to affect even part of the market situation because the quantity of vegetables they can produce is limited. Looking at the current experience of some developed areas in the south that contracted relatively early, after the land was divided among households the result was not as everyone expected--stimulation of specialized division of labor and concentration of land in the hands of farming experts--but conversely was greater and greater development toward decentralized management. According to one farmer, because the land he contracted was limited, the effort and time spent on the land did not prevent him from engaging in other economic activities. This kind of decentralized management is of no help in solving the vegetable problem. Consequently, the departments concerned should organize and guide the farmers, creating the conditions and providing services for them to develop toward intensive cultivation.

In conclusion, "centralization" is long-term and strategic centralization, while "liberalization" is short-term and tactical liberalization. We should achieve macroeconomic control and microeconomic stimulation.

As far as the vast masses of farmers and the specialized households are concerned, the crux of the issue is whether, through changes in the Beijing Vegetable Market, we can accept the following views: 1) there is a profit to pursue in growing vegetables, even in the Beijing suburban vegetable districts, but the key is that production and marketing must meet and as far as possible reduce the middleman link; 2) there are bright prospects for the development of commodity transportation and sales enterprises.

Vegetable operations should also support the principle of unity among the state, the collectives and individuals. Everyone must cooperate to stimulate the situation. Stimulation means more goods, and more goods means cheaper goods.

12510/9190
CSO: 4007/12

NEW PROSPECTS FOR USING FOREIGN CAPITAL IN AGRICULTURE

Shijiazhuan HEBEI RIBAO in Chinese 9 Sep 85 p 2

[Article by Provincial Agriculture Office for Utilizing Foreign Capital: "Opening Up New Prospects for Utilizing Foreign Capital in Agriculture"]

[Text] Many successes have been achieved in utilizing foreign capital in agriculture in the last 5 years in Hebei Province. On the whole, however, not all prospects have been opened up and we need to further sum up our experiences, increase our knowledge, adopt forceful measures and do a good job of utilizing foreign capital.

I. We Need To Introduce Foreign Capital To Speed Up the Pace of Agricultural Development

Utilizing foreign capital to develop agriculture is new to us. Due to "leftist" influences in the past, we thought that borrowing money to repay debts would be a mental burden. This small-scale production mentality hampered our initiative in opening up to the outside world, restricted our enthusiasm for utilizing foreign capital and obstructed the development of the agricultural economy. Only after 1980 did we begin to introduce some foreign capital to develop agriculture. Actually, utilizing foreign capital to develop agriculture is indispensable. In the first place, state investment is limited. According to the Ministry of Agriculture, Animal Husbandry and Fishery statistics, average agricultural investment for the whole nation from 1953 to 1980 amounted to only 11.9 percent of total state capital construction investment, and agricultural investment allocated by the sixth 5-year plan amounted to only 6.15 percent, of which more than half was investment in water conservancy. Agricultural investment in Hebei Province is just as it is for the nation as a whole; it was more or less reduced by one-half after 1980. It is difficult to contemplate speeding up agricultural development with this kind of financial resources. Second, the peasants do not have much cash on hand. There has been rapid development of the rural economy in recent years and the problem of feeding and clothing the peasants has already been solved, or has basically been solved, but they still are not prosperous; for this reason the peasants have only a limited ability to pool resources to set up businesses. Third, utilizing foreign investment has a direct bearing on most of the countries which are undergoing rapid economic development in the world today. Utilizing foreign investment is an international economic phenomenon and is a characteristic of economic development; it is an important avenue for us to speed up

agricultural development and bring about modernization as quickly as possible.

II. Utilizing Foreign Capital in Agriculture in Hebei Province Has Brought Initial Results

More than $45 million of foreign capital was used for agriculture in Hebei Province as a whole from 1980 to 1984; this amounts to one-fifth of the foreign capital actually being utilized throughout the province at the present time, and is less than $1.00 per capita. But although the amount is somewhat small, definite results have been obtained. For example, since implementing agricultural development projects in Hebei, including 2,672 associated grain aid projects, production conditions in the project districts have been greatly improved, the ability to withstand natural disasters has been noticeably raised, and there have been significant increases in both grain and cotton output, and farm income. Saline-alkali land areas in the Quzhou County project district has been reduced from 1,786,000,000 mu to 1,219,000,000 mu; irrigated area has increased from 80,000-plus mu to more than 90,000 mu; mineral levels in shallow wells have dropped from 7 grams per liter to 5 grams per liter; the afforestation ratio has increased 4.7 percent to 8.6 percent; gross output and per unit output of grain in 1984 increased more than 50 percent compared to before; gross income and per capita income from agriculture each increased more than twofold. In the Nanpi County project district, gross grain output in 1984 had increased more than 50 percent over what it had been before the projects were administered. At the same time, the two counties utilized more than 6 million yuan for farm-related goods and materials; this has been recovered and loans have been transferred to support transforming chemical fertilizer plant technology, as well as 34 rural and small town enterprises, and specialized households and cooperative bodies, and distinct economic results have been realized.

There have been developments so far this year on the province's utilizing foreign capital. We had held talks on introducing foreign capital for 18 projects and of June. Contracts have been signed for two of these projects, and letters of agreement have been signed for three others, which, it is estimated, will introduce $36 million in foreign capital. Letters of intent or minutes of talks have been written for the 13 remaining projects. In addition, there also is the Pingshan shelter-forest free aid project of the World Food Programme which is currently being appraised, and which amounts to approximately $12 million-plus.

III. Adopting the Method of Various Forms, Diverse Approaches and Multiple Administrative Levels to Initiate New Prospects for Utilizing Foreign Capital

We mainly adopted two approaches to draw in foreign capital the past several years: one was to utilize loans from international agricultural development funds; the other was to receive free grain and edible oil aid from the World Food Programme. Along with implementation in depth of the policy of opening to the outisde, and foreign business requirements as they relate to investment, Hebei Province must be realistic and concentrate on free aid and intermediate and long-term loans provided by the United Nations and international financial organizations as well as technological aid between governments, medium- and low-interest loans, composite loans, export credit, buyers credit and non-governmental funds; we must emphasize both large, comprehensive projects and

small-scale or single projects; we must concentrate on introducing funds from elsewhere, as well as technology and equipment, and actively explore new prospects for utilizing foreign capital. We not only must contend for preferential loans, we also must adopt and implement approaches such as combining funds, cooperation, compensation trade, subsidies from foreign businesses and leasing, in accordance with the principles of equality, mutual benefit and conforming to investment; so long as it benefits us we should vigorously vie for it. At the same time, we could also devote major efforts to conducting talks and product exhibitions of various kinds with foreign entities, and coordinate the technical and trade aspects to market products and assimilate technology. But we must be absolutely clear about funds from foreign businesses, act with caution and avoid being taken in.

Utilizing foreign capital is a comprehensive undertaking with many sectors involved and numerous connecting units; if one of these links becomes obstructed, the whole project could be affected. In implementing a project we could encounter many problems which require the cooperation of several sectors to resolve. Each sector concerned must proceed from the situation as a whole, energetically cooperate with others, and avoid shifting responsibility onto others and arguing over trifles, which would affect the work.

12513/12951
CSO: 4007/20

ANIMAL BREEDING TO BECOME MAJOR INDUSTRY

Shijiazhuang HEBEI RIBAO in Chinese 22 Sep 85 p 2

/Article by Jiang Dianwu /1203 3013 2976/, director, Provincial Bureau of Animal Breeding and Aquaculture: "Animal Breeding Should Become a Major Rural Industry"/

/Text/ The provincial CPC central committee and provincial government have indicated that animal breeding should become a major rural industry as soon as possible. What is meant by major industry is that its production value should be more than one-third to one-half of the total agricultural production value. One-third of the production approaches that of a major industry and only with one-half is the definition of a major industry met. When we use this kind of definition to weigh the situation, we see that the transition of animal breeding in Hebei toward becoming a major industry is still an extremely arduous task.

First, there must be a giant leap in ideological awareness in order to realize this goal, breaking with traditional agricultural concepts and viewing the breeding industry from a strategic point of view. The breeding industry plays an extremely important role within agricultural production as a whole, especially as a part of the agricultural ecological balance. Not only does it provide fertilizer and power for crop production, it can also fully use the straw from crops, forming a benevolent cycle. Humans can only use 10 percent of the organic matter produced by crops through photosynthesis, but livestock and poultry, especially herbivorous farmyard animals, can use the waste matter to produce meat, eggs and milk. The significance of this is that developing breeding is a scientific pathway to increasing the crop utilization rate, which can also gradually change people's diet. Based on these reasons, the development of breeding into a major rural industry is an inevitable trend.

Secondly, we should make sure that we promote and use new technology.

1. Promote Practical Breeding Teachniques

Hebei's breeding technology has made a late start, the management of rearing is extensive and certain places are still very backward. The slaughter rate is low, and feed consumption is high. Last year only 70

percent of the pigs raised in Hebei were slaughtered; if the rate were to reach 100 percent, the number of pigs raised in Hebei could be reduced by 3 million, with the number slaughtered equivalent to the present 8 million, greatly improving economic results. Therefore, we should counter the present reality by accelerating the promotion of scientific achievements that can be applied to production, making them a direct production force as soon as possible. Popularizing breeding techniques will require the establishment of a sound technical service network. We must further stimulate the enthusiasm of scientific and technical personnel, encouraging them to direct their efforts toward the grassroots, toward production, toward the peasants, using a variety of formats to bring easily understood and practical breeding techniques to all rural households. This will let the great mass of peasants take the road to prosperity, using science and technology to increase animal production.

2. Strive To Bring About Standardization and Improved Breeds in Animal Rearing

The standardization of animal rearing means establishing different animal-rearing standards for animals of different breeds, based on age, sex, and stage of growth and development. This can both satisfy the animal's requirements for different nutrients and bring about the best rearing results. A great deal of work on this is being done nationwide, and there are already provisional national standards for pigs and dairy cows. In Hebei we are in the process of compiling daily grain formulas for every kind of farm animal and fish, based on realistic conditions and using statistics derived from animal-rearing experiments.

Miracles can result from the development in animal breeding of improved breeds of livestock, poultry, fish and shrimp. The selective breeding of varieties, the establishment of strains and races, and the appearance of laying hens and meat chickens as complete sets of commodities have greatly advanced the productive force of chickens in the animal-breeding industry. The rapid development of genetic engineering of plants and animals, the research into the nature of genetic material, the transplanting of embryos, and the application of freezing technology will especially bring unforeseen results to the development of animal husbandry. The current problem is overcoming the tendency to emphasize bringing in things from the outside at the expense of selective breeding and preserving varieties. If we import new technology and new breeds, we should pay attention to accounting for the production benefits of fine varieties and hybrid vigor. We should have goals and plans when we breed outstanding varieties of farm animals; we should also continually weed out inferior animals of poor quality, low output, and unstable production characteristics, thus reaching our goal of using the minimum amount of feed to obtain the maximum amount of animal products.

3. Actively Import and Promote Animal and Aquatic Products Processing Technology

For a long time Hebei has remained at the stage of marketing animal and aquatic products as raw materials so we still have not made a start in this field. We definitely must change the previous production pattern of

"villages provide raw materials and cities do the processing," we must make sure that the nation, the collective, and the individual move forward together, and fully use rural surplus labor and capital to greatly develop the processing of animal and aquatic products. The processing of animal and aquatic products in Hebei has gotten off to a late start; the advantage of this is that we can directly import and promote advanced processing techniques; the slower runner can thus come in first. At the same time, we should vigorously develop a processing industry of a mass, popular nature, focusing on processing in collectives, households and local areas, with the state providing necessary technical guidance. Every level of industrial or commercial company dealing in livestock or aquatic products should actively compete in the market, helping peasants to process extensively animal and aquatic products. The peasants should increase the value of their products at each level by engaging in production, supply and marketing, thus becoming prosperous as soon as possible.

12919/12276
CSO: 4007/32

OIL FLAX RESOURCE DEVELOPMENT URGED

Shijiazhuang HEBEI RIBAO in Chinese 2 Sep 85 p 2

[Article by Wang Yali [3769 0068 0500] and Sun Junying [1327 0193 5391]: "Suggestions for the Development and Comprehensive Use of Oil Flax Resources"]

[Text] Due to the excellent qualities of linen--durability, ruggedness, and ability to breathe--it is considered to be a top quality outer material for clothing. Flax is becoming the international rage, commanding high prices and a ready market.

Because the cultivation of flax is limited to narrow latitudes, only the Bashang region [Zhangbei Plateau] of Hebei has soil and climate favoring its cultivation. At present there are altogether 1.4 million mu planted in oil flax (oil flax is a species in the flax family) in the Bashing region of Hebei. Each year there are 7,000 tons of finished flax products, making it a very valuable resource. But most of the oil flax currently planted in the Bashang region is a type which can be used for both oil and fiber. It is harvested late, and the emphasis is on picking out the flaxseed, so that the fibers age and the production is low. In addition, the processing methods are backward and little attention is given to managing the grading of fiber quality, thus this affects the use of flax fibers in Hebei's textile industry and economic results are not high. In view of the excellent prospects for the development of flax and the present lack of coordination in cultivation and processing, we suggest that the province establish a specialized institution combining agriculture and industry, specializing in the management and development of oil flax production and increasing its comprehensive utilization.

The linen industry in Hebei is still at the stage of finding its way to development and utilization. In the near future we should primarily stress three things: (1) Build one or two flax raw material factories, associated with workshops or collectives which use flax straw and hurds to produce fiberboard; (2) convert or build from scratch a linen printing and dyeing experimental factory, on the scale of 2,000 or 5,000 spindles; (3) convert and expand the already existing linen experimental factory in Guyuan, which will provide to all the textile mills the raw material for linen-blend textiles--No 2 coarse flax cotton.

As for the initial estimates of the economic results: (1) An investment of 500,000 yuan for the equipment in the flax raw material factory, producing annually 1,000 tons. The annual profit after construction will be about 1 million yuan, so that the total period for recovery of investment will not exceed 2 years. (2) The total investment for the 2,000-spindle linen printing and dyeing experimental factory will be 25 million yuan; for the 6,000-spindle linen printing and dyeing experimental factory, 60 million yuan. The investment in both can be recovered in 3 years. (3) The investment for the conversion of the Guyuan linen experimental factory will be 3 million yuan. After the conversion, taxes and profits will increase 2 million yuan, allowing a recovery of investment in 2 years.

We hope that our suggestions will be able to receive due consideration from the departments concerned and the masses of peasants.

12919/9435
CSO: 4007/3

BRIEFS

SILK INDUSTRY DEVELOPMENTS--The silk industry in Hebei has genuinely shifted from its past stress on quantity and increased capacity to a stress on variety and quality. It has also changed from its past practice of using only rayon materials to one of using various raw materials proportionally. In the latter half of 1985 it will produce 1 million m of imitation Song Dynasty brocade, aromatic crepe, power-spun and other genuine silks and interwoven silk fabrics for an increase of 900,000 m over the first half of the year. In addition, the silk industry will produce 7 million m of fancy Western suiting and other fabrics interwoven of synthetic fibers and silk, for an increase of 4.85 million m over the first half of the year. [Text] [Shijiazhuang HEBEI RIBAO in Chinese 24 Aug 85 p 2] 12510/9190

COTTON TEXTILE PRODUCTION--In the last 4 months of 1985 Hebei's textile industry will greatly increase its production of 100-percent cotton yarn and knitwear. It will also strive to increase fabric colors and variety and ensure supplies for the peak yearend market. In the past year there has been a turn for the better in the overall textile industry production situation in Hebei, and both production and marketing are thriving. In the period of 1984. In addition, the output of major textile products increased extensively and there was a large rise in exports of cotton yarn and cloth. In order to satisfy the demands of the broad masses of consumers and strive for more exports and more remittances, the main office of the provincial textile industry recently required the various textile enterprises to fully utilize Hebei's cotton resources and use every means possible to expand cotton textile production; to actively develop waterproof, fireproof, wrinkleproof and other treated pure cotton fabrics and expand the usable sphere for 100-percent-cotton textiles; and to increase the variety of light-woven and weft-knitted fabrics and produce more attractive, low-priced medium- and high-grade cotton textiles in unique styles. [Text] [Shijiazhuang HEBEI RIBAO in Chinese 5 Sep 85 p 2] 12510/9190

CSO: 4007/10

RAPID DEVELOPMENT OF FLAX, LINEN INDUSTRY

Harbin HEILONGJIANG RIBAO in Chinese 24 Aug 85

[Article by Wang Cheng [3769 2052]: "Songnen Teems with Flax, Number One in the Nation; Take Advantage of Superior Conditions, Expand Exports, Earn More Foreign Exchange, Enrich the Nation and the People; Heilongjiang's Flax Raw Material Processing and Linen Textile Industries Developing Rapidly, More Than 10 Kinds of Flax and Linen Products and Clothing Being Exported"]

[Text] The Songnen Plain, with its suitable climate and fertile soil, has the best conditions for growing flax, making it China's leading flax producer. Taking advantage of the excellent supply of raw materials, there are more than 100 enterprises in Heilongjiang which process flax raw materials, so that the linen textile industry has also developed rapidly. The Harbin linen factory is the largest factory in both China and all of Asia. It has advanced technology and all the necessary equipment. Its products included fine linen cloth, linen canvas, firehoses, interwoven cotten-linen cloth, and linen-polyester blends. Of linen alone there are more than 90 kinds. The annual production reaches more than 20 million m. The factory has imported from Romania advanced technical spinning equipment, which is capable of producing annually 2 million m of fine linen cloth 72 inches in width. So far 14 products from this factory have variously received national gold and silver medals and the title of Outstanding Quality Product from the ministry and province. Its products sell well throughout the world; last year it earned more than $20 million, making it one of the major foreign exchange earners in Heilongjiang.

Linen products breathe very well and quickly disperse heat. Clothing made of linen is ideal for summer wear, since it is durable, comfortable, and cool. It is a hot item on the domestic and foreign markets. Last year Heilongjiang exported more than 10 kinds of flax, linen wadding, linen guaze, fine linen cloth, linen canvas, linen-blend yarns, and linen clothing. This earned more than $43 million, which was 12.6 percent of the export-earned foreign exchange received by provincially run organizations. At present the light textile industry in Heilongjiang, using flax as a raw material, is just getting off the ground. Last year a new 5,000 spindle linen weaving, printing, and dyeing factory was built, and another new linen weaving factory will be built, capable of producing annually 4 million m of outer cloth for linen clothing. It will produce pure linen, all kinds of linen blends, and high quality material for clothing to meet the needs of the domestic and foreign markets.

12919/9435
CSO: 4007/6

STEADY GRAIN PRODUCTION NECESSARY

Beijing NONGYE JISHU JINGJI [ECONOMICS FOR AGRICULTURAL TECHNOLOGY] in Chinese No 8, Aug 85 pp 37-38

[Article by Zhong Chenglin [6988 2052 2651], Heilongjiang Provincial Farm General Bureau: "In Restructuring Production, Keep Grain Production Steady"]

[Text] Agriculture is the foundation of the entire national economy, and grain is the foundation of the foundation. Grain is a necessary foundation for the restructuring of rural production. The reclamation area of Heilongjiang has for a long time made the establishment of commodity grain bases its own mission; emphasis of grain production has always been the guiding policy of reclamation area production. In the past, due to the influence of "leftist" ideology, grain output and the rate of grain sold as a commodity remained low despite tremendous effort. From 1949 to 1980, the accumulated grain production was 76.85 billion jin, of which 35.46 billion jin was turned over to the state, a commodity rate of 46 percent. In the First 5-Year Plan the average per-mu yield was 138 jin, the lowest being 114 jin in 1957 and the highest being 187 jin in 1955. In the Second 5-Year Plan the average was 115 jin, the lowest being 92 jin in 1960 and the highesg being 153 jin in 1959. In the Third 5-Year Plan the average was 192 jin; 146 jin in 1969 was the low and 231 jin in 1967 was the high. The average in the Fourth 5-Year Plan was 172 jin; 120 jin in 1973 was the low and 223 jin in 1975 was the high. The average of the Fifth 5-Year Plan was 215 jin; 197 jin in 1977 was the low and 242 jin in 1980 was the high. From the above data we can see that per-mu grain production in Heilongjiang's reclamation area did not reach 250 min from 1949 until 1980. If we are to achieve the provincial farm general office plan of per-unit grain yields of 430 jin and total production of 19 billion jin by the year 2000, it will be necessary to increase the per-unit yield by an average rate of 2.9 percent every year, with no reduction in the cultivated land, using 1980 as the base. However, in the increase from 133 jin in 1952 to 242 jin in 1980, the average per unit yield increase was only 2.2 percent. Based on this rate of increase, achieving the above plan by 2000 will require a great deal of effort. Because of this we should pay attention to strengthening the foundation of grain production in future restructuring of production.

Facing the situation in the reclamation area, I believe that, as we restructure production, we must earnestly solve the following five problems in order to maintain steady growth of grain production.

I. Adjust Use of Cultivated Land, Turn Cultivated Land Unsuited To Growing Grain Back Into Forest, Pasture, or Fisheries; Pay Attention To Establishing Commodity Grain Bases, Open up Appropriate Amounts of Wasteland, Continually Expand Area of Cultivated Land Suited to Grain

According to statistics, in the 31 years from 1949 to 1980, the area of cultivated land in the entire reclamation area grew from 400,000 mu to 32.56 million mu, but much of the land in the added area is not at all suited to grain cultivation. Thus, 730,000 mu of it should be returned to forest, 3 million mu to rangeland, and 230,000 mu to pasture. While restructuring production, we must go all the way in converting back these more than 4 million mu of land, making sure that land suited to livestock is used for livestock, land suited to forestry is used for forestry, and land suitable for fisheries is used for fisheries. With this as a foundation, open up appropriate amounts of wasteland suited to grain cultivation. In this way, the quality of cultivated land is improved, which will certainly held raise per unit production, stabilize this foundation of agriculture, and increase total grain production.

II. Practice Intensive Farming

In grain production over the past 30 years, the reclamation area has basically practiced extensive cultivation, relying principally on expanding the cultivation area to increase total production. For example, in 1979 the per mu yield was 4 jin less than in 1976, but the total output increased 725 million jin; the reason for this is that in 1979 the area planted was 4.11 million mu more than in 1976. Extensive cultivation is unavoidable in the first stage of setting up a farm. But it does not pay to stick to this way for a long time. Since 1980 we have paid attention to intensifying farming, releasing from cultivation a portion of the land unsuited to grain cultivation, and converting some cultivated land over to growing cash crops. In this way, even though there has been a relative reduction in the area of land suited to grain cultivation, the total production has been growing steadily due to increases in the per-unit yield. For example, in 1981 the per-mu yield was 242 jin, setting a historical high, 31 jin per mu more than in 1977, and the total production increased 1.3 billion jin, 1 billion jin of which was due to increased per-unit yields. This makes very clear that, as we restructure production, if we want to maintain the steady growth of total grain production, we should practice intensive farming and improve the land's production rate.

III. Preserve Ecological Stability, Reform Cultivation System, Improve Ability To Combat Disasters

In the past the reclamation area tended to neglect protecting the ecological balance and establishing a benevolent ecological cycle, causing 13.83 million mu, 46 percent of all cultivated land, to be affected to varying degrees by soil erosion. Soil fertility has declined dramatically. Even though by 1980 a total of 534 million cubic meters of eath and stone had been used in field water conservancy projects and 263 water reservoirs and 149 irrigation

and raining pumping stations had been built, there are still almost 21 million mu of cultivated land threatened by waterlogging. In years of serious drought, at most only 900,000 mu can be irrigated. Therefore, when we demand that we improve our ability to combat disasters, we cannot just rely on engineering or field water conservancy projects; we must emphasize a comprehensive effort, especially protecting and promoting ecological balance. For example, turning cultivated land back into forest and reforming the cultivation system so that land is used to its best advantage are important measures in promoting ecological balance. At present the loose tillage technique is ued each year in only about 5 million mu in the whole reclamation area, only 30 to 40 percent of the cultivated area in normal years; most of the land is still plowed over. Thus there is still much work to be done with biological means and in the cultivation system to promote ecological balance.

IV. Relax Policy, Comprehensively Set Up Family Farms

For a long time, the highly centralized management and the forms of egalitarian distribution in the reclamation area have seriously restricted the production and management enthusiasm of the staff workers. Ever since the reclamation area implementation of the output-related responsibility system developed into the comprehensive setting up of family farms, which are "self-run and solely responsible for profits and losses," the production and management enthusiasm of the staff workers has been greatly stimulated. In a very short period there have been quite a few 10,000-yuan households. For example, Guan Yuechun [7070 1878 2504], a worker on Team 6, Branch-farm 6, "852" Farm, set up a crop cultivation family farm focusing on grain. In 1984, he contracted for 360 mu of cultivated land; the average per-mu yield of wheat was 500 jin; corn, 600 jin; and soybeans, 300 min, an increase of 180, 200, and 50 jin, respectively, above the average per-mu yields of the production team. After paying to the state the tax on profits, his net profit was 15,000 yuan, an average income of 2,100 yuan per person. Family farms hsve already displayed formidable vitality. At present we want to determine the relationships between the nation, the collective, and the individual; the emphasis should be on further loosening policy, so that workers who work somewhat more receive a somewhat large reward. This will stimulate the workers' enthusiasm for attaining prosperity through labor.

V. Use Investment Rationally

At present, though there has been a relative decline in state investment in farms, the investment results will be greatly improved after many projects have been converted into sound investments. Exploiting the investment potential of workers after family farms have been set up will also have a big effect on the further development of farms. According to incomplete statistics from 1984, there are more than 200 households which have collected 3.84 million yuan in funds. Following the development of family farm production, the input of funds from workers will gradually increase. In addition, diversified farming and the processing industry can also accumulate considerable funds.

12919/6662
CSO: 4007/75

OIL EXTRACTION MILLS SEE ECONOMIC RESULTS

Harbin HEILONGJIANG RIBAO in Chinese 2 Sep 85 p 2

[Article by Liu Tingyi [0491 1694 5030]: "Ten Large Oil Extraction Mills in Heilongjiang See Remarkable Results; Actual Profit For First 7 Months of This Year Increased 200 Percent Over Same Period Before Technical Reforms"]

[Text] The 10 large-scale oil extraction mills in Heilongjiang, each of which daily processes 100 tons of raw materials, have achieved remarkable economic results since last year, when they successively started going into production. Compared to the pressure-expelling method used before the technical reforms, these 10 factories have earned more than 20 million yuan from just the increased production of one single product, oil. In the first 7 months of this year the actual profit was 11.2 million yuan, an increase of 200 percent over the same period before the technical reforms.

Mudan Jiang, Shuangya Shan, Daqing, Suihua, Hailun, Zhaodong, Huanan, Yian, Baiquan, and Laha are the 10 major production centers in Heilongjiang for soybeans and sunflower seeds. A large area is planted in oil crops, and there is also a large quantity needing processing. But because the oil-processing mills were all using the pressure-expelling method of the 1950's, the oil production rate and the economic results were low and the volume was small. They could not adapt to the developments in production. In order to change this situation, the provincial grain and oil bureau started in 1982 to carry out thorough technical reforms in these 10 oil-processing mills according to an overall plan. They used the advanced-solvent extraction method and new technology to process the oil-bearing materials. After the reforms, the average oil yield from processing 100 jin of soybeans increased from the previous level of about 12 jin to more than 16 jin. According to data, by using just the profit on the increased income from the first year, the 10 mills were able to repay more than 50 percent of their debt.

The technical reform of the 10 large-scale oil extraction mills received vigorous support from each locality and the concerned departments. The province and local Banks of Industry and Commerce helped put together more than 40 million yuan in loans; the provincial grain and oil bureau assembled well-known oil-processing technicians from within Heilongjiang to draw up blueprints as a group; they commissioned the Harbin municipal steam turbine factory to do all the manufacturing and installation of equipment; the

concerned leaders from the local governments went to the worksites to get full understanding of the situation, to help solve the construction and supply difficulties, to ensure the quality of the engineering, and to speed up the rate of construction.

So far the oil produced in Heilongjiang by the solvent-extraction method comprises more than 50 percent of the oil output of the entire ministry, making Heilongjiang the nation's number one producer.

12919/9435
CSO: 4007/6

SCIENTIFIC ACHIEVEMENTS USED IN AGRICULTURE

Harbin HEILONGJIANG RIBAO in Chinese 2 Sep 85 p 1

[Article by Gao Shuhua [7559 3219 5478]: "Heilongjiang's Reclamation Area Uses Technical Achievements In Production; In Recent Years 60 Research Achievements Promoted, Grain Production Increased 1.75 Billion Jin"]

[Text] Technical workers in Heilongjiang's reclamation area have been quickly applying technical achievements to production. In recent years, they have promoted 60 research achievements, increasing grain production 1.75 billion jin.

From 1981 until 1984 the reclamation area's technical personnel completed 63 research topics, of which 60 have been applied to and promoted in production. In agriculture they promoted 17 excellent varieties of soybean and wheat. Under the same conditions these new varieties yielded 15 to 20 percent more than the varieties originally grown in this area. After being spread to a large area, the accumulated increased grain yield was 250 million jin. Their successful research into green manure planting techniques and measures for returning straw to the soil have become important methods for improving the more than 7 million mu of baijiang [4101 3364] soil in this reclamation area. So far the methods have been applied to more than 40 million mu, achieving the fine result of increased yields of 5 percent in the first year and more than 10 percent when continued. In order to reduce the work procedures and provide more time for other farm work, they changed the traditional method of ordinary plowing, practicing the method of combining deep and shallow plowing and stubble-raking, plowing less as the local conditions permit. The acreage on which this method is applied has reached 34 million mu, with an economic result of more than 200 million yuan. In the past 2 years they have also used rare earths in agriculture, carrying out fertilizer application experiments. Mixed in with general fertilizers, they increase the per mu wheat yield by 30 jin; this method has been applied to more than 6 million mu in the reclamation area. This method not only increases grain production, it also provides to Chinese agriculture valuable technical experience with the use of rare earth microfertilizers.

In order to change the monocropping system and develop production in animal husbandry and forestry, not only did they promote the serum-specific diagnostic technique for equine infectious anemia, triple hybridization in pigs, and

other new techniques, they also promoted the technique of wide-row spacing for high-yield forestation in the shelter forest belts between farming fields. This technique has been applied to more than 800,000 mu; it makes good use of mechanization, and achieves the economic results of rapid and sturdy growth in the young forest and income within 3 to 4 years. The rapid-growth, high-yield forestry technique they are promoting can shorten the forest production cycle by more than 10 years and double the per unit yield.

The Heilongjiang reclamation area has set up a three-level technical extension network from the general office down to the management office and the farms. They have ruled that whenever the achievement is urgently needed in production, its economic results are high, and its effects can be quickly seen. The promotion period for research achievements in general should not exceed 2 to 3 years. Technical personnel engaged in extension must sign itemized technical extension contracts. Those personnel who apply the technical results over large areas with good results should be rewarded and receive certificates of merit.

12919/9435
CSO: 4007/6

CONFERENCE HELD ON WHEAT PROCUREMENT

Harbin HEILONGJIANG RIBAO in Chinese 22 Aug 85 p 1

[Article by Fu Tingren [0102 1694 0088]: "Seriously Honor Contracts, Encourage Peasants To Turn Over More Grain: Provincial Government Opens Meeting To Carry Out This Year's Wheat Procurement"]

[Text] The conference on wheat procurement in Heilongjiang now being held by the provincial government has stated that each locality should seriously honor the grain procurement contracts made this year, and strive to obtain more grain.

The conference believes that because this is the first year of grain procurement by contract and also because wheat is the first crop being procured, the manner in which the contracts are honored will have a great influence on other crops. For this reason, the conference demands the following:

1. Every level of government should conscientiously implement the spirit contained in documents from the State Council and the provincial government. In regular years, they must guarantee the fulfillment of contract procurement responsibilities. Producers can sell the surplus production as they wish, but every level of government should do their work well and encourage the producers to sell to the state. The grain departments can purchase this surplus grain at the inverted 3:7 proportion.

2. Those peasant families who are unable to fulfill their contracts due to sharp declines in production caused by severe natural disasters can make an application. An appropriate reduction will be made after verification by the township government and approval by the county government. Reductions can also be made for state-run farms and labor-reform farms afflicted by disaster, subject to joint verification by the local county (city) grain office. For those producers mildly affected by disaster, the government should persuade them to keep less in order to honor the contract, fulfilling their wheat procurement responsibility.

3. Every level of government should intervene with executive measure against those who signed wheat procurement contracts but did not plant according to the plan or privately sold the wheat at a high price and thus did not honor the contracts. Such producers should be supervised and urged to fulfill their

procurement responsibility. Those individual households who without reason refuse to fulfill the contract can be fined and punished for breaking a contract according to the rules of contract law.

4. An appropriate solution to the producers' difficulty in turning in grain, based on this year's natural conditions, is to broaden the acceptable moisture content of wheat from 13 "fives" to 15. Whatever portion exceeds the moisture content standard will still have a deduction made from the amount and a handling and drying fee will be collected, according to regulations. Other quality requirements will still follow last year's regulations.

5. The local government should decide whether the opening of the market will proceed by individual county and city, and whether the market should be opened after the procurement contracts have been fulfilled or whether the market should be opened at the same time that the contracts are being honored. The state-run farm general office and the labor-reform office should decide for farms. If the state-run farm general office and the labor-reform office do not complete their wheat procurement responsibilities, they cannot send any wheat elsewhere.

The conference also demanded that grain departments make the proper preparation of manpower, equipment, and receiving areas, using every conceivable method to facilitate the delivery of grain from farms and peasants, shortening the wheat procurement period and accelerating the fulfillment of the procurement responsibility.

12919/9435
CSO: 4007/6

BRIEFS

EXPORT VOLUME--On the evening of the 28th there was welcome news from the trade talks: the total volume of business over the past 5 days had reached more than $12 million. Commodities with relatively large volumes of business were soybeans, soybean residue, sorghum, flax products, drawnwork, disposable chopsticks, garden ginseng, graphite, and pilose antler. These trade talks have been very lively due to the foreign businessmen's appreciation of the good marketability of many commodities, the amble supply of goods, and the good prices. So far deals worth $2.6 million have been made on 20,000 tons of feed, one of Heilongjiang's principal export commodities. Negotiations are continuing for other commodities such as drawnwork, and flax, wood, and mineral products. Some commodities are being sold at prices quoted for when they reach the market, leading to breakthroughs in making deals. At the request of visiting businessmen, some factory managers have enthusiastically changed the packaging of export commodities, enabling them to open up new avenues to foreign exchange. [Text] [Harbin HEILONGJIANG RIBAO in Chinese 29 Aug 85 p 1] 12919/9435

FIRST SORGHUM EXPORTS--There was fresh news at 5 p.m. on the 28th: for the first time a deal had been made in Heilongjiang for the export of 10,000 tons of sorghum. Sorghum has always been one of the principal items in Heilongjaing's effort to export, but in several struggles we have found that it is very difficult to make it into the international market. Prior to these trade talks, the Provincial Grain and Oil Import-Export Co. prepared carefully the price and the varieties and made forceful presentations to a large number of visiting businessmen. After 3 days of tense and strenuous discussions, both sides made concessions and signed contracts of mutual benefit. There are ample supplies of sorghum in Heilongjiang, so the export potential is very great. The volume and price of this first export are fairly ideal, making a good beginning for future exports of large quantities of sorghum. [Text] [Harbin HEILONGJIANG RIBAO in Chinese 29 Aug 85 p 1] 12919/9435

CSO: 4007/6

EMPHASIZE GRAIN PRODUCTION IN RURAL RESTRUCTURING

Changsha HUNAN NONGYE /HUNAN AGRICULTURE/ in Chinese No 9, 1 Sep 85 p 5

/Article by Qu Yunbing /1448 6663 3521/ of the General Office, Hunan Provincial Planning Committee: "During the Restructuring of Rural Production, Do Not Neglect Grain Production"/

/Text/ This year, by implementing CPC Central Committee Document No 1, which reformed the system of centralized and assigned procurement for farm products, the masses of peasants have begun to develop commodity production based on the needs of the market. The restructuring of rural production has brought forth welcome changes. However, in the midst of this excellent situation, some places have shown a tendency to neglect grain production in their restructuring of rural production. Some have planted other crops in high-yield grain fields; some have blindly dug up rice fields to make fish ponds; some have grown only one crop in fields suited to two crops per year; some have gone too fast in allowing cultivated land to become forest or pasture. The area planted in grain has shrunk excessively; furthermore, the summer was dry, and so the first rice crop had low yields. We cannot help paying attention to the grain problem.

It is true that this tendency to neglect grain production is related to production costs and management earnings, but an important factor is the question of ideological awareness. In the past few years, the production-related contract responsibility system has been in effect in the villages, stimulating the peasants' enthusiasm for production. In addition, there have been no major natural disasters, so that year after year there have been bumper grain harvests. Because grain conversion and marketing work have lagged behind, there has arisen the problem of "it is difficult to sell grain." As a result some comrades have acquired a blind optimism, thinking that since there is plenty of grain, the first step in restructuring agriculture is to decrease the grain acreage. Some even have the lopsided view that the less grain acreage there is, the faster the pace of restructuring. Their eyes are only fixed on the currently cultivated land; they have not extended their vision to include the major improvement of the environment and the development of animal breeding, industry, and sideline production, which will develop the rural economy and restructure production. In one county this year there was extensive planting of watermelon, vegetables, and other cash crops

in rice fields, reducing the early rice crop acreage from last year's 230,000 mu to 150,000 mu. What has historically been a county with a grain surplus has become one with a grain shortage, and it is predicted that it will have to rely on outside grain to keep going. This is not the only example in Hunan of this kind of situation.

The ideological awareness problem can also be seen in another area. Some comrades suggest that we should imitate the West and Eastern Europe and change the people's diet. They think that if the consumption of meat, eggs, and milk increases, the consumption of grain will decrease. This view is unrealistic. Except for plant-eating animals, the primary source of meat, eggs and milk is the conversion of the raw material--grain--through animal husbandry. At present, in those countries consuming large quantities of meat, eggs, milk, and other animal products, there are more than several thousand jin of grain per person. For example, in Canada there are 3,994 jin of grain per person, and in Australia, 3,952 jin. These countries developed their animal husbandry because they had large amounts of grain, and it is only for this reason that they have attained high levels of meat, egg and milk consumption. Therefore, diets that consist primarily of animal products do not decrease the consumption of grain but greatly increase it. In view of the large size of China's population and the small amount of arable and pasture land, practical considerations will not allow a mainly meat diet for quite some time to come.

In order to turn around this trend toward neglect of grain production, we must start with further raising the ideological understanding of grain production. First, grain is the most basic material for human life; eating is of primary importance. Second, the level of development of grain production and the speed of its growth is closely bound to the development of the rural economy. In the past few years Hunan's rural economy has developed quite quickly, and is tightly linked to annual bumper grain harvests. Whether or not we can logically arrange grain production is of great importance to the development of the rural economy. Third, grain is an important raw material in the food, liquor, sugar, flavoring, starch, feed, pharmaceutical, and chemical and textile industries. Fourth, grain is a crucial commodity in a stable market with stable prices. Fifth, grain is a strategic material in the preparation for war and famine, and every year a certain amount should be stored. Sixth, grain is one of the staple commodities in international trade, and has become an important "weapon" in international diplomatic struggles. Once grain production falls, it affects everything else. For these reasons, it is imperative that grain production not be neglected.

Following the growth in population and the development of the national economy, especially the development of the breeding industry, the demand for grain has increased continually. Grain production must maintain a certain rate of growth. The initial estimates are that by 1990, the

population of Hunan will have increased from 55.6 million of 1984 to 59.6 million. Using per capita grain consumption of 580 jin, the total will be 34.6 billion jin; 14 billion jin will be used for feed and 3 billion jin for industry. Figuring on 4 billion jin to be exported and given to the national government, this gives a total of 55.6 billion jin, without taking into account appropriate reserves from surplus years to be used in years of need. Using the 1985 planned grain production of 50 billion jin as a base, each year there should be an increase of 1 billion jin, an average annual increase of 2 percent. Increased grain yields will depend primarily on higher per-unit outputs, while keeping the acreage relatively steady. Paddy fields suited to growing grain, especially fields with steady and high yields, should continue to be planted in grain. Fields suited to two rice crops should be planted, as much as possible, with two rice crops. The grain production conditions should be continuously improved, intensive management should be practiced, and the percentage of marketable goods should be raised.

Hunan's rice yield is the highest in the nation. Grain-growing is something that Hunan is very good at. We must improve the quality of rice, develop the production of high-quality rice, convert our superiority in producing commodities and expand our share of the domestic and foreign market. At the same time, we should rationally adjust the mix of grains grown, and develop appropriately corn, soybeans, barley, and sorghum, to meet the needs of the food-processing, liquor and animal-feed industries.

12919/12276
CSO: 4007/33

NEED TO EMPHASIZE RAPE PRODUCTION CITED

Changsha HUNAN NONGYE /HUNAN AGRICULTURE/ in Chinese No 9, 1 Sep 85 p 2

/Article by Hunan Province Grain and Oil Production Office: "Seriously Emphasize Rape Production"/

/Text/ Since the 3rd Plenum of the 11th Party Congress, every level of leadership has greatly stimulated the production eagerness of the peasants to plant more and better rape, due to the leadership's conscientious implementation of each policy of the Central Committee concerned with enriching the rural population. This had led to an excellent level of rape production seldom seen in Hunan's history; the area /under cultivation/ had continually expanded, and the per-unit production had increased greatly, so that the total production had increased severalfold. In 1982 the area of rape harvested in Hunan reached 5,921,600 mu, per-unit production was 138 jin, and the total production of rapeseed was 8.7 million dan; the area, per-unit production, and total production all set record levels for the period since the founding of the PRC. This had changed the long-standing problem of shortages of edible oil, in fact achieving a surplus. But in 1983 the purchasing methods of "invested proportion of 4 to 6" for the added price and "price capping" were carried out; in addition there was a slackening of effort. The result was that the provincial production of rape dropped dramatically, causing shortages in the supply of edible oil, so that each year the stored reserves had to be used. In 1982, Hunan had 1,872,000 dan of edible oil reserves; in 1983 and 1984 a total of 750,000 dan were removed from the reserve supply. Although this spring there has been an improvement compared to the past 2 years, the purchasing situation is not good, for it is estimated that 350,000 dan will have to be removed from the reserve. At present, there are only 770,000 dan of edible oil in storage; if we exclude the oil dregs and the portion that has gone rancid, there is not much oil that can be consumed. If we do not take forceful measures this winter, next year the supply of edible oil in Hunan will be an even greater problem. Every level of leadership must realize the severity of the situation; the production of rape has reached the point where something must be done.

Leaders in the provincial party committee have clearly stated that this matter should be studied jointly by grain and agricultural departments, which should take forceful measures and do both the preparation and the

work early. They also demanded that this winter 8 million mu should be adequately and well-planted with rape. In order to conscientiously carry out the provincial party committee's instructions and quickly increase rape production, we should earnestly emphasize the following several points:

1. Increase awareness, and quickly formulate guiding plans for rape production. Developing rape production not only solves the people's current edible oil problem, it will also regulate the structure of agriculture, prompt the development of the breeding industry, and establish the need for beneficial agriculture and ecological agriculture. Therefore, every level of leadership must treat rape production as a strategic measure. By seriously emphasizing its importance, they will bring about a major development of rape production in Hunan.

2. Fixed purchase by contract should be carried out with every family. We demand that before sowing the rape the local leadership must sign a rape-purchasing contract with the peasants. Use fixed-contract purchases to carry out the guiding plan, thus alleviating the masses' fears and worries about frequent changes in policy.

3. Forcefully make known the party's policies. Forcefully make known the rape procurement methods: no capping, no limit to purchases, no drop in prices, no lowering of grades, and awarding a per value of chemical fertilizer. Make use of party policy to stimulate the peasants' enthusiasm for rape production.

4. Forcefully popularize high production cultivation techniques, and strive to raise per-unit production. Through the hard work of the past few years, Hunan has made a start in developing a set of fairly complete high production cultivation techniques. But in the past few years, some areas not only have made no progress with their rape cultivation techniques, in fact they have moved backward. This is seen primarily in the decrease in area planted in varieties of the wild cabbage-kind, and an increase in the area planted in varieties of the Chinese cabbage-kind. In triple-cropping areas, there are fewer mu planted with transplanted seedlings, and more that are directly seeded. There are fewer sturdy seedling, and more weak ones. There is less planted on land where the harvest is certain, and more planted on abandoned land. This winter we must resolve to change this situation, and actively promote effective measures to raise production. Each locality should develop technical training, to enable to peasants to master the high production cultivation techniques, thus promoting the large-scale development of rape production.

12919/12276
CSO: 4007/33

EXPERTS WARN OF DONGTING LAKE SILT DANGER

OW251351 Beijing XINHUA in English 1323 GMT 25 Nov 85

[Text] Changsha, November 25 (XINHUA)--Local scientists warned that the continued silting up of Hunan Province's Dongting Lake, the second-biggest freshwater lake in China, will threaten the safety of Wuhan city, capital of neighboring Hubei Province, and the plain in the middle reaches of the Yangtze River.

A two-year survey made by 300 scientists shows that the four rivers feeding the lake bring in 160 million cubic meters of silt each year. Of this, only 40 million cubic meters are discharged each year.

The lake bottom continues to rise 2.5 cm each year, according to the survey.

If the silting continues at this rate, the scientists warned, the lake will fill up within the next few decades.

The lake's water area was once 6,000 sq km, but has now been reduced to 2,600 sq km.

The scientists who took part in the survey described work to halt the silting as something that "brooks no delay."

They suggested that the authorities plant trees and grass on hills and mountains in surrounding areas in order to stop the influx of silt.

The fundamental way is to prevent soil erosion on the upper reaches of the Yangtze River and its tributaries which bring in silt to the lake, according to the scientists.

The whole lake area covers 37,000 sq km, including 533,000 hectares of farmland and 106,000 hectares of unihabited islands, according to the survey.

It is also a treasure house of biological resources. The lake area abounds in medicinal plants, cash crops, and aquatic products. There are 110 varieties of fish, including carp, bream, triangular bream, sturgeon, hilsa herring and whitebait.

The lake area has also potential as a tourist resort as it has many scenic spots and historical sites.

/6091
CSO: 4020/121

FARM MACHINERY MARKET FOR 1986 APPRAISED

Beijing ZHONGGUO NONGJIHUA BAO in Chinese 2 Sep 85 p 7

[Article by Dang Guocai [8093 0948 2088], Liaoning Farm Machinery Supply Corporation: "General Tendencies in 1986 Liaoning Farm Machinery Market: Steady Trends, Slowdowns, Declines"]

[Text] Preliminary data on 1986 requirements for the Liaoning farm machinery market indicates that 340 million yuan is needed, an increase of 4 percent over the 320 million yuan in sales projected for 1985. However, due to disorganization in the supply of goods--nobody wants overstocked goods, and goods in short supply are unavailable--a fairly large drop in market sales volume may occur.

An analysis of the assorted demand specifics shows a 5-percent decline in tractors, a 10-percent increase in repair fittings and a 33-percent increase in farm irrigation and drainage machinery, and there has also been a certain degree of increase in machinery for processing farm sideline products.

To sum up the general situation in the provincial farm machinery market in 1986, there will be steady trends, slowdowns and declines. Looking at the market from a macroeconomic viewpoint, the potential demand is great but specific purchasing will not increase, commodity purchases and sales will slow down, the sales volume for certain main engines will decline to some extent and there will be a distinct rise in the volume of repair fittings sold. Based on forecast analyses, the primary reasons for the general declining trend in the farm machinery market are as follows:

1. Capital is insufficient, agricultural loans have been reduced and purchasing power has declined. Farm machinery sales are always limited by, and change in step with, objective changes in purchasing power and industrial composition. In the previous period, in order to develop commodity production and improve economic results the broad masses of peasants, especially the "two households", longed to buy machinery to improve their productive forces. They enthusiastically used their own funds and state agricultural loans to buy farm machinery. But rural industrial composition is now undergoing revision and the purposes for buying some of that farm machinery

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2. There has been a slowdown in tractor sales. Because they have a narrow range of uses and lack multipurpose applications, the number of Caterpillar tractors called for in the 1986 plan will drop to 671 vehicles, down 37 percent from projected 1985 sales. Large and medium-sized wheeled tractors are suitable for multipurpose applications and there are many tasks they can perform. In addition, they produce good results, are less expensive than automobiles and are adaptable to adjustments in rural industrial composition. In 1986, we will need 3,810 of them, up 8.8 percent over projected 1985 sales. These models are slowly increasing in Liaoning, but because the most needed varieties are the Tienium-55, the Shanghai-50 and the Changchun-40, the supply sources are seriously insufficient and we can fill only 2.4 percent of the distribution quota. Thus, projected sales are difficult to realize. In the initial period of rural economic restructuring, small four-wheeled tractors are basically suited to the requirements of the household-based production force. In line with the shifting scope of production toward specialization and socialization, a tendency to buy large tractors rather than small ones has appeared and peak sales in small four-wheeled tractors have dropped off. Liaoning will need 13,500 of them in 1986, a drop of 3.6 percent from projected sales for 1985. Walking tractors are gradually being replaced by other models: in 1986 only 715 of them will be needed throughout the province, a drop of 71.4 percent.

3. Sales of fittings will boom in 1986. In light of the rapid rise that has been maintained for the past few years in tractor mumbers, there is daily a more serious need for light fittings for heavy main engines, and sales of repair fittings will boom. In the past few years, the source has been primarily dependent on operating department reserve goods, but these reserves are now basically gone. According to our calculations, in 1986 there will be an extremely acute contradiction between demand and the insufficient supply of fittings. The 1986 plan calls for 110 million yuan for assorted fittings, an increase of 10 percent over projected 1985 sales.

4. The quantity of field drainage and irrigation machinery needed is rather great, calling for 38.6 million yuan in the 1986 plan. Looking at farm machinery operating systems, there have been increases year after year. The range of increase in 1985 has been up 75 percent over projected 1984 sales.

To sum up, the market demand for 1986 will basically be balanced with this year. If affected by a well organized supply of goods, improved services, production and marketing that satisfy needs and other objective advantageous factors, the market situation may improve slightly in 1986. Otherwise, due to the effects of subjective and objective factors, particularly an insufficient supply of goods, market sales will decrease by a fairly large margin.

12510/9190
CSO: 4007/13

BRIEFS

GREENING EFFORT--By the end of October, Shaanxi Province had planted 7.8 million mu of trees and grass, overfulfilling its annual plan by 33 percent. Scientific afforestation methods and timely rainfall have enabled some 80 percent of the trees and 70 percent of the grass planted to survive. [Summary] [Beijing Domestic Service in Mandarin 1600 GMT 8 Nov 85 OW] /6091

CSO: 4007/123

FARM MACHINE SALES PROJECTED

Beijing ZHONGGUO NONGJIHUA BAO in Chinese 9 Sep 85 p 7

[Article by Zhang Kaizhen [1728 7030 2182]: "Shandong Farm Machine Sales May Top 800 Million Yuan in 1985 and Sustain that Level Through 1986"]

[Text] In the first half of 1985, Shandong's domestic farm machinery sales netted 501 million yuan, an increase of 12.7 percent over the same period of last year and an all-time high for that portion of an annual sales period. An analysis of current market conditions indicates that although farm machine sales cannot maintain the increasing trend of the first half of 1985 through the remainder of the year, at the very least they can match the 330-million-yuan level set during the latter half of 1984. We can predict that the sum of Shandong's farm machine sales in 1985 will top the critical 800-million-yuan mark to reach 840 million yuan. According to our calculations, Shandong's farm machinery market will remain stable through 1985 and sales will sustain 1985 levels. Tight credit will not affect sales. The basis for this assessment is as follows:

1. Shandong market capacity is large and stable and there have never before been great surges and declines in farm machinery sales. For the past 10 years, Shandong farm machinery sales have for the most part been over 700 million yuan. Even when affected by certain major policy factors, great surges and declines have not occurred. There has always been relative stability, something rarely seen in the country as a whole. For example, in 1981 farm machinery sales generally declined by a large margin throughout the country, falling 34 percent from a high of 7.6 billion yuan in 1979 to 5.04 billion yuan in 1981. However, sales in Shandong fell from their high of 780 million to 690 million--a decline of only 12 percent--and then experienced a resurgence in the next year to 730 million yuan. approaching the all-time high. In 1984, sales reached 790 million yuan, surmounting the previous record level. Now, due to the tight credit situation, nationwide sales of the ever-popular small 4-wheel tractor dropped suddenly in June by 24 percent and stocks rose 500 percent over the same period of 1984. In Shandong, however, June sales of small 4-wheel tractors not only did not decline, but on the contrary rose by 45 percent over the same period of 1984 and stock were reduced to some extent. July sales of small 4-wheeled tractors also increased by 16 percent over July 1984 sales. Overall farm machine sales for July

increased by 20 million yuan over the same period of 1984. This demonstrates that the Shandong farm machinery market is stable and can hold up under trial.

2. In the wake of growing rural economic diversification there has been a rising trend in per capita net income in the Shandong countryside. This is the key that has ensured a steady rise in farm machine sales. Shandong experienced a historic bumper summer-grain harvest in 1985 and the fall crops are also doing well. This plus the readjustment of rural industrial composition has brought new growth to the rural commodity economy. Consequently, farm machine purchasing power is increasing steadily in Shandong.

3. From the perspective of the growing trend toward agricultural mechanization, potentital demand in the farm machine market is very high. For many years we have considered the level of mechanization in Yantai Prefecture to be one of the highest in the province and the nation as a whole, and we felt that the future potential for farm machinery sales there could not be very great. However, annual farm machinery sales in Yantai Prefecture have continued to rank first in Shandong right up through 1985. This illustrates that agricultural mechanization will continue to grow in the wake of economic development. In 1985, Shandong has launched or is about to launch quite a number of construction projects, and this has correspondingly increased the demand for tractors, trailers, 3-wheeled vehicles and other construction machinery.

4. Advantageous objective factors have created the conditions for sales stability. Due to the fact that there are areas in the country where, because of tight credit, the demand for some scarce, fast-selling goods has declined, the supply of goods suited to sales in the Shandong market has increased and created the conditions for expanded farm machinery sales here.

Based on a sample survey of 38 counties, the projected demand for farm machinery in Shandong from 1986 to 1988 is as follows:

Tractors: In the first half of 1985, 23,915 tractors have been sold and it is estimated that sales for the year may reach 42,447. There will be a demand for 42,241 tractors in 1986, substantially sustaining the 1985 level. Beginning in 1986 there will be a slight declining trend in sales of 4-wheeled tractors. Because a warmup is possible in the supply of large and medium tractors, it is estimated that sales in 1985 may reach 8,400 units, up somewhat from 1984. Due to the low price and rising trend in sales of walking tractors, we will need 7,000 of them in 1986.

Power Machinery and Irrigation and Drainage Machinery: In the first half of 1985, sales of power machinery and irrigation and drainage machinery fell 8.1 percent compared with the same period of 1984. Rainfall has been plentiful in Shandong this year and sales of pumps, pipes and belts have fallen by a fairly large margin. We have sold 57,408 diesel engines, an increase of 5.6 percent over the same period of last year. The reason for this is that the supply of small 4-wheeled tractors was short during the first half of the year and some of the diesel engines were used to outfit small tractors. It is

projected that sales of diesel engines will decline to some extent in 1986. However, sales of diesel generators will rise.

Harvesters and Wheat Threshers: In the first half of 1985, 1,929 harvesters and 30,546 wheat threshers were sold, increases of 32.2 percent and 18.8 percent, respectively, over the same period of 1984. This level will for the most part be sustained through 1986.

Horse-Drawn Carts and Mechanical Vehicles: The relatively high price of tractors, the various high fees involved and the hopeless state of tractor supplies will lead to increased demand for horse-drawn carts and mechanical vehicles. In particular, 2,121 horse-drawn carts were sold nationwide in the first half of 1985, an increase of 28.7 percent over the same period of 1984. There may be new increases in 1986. Because of the fairly large number of new construction projects in Shandong, the demand for wheels for mechanical vehicles will increase.

Maintenance Fittings: Some 13,358 yuan worth of maintenance fittings were sold throughout the province in the first half of 1985, up 26 percent over the same period of 1984. The decline in self-assembled small tractors may affect the demand for fittings, but sales of maintenance fittings overall will continue to rise steadily.

12510/12951
CSO: 4007/14

FARM MACHINERY PRODUCTION PROSPECTS ANALYZED

Beijing ZHONGGUO NONGJIHUA BAO in Chinese 2 Sep 85 p 7

[Article by Li Changqun [2621 2490 5028], Sichuan Farm Machinery Corporation Main Office: "Prospects for Sichuan's Farm Machinery Production--The Stress in Farm Machinery Production Should Be Placed on Products That Are High Quality, Highly Effective, Low Cost and Developed To Meet Market Needs; We Must Not Unilaterally Pursue Rapid Development"]

[Text] In the first half of 1985 the state of farm machinery production was very good. The range of production increase reached its highest historic level. The gross value of industrial output increased 47.9 percent over the same period of 1984, and sales increased in step with production. Sales receipts increased 63.6 percent over the same period of 1984 and realized profits rose 140 percent. Enterprises that incurred losses dropped from 11 in 1984 to 3 in the first half of 1985. However, this kind of increased speed is out of the ordinary. A declining trend will appear in farm machinery production in the latter half of 1985 in conformity with the implementation of a series of measures: a tightening up of the money market, a reduction in the scale of capital construction and an increase in control over consumption funds. It is projected that the speed of increase over the entire year will be slower than for the first half of the year, though it will still be 20 percent or more higher than it was in 1984.

Many farm machinery enterprises will face new trials in 1986. Based on a preliminary analysis of 119 enterprises, 20 percent are sustaining production increases, 29 percent are maintaining stable production, 44 percent have experienced production declines and 7 percent have had declines in production serious enough to produce losses. A preliminary probe and analysis of 128 major products revealed that 27 of them, or 21 percent, are in great demand, 57, or 44.5 percent, have stable or declining sales and 44, or 34.5 percent, are unsalable. Consequently, the main office of the Sichuan Farm Machinery Corp has decided, starting now, to stress products of high quality, high effectiveness, low cost and development suited to market needs in its farm machinery production. It will strive to enhance enterprise vitality and improve economic results, and will not unilaterally seek rapid production increases.

Sichuan's advantage in farm machinery is that it has a large number of enterprises producing medium- and low-powered machinery and tractor fittings. The output value in these enterprises is nearly 400 million yuan. As of the end of 1983, 6 provincial farm machinery products had won the National Silver Medal, 19 had won the Ministry Award for Excellence and 54 had won the Provincial Award for Excellence. In 1984 our top-quality products represented 27 percent of output value and enjoyed rather high prestige among consumers. In addition, through the previous few years of adjustment and reform, many enterprises have become "one enterprise with many auxiliaries." By stressing the singular enterprise, they have launched multivarietal production and have a fairly strong ability to meet emergencies. Some enterprises have enhanced their links and their horizontal and vertical relationships with scientific units, and have accelerated the pace of product renewal and replacement. Enterprises that concentrate on fittings both complement main engine plants and supply repair fittings for the market, and they serve both agriculture and military industry.

As of the end of July, provincial farm machinery enterprises had already achieved 300 million yuan of their contract continued through 1986.

Recently the board of directors of the main office of Sichuan Farm Machinery Corp convened the second meeting of its first plenary session. It made a full appraisal of the 1986 farm machinery production situation and unanimously concluded as follows: Due to further developments in restructuring the urban and rural economic system, there will be an increase in farmers' incomes; township enterprises will begin to see a change for the better in their predicament; the supplies of raw materials and energy will loosen up; many farm machinery enterprises will make great strides in strengthening technical progress, developing new products and other areas; and enterprise abilities to meet emergencies and compete will be enhanced. Consequently, by and large the state of farm machinery production will be a great deal better in 1986 than in the last half of 1985, and the level of production will increase on the basis of the actual level for 1985.

12510/9190
CSO: 4007/13

PERSEVERE IN RURAL REFORMS

Chengdu SICHUAN RIBAO in Chinese 15 Sep 85 p 1

/Commentary: "Presevere in Carrying Out the Second Stage of Rural Reforms"/

/Text/ Document No 1 of this year from the Central Committee, namely "The Ten-Point Policy of the Central Committee of the CPC and the State Council Concerning the Further Invigoration of the Rural Economy," points out that the implementation of these policies will certainly further set free the rural production forces, leading to new heights in rural production. The recent series of reports in this paper on the situation in Guanghan and Chongqing counties show clearly that the second stage of reforms has already achieved results, and the economic development trends are very good. We should correctly recognize the current situation, and persist in carrying out the second stage of rural reforms.

The successful economic reforms of Sichuan's rural economy over the past several years and the increase in every area of production have provided favorable conditions for the restructuring of rural production and the accelerated development of commodity production. This year, under the guidance of the Central Committee's Document No 1, Sichuan's rural cadres and peasant masses have liberated their thinking, stirred up their enthusiasm, overcome difficulties, and continued to move forward. Since the end of winter and the beginning of spring each locality has triumphed over the long periods of low temperatures and serious natural disasters, such as hot and dry weather, flooding, and seasonal febrile diseases of rice, reducing the damage done to grain and crops by the disasters. With the exception of cotton, which had less total output than last year due to an intentional reduction of the area planted in cotton, there will be a fairly large increase in yield for most cash crops. Animal husbandry and family sideline production are continuing to maintain the good trends in development. While the state has been tightly controlling the money market, village and town enterprises are showing rises in the value of production and economic results. Of even greater significance is the beginning of a more rational mix of farming, forestry, livestock, sideline production, and aquaculture within agriculture as a whole, and a more rational ratio of grain to cash crops within crop cultivation. The revival and development of small cities and towns are promoting the invigoration of the commodity economy. As urban

industry is spreading out into the villages, more and more villagers are coming into the cities to engage in commerce and industry and set up services; the urban and rural economies are becoming more tightly integrated. With the development of production and the invigoration of the economy, the per capita income for peasants will continue to grow. The facts clearly show that the general situation in the countryside is good.

However, due to the influence of natural disasters, along with the fact that certain areas have for a time relaxed their control over grain production and the management of cultivated land, the grain output will be less than last year's. At the same time, the prices of some vegetables and other nonstaple agricultural products have gone up in some places. Facing these new problems, some comrades have formed erroneous impressions of the agricultural situation and inappropriately assume that these problems have been caused by the restructuring of rural production, thus arousing doubts about the implementation of the second stage of rural production reforms. We must treat these mistaken viewpoints seriously, patiently and painstakingly persuading and educating the people.

We should observe that the great mass of rural cadres and peasants enthusiastically support the second stage of reforms. The reform situation is very good. We should also notice that it is normal for problems to occur in the course of reform, resulting in different points of view; such problems will also occur in the future. We should not regard this as strange, and of course we whould not abandon the reforms and go so far as to resume our former course; that would be like not eating for fear of choking. If only leaders of every level are firm in their ideology, unite their thinking, have clear minds, correctly analyze and understand the situation, delve into reality in their investigations and research, and promptly summarize and promote model experiences, the present problems will not be difficult to solve. As for those places with reduced grain production, especially those afflicted by severe disasters, we must not treat the matter lightly and lose sight of our purpose. We must motivate the masses to plant crops and vegetable harvests in late autumn; during the autumn harvest we must pay attention to reducing damage as much as possible through careful harvest methods. We should also take economic measures to increase the masses' income.

Carrying out the second stage of rural reforms is a component of China's economic reforms and is necessary to rural development. At present, the urban and rural reforms are going very well in Sichuan. We must certainly use this favorable opportunity to do a good and thorough job in the second stage of rural reform.

12919/12276
CSO: 4007/32

EMPHASIZE ANIMAL HUSBANDRY

Beijing NONGMIN RIBAO in Chinese 1 Oct 85 p 3

[Article by Yusufu Muhanmode [3768 4790 3940 4476 4988 7817 1795], Vice Chairman, Xinjiang Uygur Autonomous Region: "Put Animal Husbandry Into a More Prominent Position"]

[Text] Everywhere Comrade Hu Yaobang went on his recent inspection of Xinjiang, he repeatedly emphasized that the strategic deployment in the current reform of the rural economic structure should certainly give even greater priority to animal husbandry. Under the premise that grain production not be neglected, we should give priority to development of animal husbandry in rural economic work, devoting our energy to doing the job well, so that animal husbandry production in Xinjiang can rise to a new level as soon as possible. Building the four modernizations requires this; it is the wish of all the peoples in Xinjiang, and is also our sacred duty.

Xinjiang is one of China's principal bases for stockraising, with more than 700,000 mu of usable grasslands. There is a large variety of pastures and forage grasses, all of excellent quality, providing superior conditions for developing grassland animal husbandry. The livestock resources are not merely large in numbers with a complete selection of breeds; the quality is also excellent. At the end of 1984 Xinjiang had almost 30 million head of herbivorous livestock, second only to the Nei Monggol Autonomous Region. This includes more than 20 million head of sheep, more than any other province, city, or autonomous region in China. Xinjiang has almost 10 million head of fine-wool and improved breeds of sheep, one-third of the total number of such sheep in China; these breeds are propagated in the 28 other provinces, cities, and autonomous regions (except for Taiwan). The Yili horse and the Yanqi horse have long been famous in China. Xinjiang is a border region settled by minorities. The livestock economy has historically been the main form of economic activity of Xinjiang's minorities. The development of animal husbandry directly influences the economic development of Xinjiang's peoples and their prosperity. It is impossible to truly strengthen our people and achieve the four modernizations as long as animal husbandry production means are relatively backward and at a relatively low level; this is especially true for the minorities in Xinjiang principally engaged in animal husbandry. Moreover, animal husbandry is intimately connected with the

people's lives. Following economic developments and improvements in the life of the people, the need for all sorts of meat and poultry products is increasingly great. Xinjiang's present low consumption levels of livestock products and the low rate of development of animal husbandry are absolutely incapable of meeting the future needs of the autonomous region's economic development.

As an important element in the overall economy of Xinjiang's agriculture, animal husbandry has an extremely important effect on the reform and development of the entire rural economic structure. Modern animal husbandry must be socially useful production, which closely integrates primary production of forage grasses and feeds with secondary production using animal-derived feeds, as well as closely integrating production, processing, and marketing. Therefore, the development of animal husbandry not only can drive crop production toward new levels of greater rationality and higher production, it can also move along the development of feed, forage grass, and processing delivery and sales of animal products, as well as the service system. It will thus truly enliven the economy in agricultural and herding areas, allowing farmers and herdsmen to follow the road to prosperity. In the 1950's and 1960's animal husbandry in Xinjiang accumulated and provided funds for agricultural development, mechanization and technical reform. In the future, following the development of animal husbandry, it will play a similarly vital role in propelling rural economic development in Xinjiang.

Xinjiang has a vast potential for developing animal husbandry. However, because some areas have long given insufficient attention to developing animal husbandry, animal husbandry has for a long time been a sideline industry subordinate to crop cultivation, especially in farming areas. The developmentof animal husbandry has, therefore, not only fallen behind industry, it has also lagged far behind agriculture. Thus, if we are going to carry out the instructions of Comrade Hu Yaobang and realize the great development of Xinjiang's animal husbandry, the first step is to increase recognition of the importance of animal husbandry and strengthen the leadership over animal husbandry. Based on Comrade Hu Yaobang's instructions concerning the restructuring of Xinjiang's rural production, we must earnestly put animal husbandry in a place of prominence. At the same time, our planning, finance, and goods and materials departments should make corresponding shifts of emphasis in their rural work. If leaders at every level of our party and government and every department could all give great priority to animal husbandry in their planning, consideration of problems, and work, then the development of animal husbandry would have reliable guarantees.

Animal husbandry production has a dual nature: producing goods for production and for use in personal life. In addition, most herding areas in Xinjiang are in mountainous frontier areas, where transportation is difficult and the educational and economic levels are relatively backward. Therefore, animal husbandry production is not only severely restricted by the natural environment, it also can easily suffer from manmade factors. This means that when we strengthen our leadership over animal husbandry, we must certainly proceed from the reality of livestock production, integrating the party's line, guiding principles, and policy with the reality of herding areas,

doing our work in a creative way. When we are formulating and implementing policies concerning livestock production, we should especially give consideration to the special characteristics of herding areas and livestock production, making sure that we achieve the following: 1) Flexibility; not merely more flexibility than in the interior of China, but also more flexibility than in farming areas. 2) Stability; through stable policies, achieve stability in people's minds and in production, allowing all reforms in herding areas to proceed steadily. 3) Full respect for the wishes of farmers and herdsmen of every nationality, fully stimulating their initiative. To meet this end, strengthen thorough investigation and research into animal husbandry production and herding area work, and formulate correct policies and measures regarding all aspects of livestock production support, purchase of animal products, and circulation and technical service: all of these are essential to promoting the development of animal husbandry in Xinjiang.

The important experience in the development of animal husbandry production since the 3d Plenum of the 11th CPC Central Committee is thorough implementation of the "dual contract" production responsibility system, in which the households contract to raise livestock at a certain price and in which pastures are contracted out to households. These responsibility systems match the present levels of production ability and management; they effectively overcome egalitarianism in distribution and senseless orders in production, as well as closely link the management of livestock and pastures. This turns primary production and secondary production in animal husbandry into an organic entity, and greatly stimulates the initiative of farmers and herdsmen. If we want to implement a diverse economy, focusing on a responsibility system contracting for both livestock and pasture, and gradually build up new, economically integrated, thriving, prosperous herding areas, we must continuously improve the conditions of animal husbandry production, changing the primitive reliance on heave to raise animals. We must set up pastures to raise animals; year-round nomads should make the transition to grazing the animals in summer and fall, and in winter and spring raising them all the time or half the time in pens. We must strive to reduce to the lowest level the restrictions on livestock production because of unfavorable natural conditions.

At present there are two things we must do for livestock production: One thing is we must do a lot of work on building up grasslands and manmade pastures, relying mainly on water conservancy. We should especially motivate farmers and herdsmen of every nationality to plant lots of grass, so that the country, collective, and individual all move forward together. We should work at building up manmade pastures, making sure that the amount of pasture determines the number of livestock. The other thing is to keep on integrating farming and animal husbandry, vigorously developing animal husbandry in farming areas. In farming areas, we should promote widely such measures as rotating use of a field for crops and pasture and raising animals near fields, and develop the processing of forage grasses and feed materials. At the same time we should fatten livestock, and develop seasonal animal husbandry as an important element in the integration of farming and animal husbandry. This will bring relatively large improvements in the economic results of animal husbandry production in Xinjiang.

If we are to give even greater priority to animal husbandry, we must attack great importance to the development of livestock science and technology. At present we should improve the information and technical services for livestock production. Xinjiang's livestock veterinarian and technical network has basically been established; the current problems are, first, poor working conditions, and second, poor technical quality. It cannot meet the new developments in present animal husbandry. Therefore we should improve work conditions as much as possible, reforming the three-station system in animal husbandry and set up comprehensive stations. We should strengthen technical training, and strive to raise the professional and technical level of grass-roots livestock veterinary workers. In addition, we should widely develop popular scientific education, equipping every nationality with new scientific techniques to improve the level of livestock production. The party Central Committee and State Council attach great importance to animal husbandry in Xinjiang. On the eve of the 30th anniversary of the founding of the autonomous region, Comrade Hu Yaobang once again inspected every corner of Xinjiang, giving a series of important instructions on developing animal husbandry. This shows fully the concern of the party and the state for every nationality in Xinjiang. We should get moving immediately, conscientiously study the problems, and resolutely carry out policy, truly putting animal husbandry into a more prominent position. By concentrating on it and bringing forth results, we will enable the masses of farmers and herdsmen in Xinjiang to prosper as soon as possible.

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ZHEJIANG NITROGEN FERTILIZER PRODUCTION TRENDS NOTED

Hangzhou ZHEJIANG RIBAO in Chinese 15 Sep 85 p 2

[Article: "Trends in Zhejiang Province Small-Scale Nitrogen Fertilizer Industry"]

[Text] In the last 2 years, following restructuring of the rural economic system and reform of the agricultural capital marketing system, the small-scale nitrogen fertilizer industry in Zhejiang Province has experienced the new predicament of being unable to market its products, there has been a drop in economic return for the enterprises, and the situation has quickly become ridiculous. What is to be done about this trend in the small-scale nitrogen fertilizer industry? We very much need to conduct an analysis based on objective requirements and the present situation, and thereby make the correct policy decisions.

The state has invested more than 400 million yuan in capital construction from the time the province began developing minor fertilizers in 1958 to the present; 1.59 million tons of nitrogen fertilizers were produced last year, which accounted for 75 percent of total nitrogen fertilizer production throughout the province and played a decisive role in the bumper harvests experienced by the province's farming industry. People are now posing the following questions: "With large-scale chemical fertilizer plants on hand, small-scale nitrogen fertilizer plants have fulfilled their historical mission;" "the supply of nitrogen fertilizers now exceeds demand, so we should close, suspend, merge or retool small-scale nitrogen fertilizer plants." So what is the real situation? According to data from the provincial agriculture departments, the amount of nitrogen fertilizer actually used throughout the province in 1984 amounted to 2.76 million tons. The agricultural plan for Zhejiang drawn up by the provincial Department of Agriculture estimates that the provincewide nitrogen fertilizer demand in 1990 will be more than 3 million tons; but in 1984 the province produced only 2.12 million tons, which was 76 percent of the amount actually used. Even if the large chemical fertilizer plants of Zhenhai produced at full capacity, the amount of fertilizer they produced plus that produced by the medium-sized plants would amount of 1.2 million tons at most, which is only 40 percent of the amount that will actually be used in 1990. The province will have to depend on the small nitrogen fertilizer plants to make up the province's nitrogen fertilizer deficiency. We must continue to adhere to a policy of the simultaneous development of large, medium-sized and

small chemical fertilizer plants for a specified period from now in order to guarantee the sustained, steady development of agriculture in Zhejiang, and small nitrogen fertilizer plants are indispensable to this task.

A common saying persists today which is that "producing fertilizer is not as good as buying it." But since the amount of chemical fertilizer imported by the state will decrease year by year, we should see that the economic policy of importing chemical fertilizers also will be readjusted. Under the new circumstances, in adopting appropriate measures, each province must do all it can to become self-sufficent in chemical fertilizers. If they base themselves on transferring large amounts in from outside the province, the supply of goods will not be assured; even if there were an ample supply of goods, it is not possible for communications and transportation to suit the needs of the farming seasons, and therefore is unrealistic and unreliable. Small nitrogen fertilizer plants have been overstocked and unable to sell their products since last year, but this was not because supply exceeded demand; the main reason was that the farm capital sector made large profits dealing in chemical fertilizers from outside the province, which affected their enthusiasm for promoting the sale of chemical fertilizers produced within the province, so nitrogen fertilizer transferred in from outside the province accounted for 40 percent of the amount needed in Zhejiang.

There is a fine foundation for the production of nitrogen fertilizers in small plants in Zhejiang, and the industry is second only to Jiangsu and Shanghai in all the country in management, product quality and raw and processed materials consumption; the Tengxiang Wukang Chemical Fertilizer Plant is among the top 10 small-scale nitrogen fertilizer plants in the country. Many weak points in the small-scale nitrogen fertilizer industry were revealed in the wake of restructuring the economic system, such as single-line production, ageing equipment and facilities, and extremely irrational distribution. For small-scale nitrogen fertilizer plants to complement large and medium-sized chemical fertilizer plants they must adapt to new circumstances, and they must implement adjustments and improvements enthusiastically and in a planned manner. The main things we should do to restructure small-scale nitrogen fertilizer production in the province in light of the specific conditions in Zhejiang are: strengthen macroeconomic guidance; carry out rational readjustment based on the principle of selecting excellent arrangements, distributing rationally and preserving a certain scale; implement a change in production for those enterprises which are distributed irrationally and whose management, administration and economic return are inadequate; promote a transformation of those enterprises where conditions permit and which have prospects for development, to advance their commercial and technology norms, to improve product mix and to increase economic return; actively spread the management experience gained from the Tongxiang chemical fertilizer plant, raise the management and administrative levels and lower energy consumption and costs; devote major efforts to pursuing the policy of "one primary industry and many sidelines, with diversified operations," expand horizontal relations and strengthen the enterprises' ability to meet emergencies; readjust product mix and vigorously develop compound fertilizers to meet the needs of agricultural production; put the marketing system in order, coordinate production, supply and sales, provide good technical services, send fertilizers to the countryside and make things convenient for the peasants.

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CSO: 4007/20

READJUSTING PRODUCTION IN RURAL AREAS SEES RESULTS

Hangzhou ZHEJIANG RIBAO in Chinese 12 Sep 85 p 1

[Article: "Readjusting Rural Industrial Structure Throughout the Province Brings Preliminary Results: Cereal Grain, Cash Crop Ratio Gradually Becoming More Rational; Tight Supplies in Forestry, Animal Husbandry, Fishery Enhanced; Tertiary Industry Experiences Large Expansion in Rural Areas"]

[Text] Preliminary results have been realized in the provincewide rural industrial structure readjustment work. The ratio of cash crops to cereal grain is gradually becoming more rational; tight supplies in forestry, animal husbandry and fishery have been enhanced; and there has been significant development of tertiary industry in the countryside.

At the beginning of this year the party and government at all levels in the rural areas began the second step of reform in the countryside, in accordance with the spirit of this year's Central Committee Document No. 1. They have concentrated on readjusting the rural industrial structure given the abolishment of the system of centralized and assigned procurement of farm products. At a time when grain and cotton surpluses are at lower levels, when forestry, animal husbandry and fishery products are in short supply, and when tertiary industry in the rural areas is lagging behind, each locality has carried out readjustment aimed at the three aspects below:

1. In the plant-growing industry there has been an appopriate reduction in cereal grain and cotton acreage and a corresponding expansion in cash crops. The area seeded to cereal grains has been reduced by more than 3.5 million mu throughout the province, and cotton acreage has been reduced by 180,000 mu. The acreage on which the reductions have been carried out has mainly been used to increase various cash crops; those whose acreages have been increased considerably include watermelons, vegetables, twine and hemp, sugarcane and medicinal materials, as well as flowers and plants, straw and edible oil crops.

2. They have strengthened forestry, animal husbandry and fishery, which were weak links in the agriculture, forestry, livestock, sideline and fishery industries. Afforested acreage for the first half of the year amounted to 2.14 million mu, which was 107 percent of planned afforestation; 420,000 additional my were devoted to fruits, which brought the provincewide total to 1.92 million mu, or a 28 percent increase. There were relatively large

increases in dairy cattle, long-haired rabbits and poultry eggs, and hog production began to rise in a portion of the counties. Fish farming generally became more popular in the first half of the year; more than 100,000 mu of ponds for fish farming were excavated throughout the province, and marshes and ocean areas devoted to aquatic breeding increased over last year.

3. They speeded up development of tertiary industry. Based on the requirements for rural commodity production, cooperative economic and farming households in the villages and towns in the rural areas developed new and different forms of service industries for marketing, processing, transporting and storing. There was also rapid development in the countryside of food and beverage, hotel and repair services.

Readjusting the industrial structure further promoted rural commodity production and enlivened the urban and rural economies. According to statistics, state-run businesses and supply and marketing cooperatives purchased more than 1.91 billion yuan was a 9.3-percent increase over the same period last year; the volume of business in the urban and rural markets amounted to 1.55 billion yuan, which was a 52.2-percent increase. Both the economic return from agriculture and farmers incomes increased. According to a survey of the family livelihood of 2,700 farm households by the provincial statistical department, per capita income the first half of this year compared to the corresponding period last year increased 39 yuan as a result of readjusting the agricultural production mix, increased 17 yuan from the rural and small town enterprises and increased 16 yuan from tertiary industry.

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BRIEFS

RICE PROCUREMENT EXCEEDS PLAN--By the end of August, Zhejiang Province had already purchased for storage 3,124,000,000 jin of early rice, exceeding this year's planned procurement of early rice. State monopoly in grain purchases were ended this year; this is the first year of procurement by contract. With procurement by contract as the premise, grain departments can buy an appropriate amount of extra grain besides that contained in the contract, making the distinction in the economic policy. This gives preferential treatment to the peasants signing contracts, as well as preventing a sharp drop in price for grain purchased outside of the contract. This protects the production initiative of grain farmers. Of the early rice which has already been bought for storage, more than 10 percent of the total in storage was bought outside of contracts. [Text] [Hangzhou ZHEJIANG RIBAO in Chinese 7 Sep 85 p 1] 12919/9435

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