



Is China different from other investors in global land acquisition? Some observations from existing deals in China's Going Global Strategy

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ABSTRACT

In recent years, China's overseas agricultural investment has maintained rapid growth and also received increasing international attention. Towards this very important disputed aim, there are few empirical studies focusing on China's distinctions and similarity with other countries, and hence its implication to adapt the state-driven "Going Global Strategy," which provides support to promote agricultural globalisation. In this paper, the main characteristics of overseas land investment including the scale, geographic distribution, utilisation and investment mode are compared using Land Matrix networks as major sources of data. Results show that China is one of the world's major overseas land investors but far from the most important one, with projects mainly located in East Asia and the Pacific region other than the widely disputed sub-Saharan Africa. China's major investing sectors are concentrated on non-food crops and located in countries with a lower transparency index, as done by other countries. Despite insufficient evidence, the state-owned enterprises are heavily involved in overseas investment. China shows no large differences from other countries in terms of size, region and utilisation. It is the serious concern for China's development outsourcing and food-based globalisation that make China's case unique or even make China's role exaggerated and distorted. For this reason, China should focus on continuous and steady improvement in the comprehensive production capacity of domestic agriculture and ensure grain self-sufficiency as a precondition for Going Global. Promotion and application of international rules at both the national and business level, and active information collection and disclosure towards overseas investment, will help eliminate misunderstandings or even rumours. More importantly, performance-related support should be built to effectively guide the investment, and fair, inclusive and mutually beneficial localised business models should be promoted to realise the win-win purpose.

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1. Introduction

China manages to feed 21% of the world's population by cultivating only 7% of the world's arable land. It has made outstanding contributions to the United Nations Millennium Development Goals in its efforts for poverty reduction and increased food production (United Nations, 2015). With China's rise and opening up, China has adopted an agricultural 'Going Global Strategy' which was informally introduced in 1995 and formally established in 'No 1 Central Document' of 2007, the first annual policy document issued by the Central Committee of the Communist Party of China and the State Council, implying the highest importance and top priority.

It aims to regulate and promote agricultural globalisation, especially overseas investment, through interventions and support to meet the increasing global demand and help realise domestic food security at the same time (DICMOA, 2012). As China's overseas direct investment in agriculture increased rapidly, from 289 million USD in 2004 to 1.813 billion USD in 2013, with an average annual growth rate of 22.65% (NBSC, 2014), its practical impact on global food security, another channel other than its domestic success in food production, has also drawn growing concern (Cotula et al., 2009; Horta, 2009; Smith, 2009; Hofman and Ho, 2012; Alden, 2013; Azadi et al., 2013; Xu et al., 2014).

Some studies concluded that China has played a leading role in land-based foreign investment in agriculture, usually being criticised as a so-called 'land grabber' or neocolonial power (Deininger, 2010; Campesina et al., 2011; Seaquist et al., 2014). China mainly focused on developing countries with larger natural resources,

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weaker governance and less-developed civil societies, especially in sub-Saharan Africa (Grindle, 2004). It plundered resources to protect its national food security (Malone, 2008; Smith, 2009; Buckley, 2012), and has exerted a tremendously negative influence on local development, resulting in even worse institutional environment and a more tense relationship between civil society and the state (Kolstad and Wiig, 2011; Lagerkvist, 2014). However, other studies have demonstrated that China has significantly improved the level of food security in host countries by producing foods for the local market (Yang and Sautman, 2010; Li et al., 2012; Brautigam and Ekman, 2012), sharing information about development, especially the labour-intensive farming practices and production technologies (Rubinstein, 2009; Alden, 2013) and benefiting smallholders by collaboration (Buckley, 2013). China was far from the biggest investor in land, with a small proportion located in African countries (Brautigam and Zhang, 2013), and there was no convincing evidence that China carried out agro-imperialism (Yan and Sautman, 2010).

It is controversial whether China's overseas investment will be a saviour for world food security or just as a kind of neocolonialism. In fact, the rapid growth of China's overseas investment in agriculture occurred almost at the same time as the global land acquisition wave. The attitude of the international community also differs towards global land acquisition (Grau and Aide, 2008; Smaller and Mann, 2009; Robertson and Andersen, 2010; CFS and FAO, 2011; Cotula et al., 2011; Deininger et al., 2011; Azadi et al., 2013; Franklyn, 2013). Some scholars, and especially media pundits, consider land acquisition as land grabbing, and that foreign investment in agriculture is detrimental to the interests of small farmers and endangers local food security (Cotula et al., 2009; The Economist, 2009; Campesina et al., 2011; Rulli et al., 2013). This global large-scale overseas investment in land could counteract poverty reduction measures and impede the development of global food security (Naylor, 2011). However, a FAO report indicates that the economic development of most regions with food insecurity is lagging behind that of other regions; poverty reduction and food safety issues cannot be resolved by relying on domestic investment alone, so overseas investment in agriculture plays an important role (FAO, 2012). As long as the risk of overseas land acquisition can be controlled, global overseas investment in land may serve as a good opportunity for the host country (Robertson and Andersen, 2010). Even though overseas land acquisition remains controversial in the international community, countries that have food and energy shortages but are relatively rich in capital, such as China, the Gulf countries, South Korea and Japan, have been the focus of such issues (Campesina et al., 2011).

Controversy and prejudice towards global land acquisition are mainly due to the opaque nature of land deals and weak ability in local land registration. There is no reliable and publically accessible information to accurately assess the scope and its impact. As a result, the information is mainly (and sometimes entirely) based on media reports, which usually include both verified and unverified deals, equate the initially claimed with the practical, unfairly treat all the sides, etc. It inevitably generates heavily skewed results, then is roundly criticised as being evidence by other observers (Hofman and Ho, 2012; Oya, 2013; Schoneveld, 2014). For example, after field interviews and archival research, it was found that the widely held impression of China seeking agricultural land in Mozambique for China's food security was far from the reality (Brautigam and Ekman, 2012; Lagerkvist, 2014).

China's overseas investment in agriculture developed based on foreign aid. China began to implement agricultural foreign aid projects in the 1950s. After reform and opening up in 1978, China's agricultural foreign aid was readjusted and reformed. China began practicing external economic cooperation through non-reimbursable foreign assistance in the form of agricultural

technology with the goals of high compliance, good quality, low profit and high justice. In the 1990s, the concepts underlying Chinese foreign aid saw some adjustments: for one, provide effective aid to recipient countries to foster social economic development; for another, support Chinese agricultural enterprises to go global and hence exploit foreign markets (Chen, 2012). Since 2000, Chinese agricultural authorities have kept promoting the going global practice and the acceleration of Chinese agricultural internationalisation has also been mentioned repeatedly. For example, in the "No 1 Central Document" of 2014, the Chinese government put forward the policy of speeding up the implementation of the Going Global Strategy of agriculture and supporting mutually beneficial cooperation in agricultural production, and cooperating with foreign countries with respect to imports and exports, especially neighbouring countries. It is expected that the Going Global Strategy will give China a more important role in global food security. Considering China's great controversy and important role in the present and future, it is meaningful to go deeper into China's role in global land acquisition. Rather than just reply to the absolute value of Chinese size, which is important although almost impossible due to the lack of reliable information, we would like to compare the difference and similarity between China and other investors. Furthermore, we will also discuss whether this will help developing countries solve their food security problems as China claimed, or just increase food security in China as the public is concerned. Apart from the Introduction section, we will start with a description of data sources, their imperfections and a methodological approach. Then we will present the key findings including the scale, the geographic distribution, utilisation patterns and investment mode. This will be followed by a discussion of China's role in global land acquisition from the viewpoint of food security, especially food supply and availability. Finally, we conclude with a reflection on findings and implications for China's Going Global Strategy.

2. Data and methods

As previously mentioned, there is no accurate and generally accepted information regarding transnational land transactions limited by opaque nature of land deals, incomplete registration of transactions, lag between data collection and release, serious and unacknowledged selection biases and changes in the nature of projects (Azadi et al., 2013; Oya, 2013). The Land Matrix (LM) networks, jointly funded by Oxfam, SDC, Netherlands Ministry of Foreign Affairs, BMZ and the European Commission, are designed to promote open, transparent and responsible agricultural land investment activity. They have established a global agricultural investment database covering land tenure transactions and contain information involving investors, investor countries, target countries, the scale of land transactions, etc.¹ Data are derived from a variety of sources, including research papers and policy reports by international and local organisations and NGOs, personal information contributed through the Global Observatory website, field-based research projects, official government records, company websites and media reports.

As defined by the LM, a deal is referred to as an intended, concluded or failed attempt to acquire land through purchase, lease or concession that meets specific criteria including covering an area of 200 hm² or more, entailing a transfer of rights to use, control or ownership of land and having been initiated since the year 2000. Although it adopts the cross-checking process to verify each deal to improve accuracy (Scoones et al., 2013), several limitations are still note worthy (Anseeuw et al., 2013; Oya, 2013; Eckert et al., 2016).

¹ More information about the Land Matrix networks can be found at the website: <http://www.landmatrix.org/en/>.

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