Policy brief

Chinese “land grabs” in Africa – the reality behind the news

Key Findings

- Since the 2007/2008 food crises, there has been a surge in news stories about China searching for arable land in Africa – often referred to as “land grabbing”. However, there is little reliable evidence that Chinese companies are investing in such land on a large-scale.
- Sino-African cooperation on agriculture dates back to the early 1960s, most commonly in the form of foreign aid and development cooperation projects rather than as agricultural land investments.
- Where Chinese companies are buying and leasing land, there is little evidence to support claims that crops are being grown for large-scale export to China. For example, the Chinese agriculture technological demonstration farms produce mostly for the local market.
- There is widespread misreporting on Chinese agricultural land acquisitions in Africa, hence there is a pressing need for reliable data and for claims of “land-grabbing” to be verified by authoritative sources.

China and African agriculture

China’s engagement in Africa has become a hot topic since it significantly accelerated its rate of investment in African countries in the early 2000s. Recent analyses of Sino-African relations – made in the context of China’s growing global footprint – assume that China is on an exploitative hunt for natural resources to sustain its domestic development needs. The mainstream Western media tends to portray China not so much as a development partner, but rather as a “neo-coloniser” that cooperates with African countries through unequal exchanges.

In light of the global food crises of 2007/2008, there has been greater attention on Chinese engagement in the agricultural sector, including on land acquisitions. Several media reports note that China is hunting for arable land to come to grips with its domestic food security problem. Headlines such as “Cornering foreign fields: the Chinese and Arabs are buying poor countries’ farms on a colossal scale” (The Economist, 21 May, 2009) are not uncommon, and in a July 2011 interview, a German official asserted that Chinese companies had robbed African farmers of their land to such an extent that China was indirectly responsible for the famine on the Horn of Africa (Frankfurter Rundschau, 28 July, 2011).

However, there has been little effort to examine evidence behind such dramatic statements, raising questions about the how reliably these headlines describe reality. This policy brief offers a more factual picture of the situation. It first gives a brief overview of the available evidence of large-scale Chinese investment in agriculture, then discusses the extent to which the purpose of such investment is to export produce back to China.

Does China have a food security problem?

There is no question that China’s global expansion in the past decade is real, and its search for natural resources such as oil, timber and minerals is well documented. Chinese companies are indeed extracting resources across the globe, and small and medium-sized Chinese enterprises are increasingly involved in manufacturing and other economic activities abroad. However, the extent to which the Chinese government is really trying to acquire arable land outside China for agricultural production remains contested. What would be its motivation?

Food security is a plausible answer. China has 20 per cent of the world’s population, but only 8 per cent of the arable land and about 6 per cent of the world’s water reserves. Moreover, arable land in China is being lost on a large scale due to urbanization and environmental degradation. Yet despite these unfavourable conditions, China supplies all but about 5 per cent of its own food (excluding animal feed), and it imports largely “luxury goods” such as spices and seeds. At the heart of this lies a central government policy that aims to achieve "95 per cent food security" with respect to grain (corn, rice, and wheat), backed by highly developed rice farming techniques, including technical innovations and hybrid rice. A 20-year food security strategy made official in 2008 did not include foreign land acquisitions, and only provided for soybean imports from Brazil.

However, the claim that China increasingly needs to obtain agricultural resources abroad is not unfounded. China is now the world's largest importer of oilseeds, vegetable oil and rapeseed, as well as soybeans, a key animal feed. These food imports appear to be linked to growing wealth and a resulting rise in meat consumption. However, when it comes to basic staples such as rice and wheat, China remains self-supplied. From this perspective, it seems unlikely that Chinese companies would be investing in farmland abroad to produce grain for the domestic markets. The Chinese government has also stated that it has no intention of acquiring land in Africa to help meet the elevated demand for agricultural products.

What do we know about Chinese engagement in African agriculture?

Both quantitative and qualitative analysis of China's economic relations with African countries is hampered by a lack of data. While Chinese statistics on foreign direct investments (FDI) are generally reliable, they seldom reflect the reality on the ground. For instance, the official FDI data from the Chinese Ministry of Commerce (MOFCOM) show that the largest recipients of Chinese FDI are offshore finance centres such as the Cayman Islands, which often function as "transit points". Where the capital moves from here is impossible to track. Primary research on this topic is also largely lacking.

What we can say with greater certainty is that Chinese cooperation with African countries on agriculture has been ongoing since the 1960s (see box). During that time, more than 44 African countries have hosted Chinese agricultural aid projects, and more than 90 farms have been developed through Chinese aid. As of 2009, China had carried out about 200 agricultural projects, and another 20 in the fishing industry. According to MOFCOM there are over 1,100 Chinese agricultural experts in Africa, maintaining at least 11 agricultural research stations. Importantly, however, these are targeted development cooperation projects, and should not be understood as land-based investments.

Chinese agricultural development aid

China has had active diplomatic relations with most African countries since the 1950s. Prior to 1973, when the People's Republic of China was struggling to re-gain the "China" seat in the United Nations held by Taiwan, development aid to African countries was partly used to counter diplomatic efforts by Taiwan, and partly to foster "fraternal socialism" through South-South cooperation on strategic issues. In the area of agriculture, cooperation has been mostly through project-based endeavours, including the set-up of technical demonstration farms.

Farmers in the Zambezi Valley: Media reports suggest that China is investing in large-scale farming in the area. The evidence suggests otherwise. Photo: UK Department for International Development

Since the late 1980s, Chinese companies have gradually taken over former development cooperation farms to ensure that they remain active and profitable. One of the companies with the greatest presence in the agricultural sector is the China State Farm Agribusiness Corporation (CSFAC), a state-owned enterprise directly overseen by the central government. Having operated in Africa since 1994, by 2008 CSFAC hosted at least 11 agricultural projects on 16,000 hectares of land in Africa, several of which were former aid projects. According to Bräutigam and Tang (2009; see references), CSFAC's initial efforts influenced other Chinese companies to invest. By 2006, there were more than 20 state-owned and private Chinese farms in Zambia alone. China has several other agriculture and agribusiness state-owned enterprises operating across Africa, including in Angola, Nigeria, South Africa and Tanzania, involved in activities such as fishing, poultry, plant processing and grain cultivation. The available evidence shows that a majority of workers on these farms are non-Chinese, and the produce is sold locally.

What is a land grab?

Land grabbing often refers to commercial investments in agricultural land in a low-income country. It refers to the process of land being "grabbed" from traditional (small) holders for large-scale commercial use. Land grabs are generally very difficult to manage in a socially sustainable manner.

Chinese land investments: myth or reality?

Unfortunately, many of the figures cited on Chinese "land grabs" are collected from media reports, are often based on rumour, and seldom reflect the rate of actually executed investment deals. For instance, a report compiled by the NGO GRAIN lists around 30 agricultural-related land investments by Chinese investors up until 2008. For most of the items, the report cited single-source media reports that in turn often lacked an authoritative source. In other cases, reports have been based solely on rumour, and figures on the size of investments either greatly exaggerated or incorrectly translated.

Research done in 2010 by Sigrid Ekman for a masters dissertation project (Fudan University, Shanghai) is a case in point. Ekman conducted fieldwork in Mozambique in the summer of 2010 to find out to what extent Chinese companies were executing land and agriculture deals in Mozambique, and to what degree domestic food security was a driver of engagement. She examined three cases involving Chinese land acquisitions and/or farming projects. To trace the investments, in each case she went to the project site, interviewed concerned government officials and civilians and scrutinised official documentation and local news media. Despite extensive fact-finding efforts, she could not confirm much of what was reported about the magnitude of Chinese agricultural investments and interests in Mozambique, and concluded it was greatly exaggerated, and only partly reflected the reality on the ground.

For example, in 2006/2007, a Memorandum of Understanding was signed between the governments of China and Mozambique giving China land-lease rights in the Zambezi Valley. Reports claimed that this resulted in USD 800 million being invested in large-scale farming, and that 20,000 Chinese workers were moving in to sustain these projects. However, Ekman found no evidence of either 20,000 Chinese workers, or a large-scale farm in the Zambezi Valley. What was set up was a USD 8 million agricultural training centre, operating on 30 hectares of land. While the training centre was still being established at the time of Ekman's visit, its stated purpose was to educate Mozambicans in hybrid rice farming. The only evidence of a larger-scale economic exchange between the

Despite large scale urbanization and environmental degradation, China supplies around 95 per cent of its own staple crops. Photo: James Creasman

Chinese government and the Zambezi Valley office (Gabinete de Promoção do Vale de Zambêze, GPZ) was a USD 50 million soft loan for four agro-processing factories.

Moving forward: getting the facts right

Given the lack of reliable data, it is not only difficult to grasp the extent of Chinese land investments, but also to assess the impact of such investments. While the case of Mozambique is only one story from a vast continent where the Chinese state and companies are extensively involved, it does suggest that Chinese "land grabs" in Africa are to date not happening on the scale suggested in international media. What the available evidence tells us is rather that many of the Chinese-operated farms in various African countries produce mostly for the local market, not for large-scale export to China. While large-scale land leases are taking place in Africa and elsewhere at an increasing rate, Chinese companies do not currently appear to be major players in these transactions.

This is the first written output of the SIANI expert group on China as a land investor in African countries. It has been prepared to reflect some of the issues and questions brought up during the first two meetings of the expert group, and to raise issues for further discussion. The group's members come from a variety of backgrounds, including research, policymaking and the NGO community. The brief is intended for anyone wanting to know more about Chinese land investments in Africa.

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Policy considerations

- There is a great tendency to evaluate Chinese land investments in Africa as "land grabs" to acquire resources for domestic use in China, that is, in the framework of extractive industry behaviour. So far, however, there is little or no evidence to suggest such a pattern of behaviour in the agricultural sector.
- Given the shortage of primary research and rigorous analysis on this topic, one must be very careful not to jump to conclusions, noting that mapping and analysis of land acquisitions in general is an area that has only recently been subject to academic attention.
- Whether or not Chinese companies are purchasing farmland for the purpose of domestic consumption, it is crucial to note that land grabbing is happening on a large scale across Africa. For these mostly agrarian economies, wide-scale behaviour of this sort is detrimental. In all cases where foreign investors make claims on land, the sensitivity of land ownership in the host country must be taken seriously, and the social implications must be addressed.
- To get a fuller picture of emerging economies' interest in African land, one must look beyond China. In some countries, the biggest foreign investors in land are from India and the Arab states. US and European interests are also active in the region. Future competition between emerging-economies over such resources could be an interesting topic for further study.

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