China land ministry clarifies the mystery of how to deal with expired land use right

Description

Finally, China Ministry of Land and Resources posted on its website yesterday a Q&A series in which the long-waited guideline on how to deal with land use rights that have expired in some cities in China.

Early this year, local government in Wenzhou, Zhejiang province was reported to be ready to collect renewal fee from people whose properties are sitting on land that has expired in terms of its use right granted to those users in early nineteen eighties. That news immediately spiraled into a national outcry which prompted the ministry to call off Wenzhou government's intended action.

In November China announced its first policy to call on equal protection of properties esp private properties with a view to instilling people's confidence in China's future in which the announcement specifically mentioned that the government should study laws relating to land use right to give clear expectation to its people.

Here comes the formal reply from China Ministry of Land and Resources to the question raised by its local counterpart in Zhejiang province:

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The main idea is that:

(1) ***residential*** property owners don't have to apply for renewing the land use right term upon expiry of old lease term;

(2) local land departments shall not collect any fee upon expiry of old land use right term;

(3) properties whose land use rights expire shall be transacted as usual. The old expired land use right term shall be still recorded there.

There are wide exclamations in the online community taking it as a propitious token of the future formal treatment of the same issue.

However, while I personally do not think the government will come up with any drastically different approach in the future on the issue but it may not be appropriate to read too much out of this short notice from the ministerial department. After all, this reply to local government is only an interim measure to pacify the property market at a time many are thinking the property market in China may have a big problem soon. This gesture will somehow augment people's belief that there will be no big deal in regard of their properties in spite of expiry of original land use right term.

One shall have to bear in mind the land use right issue is such a paramount and fundamental issue that only China's top legislature can provide a final solution by way of law enactment.

It is not really likely that the China government will just leave the land to property owners for indefinite use without charging anything for it. Too good to be true.

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Date Created
December 2016
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