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Wenjun Li  
*Peking University, China*

Jian Zhang  
*Peking University, China*

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## The compensation to herders for exploitation of minerals in China’s grasslands: Lack of security

Li Wenjun\*, Zhang Jian

Peking University, Beijing, China

\*Corresponding author e-mail : afuxiaodai@126.com

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### Introduction

Inner Mongolia is rich in mineral resources. Though a number of economic benefits were reaped from mineral exploitation, the exploitation occupied and destroyed large amounts of grasslands (Meji *et al.*, 2009), which led to conflicts between herders and mining companies (Hilson *et al.*, 2002). The compensation to herders who lost grasslands is the primary cause of conflicts. We have observed that the compensation herders received was awarded without a clear standard which caused much confusion. This paper is focused on the compensation herders received, the factors influencing the amount of compensation and the reason why the compensation to herders was inconsistent.

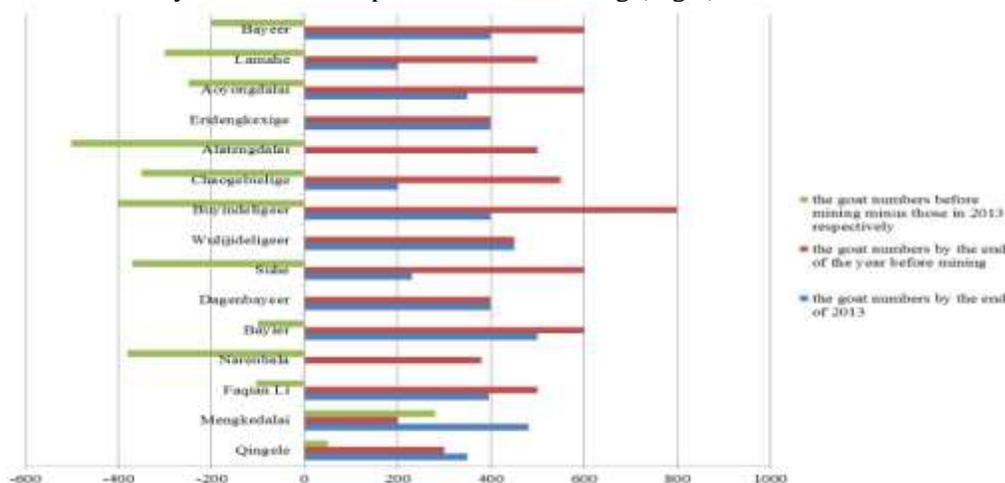
### Materials and Methods

This research took Bayinhari Gacha (Village), Aolunbulage Town, Alxa Left Banner, Inner Mongolia as a case study. The local herders traditionally lived on livestock production while iron mine exploitation contributed to 85% fiscal revenue of entire town. The field work was conducted from July to August, 2014, interviewing the Banner Territorial Resources Bureau, gacha leaders and herders influenced by mining through semi-structured and open investigation.

Through combination of qualitative and quantitative methods, this research demonstrated the impacts of mining on livestock production, the compensation herders received from mining companies and the factors influencing the amount of compensation herders could get. And then, the research explored the reasons why the compensation was in lack of stability with analysis of the relations between mineral resources property and land property, the grassland collective property right and the grassland management situation in Bayinhari.

### Results and Discussion

The mining companies successively entered Bayinhari beginning in 1999 and were shut down by local governments due to an accident in April, 2014. During this period, the exploitation of iron mines had occupied large amounts of grasslands and destroyed them due to the waste residue and water discharged by mining operations. All these had a strong impact on livestock production of local herders. Among interviewed households (15 households), 67% households had lost livestock during this period with an average of 295.4 goats (equaled to 177,240 Yuan according to the market price of 600 Yuan per goat in 2013) per household because of the reduction of livestock production areas lost due to mining and the livestock deaths caused by environmental pollution from mining (Fig 1).



**Fig 1** The change of livestock numbers of interviewed households before and after mining

Herders sought compensation for the occupied grasslands and the dead livestock through private negotiations with mining companies. Gacha didn't ask for compensation by collective ownership for grasslands, and also didn't participate in the negotiation between herders and companies to help herders to get more compensation. Under this circumstance, the amounts and modes of compensation herders received were very confusing according (Table 1). The compensation different households received varied greatly and lacked a unified standard.

**Table 1** The areas of occupied grasslands and compensation to interviewed households by the end of 2013

| Names of household head | Areas of occupied grasslands (ha) | Names of mining companies                                      | The compensation herders received (RMB)   |
|-------------------------|-----------------------------------|--|---|
| Qingele                 | 6.7                               | private company  | 180,000 Yuan in total from 2009 to 2012 (off and on)  |
| Mengkedalai             | 1.68                              | private company  | 30,000 and 50,000 Yuan in 2008 and 2011 respectively.   |
| Faqian Li               | 28.41                             | Boyu Company, Wanquan Company, Private company                 | Boyu: From 2000 to 2002, 3,500 Yuan per year. From 2003 to 2011, 18,000 Yuan per year. Then it has risen to 30,000 Yuan since 2012.<br>Wanquan: 6,400 Yuan for two mine shafts, 2,000 Yuan for workshop, 28,000 Yuan for mine crater and 3,500 for mine road. The host of this household has been employed for watching over water pump for with 650 Yuan per month. Then the salary rose to 2,000 Yuan per month from 2000.<br>Private company: from 2011, 17,000 Yuan per month for six months in a year. |
| Narenbala               | 268                               | Rongli Company, Boyu Company, Wanquan Company, private company | Rongli: 50,000 Yuan in total from 2010 to 2013.<br>Boyu: 60,000 Yuan in total From 2009 to 2013.<br>Wanquan: 70,000 Yuan per year from 2012. The hostess has been employed as a cleaner with 1,200 Yuan per month since 2005. Then since 2012, both the hostess and host have been employed as staff for subordinate farm with 5,000 Yuan per month each person.<br>private company: 7,500 Yuan per month from 2011.  |
| Bayier                  | 134                               | Huachen Company  | In 2006, 2007, 2010, 2011, 2013, 28,000 Yuan per year respectively.   |
| Dagenbayeer             | 0                                 | N/A  | N/A   |
| Suhe                    | 134                               | Wanquan Company, Fugui Company                                 | Wanquan: From 2006 to 2013, 130,000 Yuan in total.<br>Fugui: From 2007 to 2013, 100,000 Yuan in total.  |
| Wultjideligeer          | 36.85                             | Fugui Company  | It was promised 80,000 Yuan per year at the beginning, but this household has only received 350,000 Yuan in total off and on since 2007.  |
| Buyindeligeer           | 268                               | Huachen Company  | This household only received 30,000 Yuan in 2011.   |
| Chaogebielige           | 301.5                             | Wanquan Company  | 100,000 Yuan in total (40,000 Yuan in 2003, 30,000 Yuan in 2012 and 30,000 Yuan in 2013).   |
| Alatengdalai            | 402                               | Huachen Company, Yinfeng Company                               | Huachen: 100,000 Yuan in 2007.<br>Yinfeng: In 2005, 2006, 2008 and 2012, 20,000 Yuan per year respectively.   |
| Eridengkeqige           | 87.1                              | Huachen Company, Yinfeng Company                               | Huachen: No compensation at all.<br>Yinfeng: In 2005, 2006, 2008, 2009, 2010 and 2011, 30,000 Yuan per year respectively.   |
| Aoyongdalai             | 268                               | Huachen Company  | 25,000 Yuan per year from 2006  |
| Lamahe                  | 201                               | Huachen company  | This household only received 15,000 Yuan in 2005.   |
| Bayeer                  | 268                               | Desheng Company, Huachen Company                               | Desheng: No compensation at all.<br>Huachen: 3,000 Yuan per year from 2001.   |

During the negotiation, mining companies demonstrated some documents sanctioned by local governments and told herders that the mineral resources underground were owned by state and herders only had the rights to use land surface. After seeing and hearing all these, herders were not sure if they could get compensation based on the right to use grasslands. Under this circumstance, herders asked for compensation mainly relying on social relations, knowledge level, Chinese level and negotiation ability they have. Among the interviewed households, the households with gacha leaders, Han race or people good at creating a disturbance could get more compensation while the rest households could only get very limited compensation. However, even for these who could get more compensation, the compensation was still inconsistent. The directly reflect was that mining companies paid compensation off and on. And when the companies were shut down and left due to accident, there was nowhere for herders to seek compensation though their grasslands were still occupied by mines.

Herders had to privately negotiate with mining companies relying on their own social power like social relations, knowledge level and negotiation ability. During this process, there were no clear standards for awarding compensation and also there was a lack of clear land tenure laws when it comes to mineral rights versus surface use of the lands for grazing and agriculture. Firstly, the lands for grazing and agriculture are owned by collective according to the Land Management Law while the definition of "collective" in collective property right is obscure. It is obscure whether the collective ownership of land was owned by village group or administrative village (Ho, 2000). And the "Grassland Law"

and “Rural Land Contract Law” gave the right to use grassland to household for 30 to 50 years (Ho, 2008). Under this circumstance, when grasslands were occupied, it isn’t clear whether village group or administrative village could get compensation based on collective ownership or the herders could get compensation based on right to use grasslands. In Bayinhari, gacha didn’t ask for compensation from companies to avoid potential conflicts with herders about compensation distribution. Meanwhile, gacha didn’t help herders to negotiate with companies. It is thought only through organization could herders have political participation and also they could strengthen the force of interest expression through group. The herders who lack of collective protection were in weak position during the negotiation with companies and they could only get limited compensation. Secondly, “Mineral Resource Law” stipulates mineral resources are owned by state, which are separated from land property, while there isn’t clear definition in existing legal system about the relations between them. When herders were told by companies or local governments that “mineral resources are owned by state”, herders weren’t sure whether their rights to use grassland surface could be the basis of compensation. But they thought they should get compensation as their livestock production was destroyed by mining. What’s more, due to lack of clear definition about the relation between surface and underground property, it’s easy to generate “Barzel Dilemma” between herders and companies (Barzel, 1997). This led to the fact mining companies got out of line to enlarge occupied areas and a few herders with social relations or knowledge and skills asked for excessive compensation, which aggravated the conflicts between herders and companies, while most of herders could only get limited compensation.

### **Conclusion**

The mineral exploitation in Bayinhari had negative impacts on livestock production while the compensation herders received was very confusing and lacked clear standards. As the “collective” in collective property is ambiguous and also after grassland contracting, the relation between collective ownership and private right to use is confusing about the compensation distribution, herders are in lack of collective property security during the process of seeking compensation. In addition, the obscure definition and separation of mineral rights and land use rights make it difficult for herders to seek compensation clearly based on land use right. Therefore, herders have to privately ask for compensation from companies relying on their own social relations, knowledge level, or negotiation ability, etc. Without clear standards and tenure laws, this kind of compensation is inconsistent and unsatisfactory.

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