

Chinese Agribusiness in Sub-Saharan Africa

Development or Exploitation?



Sander Hees (s3618692)
MA International Relations in Historical Perspective
Dr. Malcontent

Source pictures: (upper) Sino-African agribusiness, China National Complete Plant Import and Export Corporation Group (COMPLANT). *Information*. <http://www.complant.com/ejitan1.htm>; (lower) Chinese neo-colonialism?, farmlandgrab.org

List of abbreviations

CADF	China-Africa Development Fund
CDB	China-Development Bank
CLETC	China Light Industrial Corporation for Foreign Economic and Technical Cooperation
COMPLANT	China National Complete Plant Import and Export Corporation Group
CSFAC	China State Farm Agribusiness Corporation
DRC	Democratic Republic of Congo
EXIM	Export-Import Bank of China
FAO	Food and Agriculture Organization
FDI	foreign direct investment
FOCAC	Forum on China-Africa Cooperation
GDP	gross domestic product
IISD	International Institute for Sustainable Development
IMF	International Monetary Fund
MoC	China's Ministry of Commerce
MoFA	China's Ministry of Foreign Affairs
MFEZ	Multi Facility Economic Zone (Zambia)
NGO	non-government organization
ODA	official development assistance
PRC	the People's Republic of China
ROC	the Republic of China (Taiwan)
SSA	Sub-Saharan Africa
SASAC	State-owned Assets Supervision Administration Commission
SOE	state-owned enterprise
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USD	United States' dollars (currency used in this research)

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INTRODUCTION

“Sincerity, equality and mutual benefit; solidarity and common development: these are the principles guiding China-Africa exchange and co-operation”. This official statement, released in a seminal document in 2006 by the Chinese Foreign Ministry, exemplifies a growing necessity for exchange between Africa and China. One of the most prominent reasons for this is the growing deficiency of natural resources: China has 21% of the world’s population, while it only holds 8.5% of arable land and 6.5% of the world’s water reserves.¹ In other words, there is an increasing pressure on Chinese land and water supplies. As a consequence the country became a net importer of food in 2004. Meanwhile the Chinese economy and middle class are booming while predictions claim the Chinese GDP-level will surpass the United States’ by 2020.

With a growing Chinese middle class and a dramatic increase in global activities, a lust for resources has led the country into growing overseas investments especially in the developing world. Since 2000 there is an increasing presence of the Chinese in Africa, which is often described in media reports in a neo-colonialist framing.² This is mainly caused by the current Chinese investments in land, labelled by some media as ‘land grabbing’. In 2008, during the height in food-commodity prices, investments in land became increasingly interesting as profitable business operations. Consequently cheap arable lands in Sub-Saharan Africa became one of the target areas for agro-investors, including Chinese enterprises in search of global trading opportunities. Accusations of ‘land grabs’ are often led by media reports emphasizing exploitation and looting of African arable lands by foreign investors. However, these allegations remain very controversial as they are often based on superficial observations without hard evidence. It is therefore important to put the increasing attention on ‘land acquisitions’ (I use this term instead of the more indiscriminate ‘land grabs’) in a historic-political perspective.

¹ P. Ho and I. Hofman, ‘China’s Developmental Outsourcing: A Critical Examination of Chinese Global ‘Land Grabs’ Discourse’, *Journal of Peasant Studies*, 39,1 (2012): 8

² B. Sautman and Y. Hairong, “Friends and Interests: China’s Distinctive Links with Africa,” *African Studies Review*, 50,3 (December 2007): 75 and Siani, “Chinese “land grabs” in Africa- the Reality behind the news: Policy Brief” *Swedish International Agricultural Network Initiative* (2008)

In 2008, China became the biggest trade partner in Africa surpassing the European Union and the United States while at the same time Chinese aid to Sub-Saharan Africa rapidly increased.³ This research examines the implications of Chinese foreign direct investments (FDI) and development aid to Sub-Saharan Africa. More specifically it will deal with the following question: what is the correlation between China's increased agricultural (business) activities in Sub-Saharan Africa and African economic development? The research-area for this thesis will be Sub-Saharan Africa, unless stated otherwise it *excludes* the North-African countries considered to be part of the Arab geopolitical sphere (Morocco, Algeria, Tunisia, Libya and Egypt).

Despite the inextricable correlation between Chinese investment and African development the *main* focus of the thesis will be on the macro-and micro-intentions of Chinese agribusiness, rather than on an extensive developmental examination of the recipient African countries. Nevertheless, it remains critical to take a broader view that integrates China's business pursuits with its implications on one of the most underdeveloped areas in the world: Sub-Saharan Africa. There is a need for the international community to create a well-balanced understanding of the new role that China is playing, especially in the field of agribusiness/development in Africa.⁴ This role has often been either neglected, or misinterpreted, leading to simplistic claims of a 'yellow peril'.

Currently there are three schools identifiable within this debate: firstly there are the *Sino-optimists*,⁵ claiming that Africa can gain from Chinese presence on the continent (the liberalist theory). These (often Chinese) authors emphasize the benefits of China's agricultural investments for the process of modernization in Sub-Saharan Africa. For example, the food production in Africa can increase when the network of irrigation is further developed with the help of Chinese experts and businesses. A combination of

³ M.P. van Dijk, *The New Presence of China in Africa* (Amsterdam: University Press, 2009), 9

⁴ V. Foster and C. Chen, eds., *Building Bridges: China's Growing Role as Infrastructure Financier for Africa* (The World Bank: Washington DC, 2008)

⁵ See for example: Y. Hairong and B. Sautman, "Chinese Farms in Zambia: From Socialist to Agro-Imperialist Engagement?" *African and Asian Studies*, 9 (2010): 307-333; D. Brautigam, *The Dragon's Gift: the Real Story of China in Africa* (Oxford: University Press, 2009) and H. Wenping, "The Balancing Act of China's Africa Policy," *China Security*, 3,3 (2007): 23-40

trade-and-aid provides both business opportunities for China and essential instruments for the development of Sub-Saharan Africa.

Secondly, Sino-*sceptics* argue that agricultural investments by China in Africa are merely motivated by neo-colonialist (business) exploitation.⁶ Chinese land acquisitions in Africa understandably evokes strong sentiments from both Western and African observers claiming a 're-colonisation' of Africa. Despite the media stories and comments by politicians (mainly in the West), in the academic literature on Chinese agribusiness there is a total absence of a discourse on neo-imperialism in Africa.

And lastly Sino-*critics* take the sceptic's argumentation even further by declaring that the Chinese presence in Africa, which is induced by self-interest, is the cause for Africa's underdevelopment (realism). For example, Hoogvelt claims that the underdevelopment of Africa is caused by neo-imperialist aspirations from foreign investors: "capitalism reproduces a network of hierarchical relations in which the wealth of some benefit from the transfer of economic surplus of others"⁷ These schools are the historiographical fundament for the thesis, and will form the starting point for my examination.

Despite numerous news reports on China's agricultural endeavours in Africa, only few academic studies have analysed Chinese agribusiness activities from a historic-political perspective.⁸ There is a lack of balanced research on this subject. The three academic schools over-simplify a complex interaction between China and Africa by focusing on extreme assumptions of either a 'win-win' (liberalist approach) or a 'zero-sum' (sceptic /critical approach) correlation. In the author's opinion the increased presence of China in Africa goes beyond the mere interest of extracting resources from developing countries on a win-win or zero-sum basis. Furthermore it remains uncertain whether China has any influence on the development of Sub-Saharan countries. Many

⁶ See for example: A.Vines, "The Scramble for Resources: African Case Studies," *South African Journal of International Affairs*, 13,1 (2006): 63-75 and Oxfam Novib, "Land and Power: The Growing Scandal Surrounding the New Wave of Investment in Land," <http://www.oxfam.org/grow> (accessed 22.09.2012)

⁷ A. Hoogvelt, "Globalisation, Imperialism and Exclusion: the Case of Sub-Saharan Africa," in *Africa in Crisis: New Challenges and Possibilities*.ed. in: T. Zack-Williams, D. Frost and A. Thompson (eds.), 17-19 (London: Pluto Press.,2002)

⁸ A. Spring, "Chinese Development Aid and Agribusiness Entrepreneurs in Africa," in *Repositioning African Business and Development for the 21st Century*.ed. S. Sigue, 23 (Canada,2009)

media reports, as my thesis will show, overstate and misinterpret the actual presence of the Chinese on the African continent. Therefore the main purpose of this thesis is to contribute to a more nuanced imaging of China in Africa, based on a historic-political analysis, forming a substantial basis for further research on this topic.

In the first chapter I will put the Chinese presence in Africa in a historical perspective. It will construct a broader (historical) analysis, and provide a contextual basis for the following chapters. Sino-African cooperation on agriculture dates back to the early 1960's. At that time this partnership was based on foreign aid and development assistance rather than trade investments in agriculture. However, it would form an important stimulant for the subsequent agribusiness in later decades. An examination of this historical framework is essential for understanding the current Chinese agribusiness in Africa. From the late 1990s / early 2000s, Chinese state-owned enterprises (SOEs) began to "go global", expanding their business operations throughout the world. It consequently changed the nature of its relationship with Sub-Saharan Africa. This will be the starting point for the next part of the thesis.

The second chapter will provide a more in-depth examination of the macro-structural factors and statistics of the Chinese expansion of agribusiness on the African continent. From the start of the 21st century, it investigates which actors are involved, and whether there is a paradox between political/ideological and economic incentives. Is there *one* 'Chinese Inc.' in Africa? The public perception, portrayed in the media, is often focused on the notion that China is a neo-colonialist power. However, to what extent is it a legitimate claim? By analysing more than fifty news stories on China's agribusiness in Sub-Saharan Africa, during the period of 2008 (the start of numerous reports on Chinese 'land grabs') until present, I attempt to reveal a pattern in reporting. Because of insufficient, and even unreliable, quantitative data from NGOs and government documents, media reports are sometimes the only source for research on this subject.

In the final part of the thesis I will concentrate on the micro-level of the research-topic. While the second chapter deals with a macro-analysis of China's agribusiness and the media reportage on the subject, the third chapter puts these results to the test. It will assess the micro-statistics of China's agribusiness: which actors are involved *on the ground*, where, and how much do they contribute to African development? The chapter

concludes with a short evaluation of a critical report by Loro Horta, which article on Chinese agribusiness in Mozambique was reproduced in many media outlets. Despite an overall lack of reliable data on Chinese business activities in Africa, the Zambezi-valley in Mozambique is an area which offers an ideal test case for the influence of Chinese agribusiness in Sub-Saharan Africa. The main reason for this is the fact that both newspapers and scientists have extensively investigated the fertile Zambezi-region, and moreover the Chinese presence in the area can be understood as much as a ‘win-win’ engagement as a ‘neo-colonialist land grab’.⁹

Besides the scientific debate on this topic, there are a lot of press reports on the research-subject. However, very often the data is insufficient or not reliable. This makes crosschecking, and careful argumentation, extra important. By using official sources, for example the annual statistics of UNCTAD, the EXIM Bank or China’s Ministry of Commerce, the media reports can be checked. The literature used in this research will contain both secondary and primary sources.

In short, this research aims to contribute to the existing literature as a nuanced assessment of the Chinese presence in Sub-Saharan Africa by analysing its historical roots and its macro-and micro-implications.

⁹ S. Marks, “China and the Great Global Land Grab,” *Pambazuka*, 11.12.2008

Chapter 1, Champion of the Third World? Chinese Engagement in Africa: 1950s-2000

Modern economic collaboration between China and Africa started with Mao Zedong's communist leadership over the People's Republic of China (PRC) in 1949. From the 1950s China developed a unique engagement-model with Sub-Saharan Africa which would form the basis for later overseas investments in agriculture. Therefore it is of crucial importance to understand the historical foundations of the Sino-African relations in the modern era. During this period the evolution of China's overseas engagement on the African continent is distinguished by three separate phases: the *socialist* cooperation (1950s-late 1970s), secondly the *capitalist* approach (1980s-2000s) and lastly the *imperialist* claims by Western media (late 2000s-present/future speculations).¹⁰ This introductory chapter will examine the first two phases of the Sino-African agricultural engagement, focusing on the characteristics of the Chinese development-model. The latter 'imperialist-phase' will be discussed in the following chapters.

1.1 Sino-African socialist cooperation, 1950s – 1970s

The first large-scale meeting between Chinese dignitaries and African nations was in 1955 during the Afro-Asian Conference in Indonesia (also known as the 'Bandung Conference'). Twenty-nine African and Asian states came together to enhance their cultural and economic cooperation while averting alignment with either the United States or the Soviet Union in the Cold War. In a shared declaration the non-aligned states incorporated values with the aim to oppose (neo-)colonialism. Important statements that were adopted during this conference were the respect for sovereignty, the principle of non-interference and peaceful co-existence between nations based on mutual benefit.¹¹ After the Bandung Conference it became clear that Beijing asserted its leadership over the newly created non-aligned movement through both assertive and pragmatic actions.

¹⁰ Y. Hairong and B. Sautman, "Chinese Farms in Zambia: From Socialist to Agro-Imperialist Engagement?," *African and Asian Studies*, 9 (2010): 307, C. Smaller, Q. Wei and L. Yalan, "Farmland and Water China Invests Abroad", *IISD Report* (August 2012) and D. Brautigam, *The Dragon's Gift: the Real Story of China in Africa* (Oxford: University Press, 2009)

¹¹ C.M. Dent, eds. *China and Africa Development Relations* (London: Routledge, 2011) 5

During the 1950s until the late 1970s Chinese involvement in Sub-Saharan Africa intensified, but remained primarily motivated by its social revolutionary goals.¹² In this initial phase “the impetus for much of China’s activity is commitment to world revolution”¹³. China’s militant socialist thinking led to a direct dispute between the PRC and the more moderate ‘socialism through parliamentary’-approach by Khrushchev’s Soviet Union. Consequently Africa was seen as one of the most important battlegrounds for the anti-colonial struggle and the Sino-Soviet dispute.

To counter the rising influence of the United States and Soviet-Union in Africa China had to advocate its own model of the “socialist struggle for independence” to the new African states.¹⁴ To nourish this struggle China sold military equipment to Africa worth over USD \$142 million between 1955 and 1977, an enormous amount during that period.¹⁵ However, there was no coherent tactic to subvert decolonized Africa into communist states. Instead, Chinese emphasis on the ‘on-going struggle’ in African nations served as a model for future socialist revolutions while simultaneously provided a response to the international environment deemed contradictory to China’s interests. This early Chinese *realpolitik* exemplified the revolutionary *and* pragmatic commitments in Africa.

In this context agricultural engagement by the PRC in Africa started in the 1960s as an instrument of diplomacy.¹⁶ Officially seen as a rebel province of the PRC, the Republic of China (ROC, Taiwan) started an extensive development-program, ‘Operation Vanguard’, sharing its effective agricultural experience on the African continent. By doing this Taiwan increased her sphere of influence on the African continent significantly, contributed to African food security while isolating its most prominent rival: the People’s Republic of China.¹⁷ To counter the diplomatic isolation by Taiwan the PRC adopted a highly influential ‘One China’-policy. It meant that if African nations recognized the ROC as an independent state, the People’s Republic of China would halt new aid

¹² A. Hutchinson, *China’s African Revolution* (London: Hutchinson & Co Ltd., 1975)

¹³ B.D. Larkin, *China and Africa 1949-1970: the Foreign Policy of the People’s Republic of China* (Berkeley: University of California Press, 1973) 9

¹⁴ A. Ogunsanwo, *China’s Policy in Africa*, (Cambridge; University Press, 1972) 260

¹⁵ M. Meidan, “China’s Africa Policy: Business Now, Politics Later,” *Asian Perspective* 30,4 (2006): 73

¹⁶ Brautigam, *The Dragons Gift*, 34

¹⁷ T. Xiaoyang and D. Brautigam, “China’s Engagement in African Agriculture: “Down to the Countryside” ,” *The China Quarterly*, 199 (2009): 688

commitments. Brautigam labelled this process ‘check-book diplomacy’¹⁸. Figure 1 (see appendix) indicates the amount of aid commitments by China during the period of 1960-2007, illustrating the absence of Chinese aid during periods of diplomatic ties between African nations and Taiwan. The diplomatic battle between the Republic of China and the People’s Republic of China would persist from the 1960s until present days.

In this period, China considered decolonized Africa as politically and strategically important for their foreign affairs, as illustrated by the high-profile visit made by PRC-premier Zhou Enlai from December 1963 to February 1964.¹⁹ During his tour Zhou visited ten African countries and exchanged views with many African leaders. He concluded the tour by declaring “without the liberation of all oppressed peoples and oppressed nations of the world, the Chinese people cannot win complete independence”.²⁰ Zhou’s ‘*eight-principles of China’s aid policy*’ formed the basis for future Sino-African developmental relations, and included the “principles of equality and mutual benefit”, “respect for the sovereignty of recipient countries”, “gradually achieve self-reliance” by developing “aid projects that require less investment but yield quicker results.”²¹ It was a great diplomatic success and would form a major milestone in the relationship between China and Africa, especially for the development of an extensive Sino-African aid program.

Official development assistance (ODA), in other words ‘aid’, primarily aims to “promote economic development and welfare (...) and must be given on a concessional basis”.²² During the 1950s and early 1960s the total *quantity* of Chinese ODA was small, but one must not forget that China was a developing country itself. Moreover, despite its limited number, aid was considered a crucial instrument in Chinese foreign policy. More specifically its African aid was seen as most suitable to constrain aspects in world politics which were inimical to Chinese interests. For example, in the period between 1954-1971 Chinese aid to the Near East and South Asia was limited to around USD \$350 million, while the Soviet Union committed itself to more than USD \$2.5 billion in the same area. In contrast, ODA from China towards Africa contained over USD \$700 million compared

¹⁸ Brautigam, *The Dragons Gift*, 67

¹⁹ Hutchinson, *China’s African Revolution*, 5 and Larkin, *China and Africa 1949-1970*, 103-106

²⁰ Ibid.

²¹ Ibid.

²² Brautigam, *The Dragons Gift* 13

to just over USD \$1 billion of Soviet-African aid.²³ Thus Africa was considered a more suitable area than Asia for China to enter the competition with the Soviet Union and Taiwan. The PRC's aid policies were inspired by revolutionary aims, but in practice were based on pragmatic considerations.

Beside the instrumental motivation for Chinese aid, ODA towards Africa was often a symbol for the excellence of China's development model demonstrating its relevance to African people. The most prominent example was the construction of the Tanzam Railway linking Zambia's copper belt and the Tanzanian port of Dar es Salaam. In the period of 1970-1975 an estimated 15,000 Chinese and 36,000 African workers (mainly Tanzanian) built the construction with impressive speed. The total budget for the project was around USD \$500 million making it the largest aid project at the time.²⁴ At the signing of the project a high official of the PRC, Li Hsien-Nien, declared the construction of the railway was part of a "revolutionary struggle against US imperialism and its running dogs".²⁵

Completion of the railway would eliminate Zambia's economic dependence on Rhodesia (Zimbabwe) and South-Africa, both white-minority governments, as it provided an alternative route for their copper exports. It would also facilitate Chinese import of Zambian copper, which was the only strategic import commodity during the 1970s. After a shortfall in production in 1972, China agreed to purchase a thousand tons per month in copper. However, in 1974 a coup in Chile (the biggest exporter of copper to China at the time) led to the expansion of imported Zambian copper to 24,000 tons per month.²⁶ In sum, the construction of the Tanzam railway served both China's revolutionary and pragmatic objectives leaving a visible (and symbolic) reminder of Sino-African aid. It demonstrated the Chinese were able to take responsibility for such an enormous project, while at the same time contributing to their economic interests. The Tanzam-railway

²³ Hutchinson, *China's African Revolution*, 206

²⁴ Ibid. 222

²⁵ Larkin, *China and Africa 1949-1970*, 99

²⁶ Hutchinson, *China's African Revolution*, 203

illustrates a growing aid commitment combined with an increasing connection between aid and trade.²⁷

Sino-African aid from the 1950s through the mid-1980s often provided in mass projects facilitated by large teams of Chinese experts. Agricultural cooperation in these decades was solely offered through aid projects, and was not based on investments by Chinese investors. *Agribusiness* was still only of marginal importance in Sino-Africa relations. Until the 1980s Chinese aid-projects in African agriculture represented more than 25% of the total aid projects to Sub-Saharan Africa (see appendix figure 2),²⁸ and were often intended to symbolize “socialist modernity”.²⁹ At the start of Sino-African agricultural cooperation, in the early 1950s, projects were often focused on large-scale state farms such as sugar plantations. These state farms aimed at achieving national self-reliance through socialist methods which were taught by Chinese agro-experts. By the 70s the nature of these projects changed as aid was now directed to small-and medium-scale demonstration farms.³⁰ Turnkey projects were handed over by the Chinese in fully working conditions, without ‘strings attached’. As we will see in chapter 3, these farms formed an important starting point for subsequent agribusiness investors of later decades.

Despite the relevance of aid assistance offered by the Chinese, Sino-African trade relations remained relatively modest in the 1950s and 1960s (except Zambian copper)³¹. Nevertheless there was a significant increase in Chinese exports to Africa during the late 1960s. In 1955 Chinese exports to Africa had accounted for only 1.5% of the total export from the PRC, while imports from Africa were 1.75% of the total Chinese imports. By 1967 Sino-African export had significantly risen to over 6%, while imports gradually increased to 2.85%.³² Figure 3 of the appendix demonstrates this development in Sino-African trade relations between 1955-1967.

As indicated before, China’s engagement on the African continent was inspired by her socialist ideology that was illustrated by her initial support for revolutionary

²⁷ Hutchinson, *China’s African Revolution*, 166

²⁸ Editorial Board of the Almanac of China’s Foreign Economic Relations and Trade. *Almanac of China’s Foreign Economic Relations and Trade 1988*. (Beijing, 2011)

²⁹ Gill, “China Inc.”, 236

³⁰ Spring, “Chinese Development Aid”, 25 and Smaller, “Farmland and Water”

³¹ Larkin, *China and Africa 1949-1970*, 89

³² United Nations. *Yearbook of International Trade Statistics: volume 1967* (New York: United Nations, 1969)

groups in Africa. In the late 1960s Chinese domestic and foreign policy would dramatically change as the country began a period re-strengthening her revolutionary socialist ideals.³³ The Great Proletarian Cultural Revolution, which was at his height from 1966 through 1969, was officially implemented to safeguard the purity of the Maoist revolution. However, in reality it was intended to remove Mao's rivals and replace the old order. It resulted in a period of self-imposed isolation from global politics and trade.³⁴

From 1973 onwards there was no longer Chinese support for any dissident revolutionary group in Africa, and the aggressive rhetoric gradually moderated as it became increasingly pragmatic.³⁵ The PRC consequently tried to balance her pursued image as 'champion of the Third World' with the desire to seek for rapprochement with the West. Although increasingly pragmatic, favourable trade-and aid-agreements were still implemented as a reward for political cooperation. An example of this Chinese *quid pro quo*-attitude is the delivery of 500,000 tons of refined sugar from China to Sudan in 1976. While Sudan had been supportive to the PRC in the 'One China policy', consequently suspending diplomatic ties with Taiwan, China offered the much needed sugar to Sudan at USD \$51 per ton, compared to USD \$80 per ton by traditional sugar exporters (France and Taiwan).³⁶

1.2 Sino-African capitalist approach, 1980s – 2000

Beginning in the mid-1980s the dividing line between Chinese aid and foreign direct investment began to blur. For China's engagement in African agriculture it meant that a second phase of 'agro-capitalism' had started. The new leader of the People's Republic of China, Deng Xiaoping, opened up to foreign investment and thus radically reformed socialist thinking. In a speech Deng declared "*to strive for socialist modernization, we have to pursue an open policy. The open policy we refer to has two aspects: opening up to the outside world and opening at home (...) help our development by introducing advanced experience from abroad*".³⁷

³³ C. Alden, "Emerging Countries as New ODA Players In LCDs: the Case of China and Africa," *Gouvernance Mondiale*, 1 (2007): 2

³⁴ Hutchinson, *China's African Revolution*, 133-134

³⁵ *Ibid.* 166

³⁶ Hutchinson, *China's African Revolution* 198

³⁷ Almanac, Foreign Economic Relations 2

Consequently “fraternal socialism” of the 1960s was gradually replaced by a combination of socialism and prudent capitalism during the 1980s, in Xiaoyang’s words “amicable capitalism”.³⁸ Deng Xiaoping focused on economic innovation while foreign policy became largely dedicated to fostering the economic modernization program. By merging socialist ideology and pragmatic market-strategies he thus created the “socialist market economy”³⁹, which would form an important incentive for the formation of the 1990s agro-capitalism.

While the Chinese share in world trade increased from USD \$44,022 million in 1981 to USD \$102,784 million by 1988, Africa only played a marginal part in this development.⁴⁰ Instead, attention from the PRC now centred on enhancing trade relations with Japan and the United States (both former foes of China). Especially the Sino-Japanese economic relation from the 1970s through the 1990s would stand model for the later Chinese economic engagement in Sub-Saharan Africa.

Trade volume between Japan and China consisted of only USD \$40 million in 1950, which exceeded to over USD \$1 billion by 1972 (the year of diplomatic re-establishment between China and Japan).⁴¹ In the 1970s the Chinese economy was still largely agrarian, with enormous reserves of natural resources. It was similar in structure to many current African countries, thence the need to modernize its economy. Japanese expertise in building infrastructure and the export of technological know-how became increasingly important for the industrial development in the PRC. In return, importing China’s natural resources, mainly crude oil, made it the ideal trading partner for Japan’s economy based on high-tech technology.⁴²

In 1973, Japan entered the Chinese petroleum-market and started to import huge quantities of crude oil from the oil fields near Daqing while exporting technical equipment and assisting in the construction of Chinese infrastructure.⁴³ Four years later petroleum made up nearly half of the total Japanese import from China (see figure 4). In 1977 57% (more than USD \$1 billion) of Japan’s export to China consisted of metal

³⁸ Xiaoyang, “China’s Engagement”, 686

³⁹ Brautigam, *The Dragons Gift*, 9

⁴⁰ I. Taylor, “China’s Foreign Policy Towards Africa in the 1990s,” *The Journal of Modern African Studies*, 36,3 (1998): 443-444

⁴¹ Almanac, *Foreign Economic Relations* 42

⁴² Brautigam, *The Dragons Gift*, 45-47

⁴³ Almanac, *Foreign Economic Relations* 420 and Brautigam, *The Dragons Gift*, 45-47

articles, while 42,3% of total imports were petroleum and crude oil. By 1989 trade between Japan and China had increased significantly to nearly USD \$20 billion, but the proportion of imported oil had diminished to only 13.7% of total imports.⁴⁴

By the end of 1978 Chinese officials had agreed to 74 contracts with Japan to support turnkey projects that would form the basis for the PRC's modernization process.⁴⁵ For example, in 1978 the government of Japan had offered a preferential interest-loan of USD \$10 billion to finance the export of its industrial technology and infrastructure near Daqing. China agreed to repay the equivalent in petroleum and coal to Japan.⁴⁶ This example illustrates the significance of 'mutual benefit' in the Sino-Japanese economic relation. The PRC saw these tactics as beneficial for their own modernization, while Japan could use their modern technologies to exploit natural resources that China was unable to unlock themselves.

This 'mutual benefit'-strategy was further intensified in China's own modernization process. In 1982 Zhao Zhiyang, premier of the PRC, drafted the "four modernization program" after he made an official tour to eleven African nations, which provided a guide-line for modern Sino-African foreign policy.⁴⁷ This program was similar to Zhou Enlai's 'eight-principles of China's aid policy', although Zhiyang never mentioned the word 'aid'. Instead, the emphasis was placed on the notion of 'mutual benefit' and 'common progress'. In practice this meant China would drastically change its aid system by conducting four major reforms: firstly, China started to offer scholarships to promising African students as to target weak local capacity, secondly the Chinese aimed to expand trading opportunities with Africa through existing projects, thirdly the procedures for granting support became subject to more rigorous feasibility studies, and lastly the structure of the aid system significantly altered as joint ventures, instead of major state-sponsored projects, became the most important instrument of achieving 'mutual benefit'.⁴⁸

⁴⁴ T. Morino, "China-Japan Trade and Investment Relations," *Proceedings of the Academy of Political Science*, 38,2 (1991): 92

⁴⁵ Brautigam, *The Dragons Gift*, 47

⁴⁶ Ibid.

⁴⁷ Xiaoyang, "China's Engagement" 689

⁴⁸ Brautigam, *The Dragons Gift*, 53-55

In the process of socialist modernization Chinese attention to Africa waned. Despite the high-level visits to Africa in the early 1980s (for example, premier Zhao Zhiyang's tour of 1982, vice-premier Li Peng's tour in 1984) from around the mid-1980s these visits had vanished. As indicated before, any contribution of the Third World to the process of Chinese modernization was considered to be very unlikely. This can be further illustrated by the stagnating amount of ODA from China to Africa: in 1981 the PRC committed USD \$412 million for aid to Africa, while by 1987 this declined to USD \$306 million.⁴⁹ Aid projects in the 1980s and 1990s focused on repairing dozens of former projects that had collapsed. This often led to more direct management by Chinese expatriates but was not in contrast to the principle of non-interference according to premier Zhiyang. He declared "Chinese rehabilitation projects were directed to supporting African self-reliance, instead of interfering in other countries' internal affairs".⁵⁰

Encouraged by the modernization-program of Deng and Zhiyang Sino-African economic relations aimed to become more sustainable and mutually beneficial. Thus the Chinese government started to promote cooperation between Chinese companies and African nations through aid-related investments by joint ventures. However, in the first half of the 1980s, the government strictly regulated contracts to state-owned trading companies under the Ministry of Commerce, or provincial/municipal 'economic and technological corporation enterprises' under the State Economic and Trade Commission (now National Development and Reform Commission) to construct turnkey project through overseas investments.⁵¹

The growing interweaving of Chinese aid and business opportunities caused a cautious internationalisation in Deng's gradualist road of capitalist-orientation. Two major events in the end of the 1980s and start of the 1990s, would permanently change the relation between China and the First and Third World. Firstly, in 1989 the crackdown of government-forces at Tiananmen-square consequently led to much international criticism of Chinese human rights abuses. This Western criticism was seen in the PRC as

⁴⁹ Taylor, "China's in the 1990s", 443

⁵⁰ Brautigam, *The Dragons Gift*, 57

⁵¹ P. Buckley, "The Determinants of Chinese Outward Foreign Direct Investment," (2007) through http://westminsterresearch.wmin.ac.uk/4938/1/Buckley_et_al_2007_-_2_final_author_version.pdf (accessed 15.10.2012)

a direct interference in the national sovereignty, and became a major motivation for re-evaluating foreign policy in Beijing.⁵² It initiated a new phase in the Sino-African relation as the PRC re-established intensive contact in the developing world. Regarding the West, China would keep a more cautious profile in international affairs.⁵³

In 1993 a second milestone in China's engagement with Africa and the Western world took place. In this year China transitioned from oil-export-to oil-import-country, giving greater prominence to its strategic economic relations. Production of petroleum, which was the main export-commodity to Japan in the late 1970s, stagnated with a growth percentage of >2% while demand annually increased with >10%.⁵⁴ At this point, according to some authors, energy resources became the most important catalyst for China's involvement in Africa.⁵⁵

In the course of these developments Africa became increasingly important for China's global policy and its diplomatic objectives. This was not a new trend as, for example, diplomatic support from African nations had been decisive for the PRC to reclaim their seat in the United Nations in 1971.⁵⁶ Moreover, during the 1950s-1970s Africa was seen as most suitable continent to counter the growing influence of the Soviet Union and United States and obstruct recognition of the Republic of China. But due to China's economic growth, and growing political influence, the nature of Sino-African economic relations had changed significantly. China became a major power on the African continent, and started to further reform its aid policies.

As indicated before, Sino-African aid became more and more linked to business opportunities. From the mid-1990s, the Chinese government gradually started supporting its most prominent state-owned enterprises to invest in Africa. Restrictive regulations from the late 1980s and early 1990s were removed to foster overseas investments. Moreover, the state set up new instruments to stimulate trade between China and Africa. One example is the establishment of the ExportImport Bank (EXIM) in 1995.⁵⁷ This bank

⁵² Taylor, "China's in the 1990s", 446

⁵³ Alden, "Emerging Countries", 2

⁵⁴ Meidan, "China's Africa Policy", 76

⁵⁵ Alden, "Emerging Countries", 2

⁵⁶ Xiaoyang, "China's Engagement" 688

⁵⁷ Ibid. 693

financed Chinese turnkey projects and used foreign aid funds to subsidize concessional loans for joint ventures.

In the period between 1990 and 2001 China gradually expanded her overseas investments and relocated the target-areas (see figure 5): in 1990-1992 China invested totally USD \$1.3 billion, of which nearly 70% was located in the developed countries. In contrast, in 1999-2001 the PRC invested 63% of the total USD \$3.7 billion in developing countries. FDI outflows to Sub-Saharan Africa increased from 3.83% in 1990 to 14.93% of the total stock.⁵⁸ The major shift in the quantity and placement of Chinese global investments demonstrate the change of China's economic policies.

The major 'aid' reforms in the mid-1990s are often referred to as 'going global'-*policies*. Nevertheless, there was not an official government-supported directive to 'go abroad', instead the government created tools that assisted the Sino-African economic relations. Through loosened regulations, tax exemptions and business-supporting bodies (ex. EXIM-bank) China aimed to enhance trading opportunities with Africa. It had only become an official policy at the start of the 21st century, which thus stimulated Chinese agribusiness on the continent. Wei Jianguo, vice-minister for foreign aid proclaimed in 2002 at an agricultural conference; "China-Africa agricultural co-operation in the new century must be conducted by enterprises and should be market-oriented"⁵⁹ This quote exemplifies the last phase in the transformation from government-supported socialist aid projects during the 1950s-1970s, to commercialized business-aid convergence from the 1980s onwards. The process led a foundation for China's agribusiness in Sub-Saharan Africa.

Despite the initial reluctance of Chinese agribusiness in Sub-Saharan Africa, Chinese agricultural aid projects made up over a quarter of the total projects by the end of the 1980s. Until 1987, 388 aid projects had been conducted in Sub-Saharan Africa, of which 103 were directly related to the agrarian sector: for example, 31 cooperation demonstration farms and 29 farm technical promotion projects (figure 3).⁶⁰ Since the mid-1950s through the 1970s agricultural cooperation between China and Africa focused on state-owned farms and later in developing small-and medium-sized agricultural

⁵⁸ Buckley, "The Determinants of Chinese Outward Foreign Direct Investment,"

⁵⁹ Xiaoyang, "China's Engagement" 693

⁶⁰ Almanac, *Foreign Economic Relations*

demonstration projects.⁶¹ With the pursuance of Chinese modernization and the establishment of the “socialist market economy” the nature of the PRC’s overseas agricultural cooperation changed.

In the course of the 1970s African food production stagnated and even declined, while in the rest of the world a gradual growth in production remained (see figure 6).⁶² It became clear Sub-Saharan Africa needed support from other countries to prevent structural food shortages. In contrast to the conditions implemented in the aid programs of Western donors (known as ‘structural adjustment policies’), Chinese aid was known to be with ‘no strings attached’. African leaders, like Nyerere, Numeiry, Kaunda, Sekou Toure, Ngouabi, Keita etc, were openly having favourable opinions on the Chinese aid-model.⁶³ On the other hand, it caused much international criticism from Western countries as they claimed China was supporting dictators and thus contributed to corruption and human rights abuses on the continent.

As indicated before, during the 1980s official policy was focused on implementing sustainable development projects based on ‘mutual benefit’ and promoting economic growth in the recipient countries. Encouraging Chinese investment in Sub-Saharan agriculture potentially bolstered food security and created business opportunities for agro-investors. Since 1995, until 2001, this process fastened as the Chinese had set up 221 agricultural cooperation projects in Sub-Saharan Africa and thus contributed in the provision of agricultural equipment and machineries.⁶⁴ Chinese activities in African agriculture represented a combination between aid and other sorts of government assistance (such as concessional loans) and cautious business exploration by China’s state-owned-enterprises. Types of Chinese business models in African agribusiness included (aid-sponsored) joint ventures, co-operation contracts and public-private partnerships.

Sino-African agribusiness remained relatively small during the 1990s.

⁶¹ Spring, “Chinese Development Aid” 25

⁶² African Agricultural Technology Foundation (AATF), “A Study on the Relevance of Chinese Agricultural Technologies to Smallholder Farmers in Africa,” (2010)

⁶³ Hutchinson, *China’s African Revolution*, 4

⁶⁴ Smaller, “Farmland and Water”

China had invested only 11,000 ha in African agriculture, while investing much larger amounts in South East Asia. For example, China had invested over 105,000 ha in Cambodian arable lands.⁶⁵ It indicates the relative importance of Sino-agrarian investments in Southeast Asia compared to African lands, during the second half of the 20th century. Despite the insignificant amount the historic evolution of Chinese agribusiness, combined with the Sino-African aid/trade-development, remains a relevant topic because it had great political significance and contextualizes the current negative claims by Western media (which will be further discussed in the following chapter).

The first Chinese overseas farming operation was conducted by the Wuxi municipality (near Shanghai), as it spent USD \$800,000 to buy a remote 4,400 ha of Australian land. In Sub-Saharan Africa the first agribusiness investment was initiated by the state-owned-enterprise China State Farms Agribusiness Corporation (CSFAC) in 1990. It had established the China-Zambia friendship farm (667 ha) followed by the first significant Sino-agribusiness operation in 1992: Zhongken Estates Ltd (3,573ha) also in Zambia. According to Brautigam, SOE purchased the Zhongken farm for “USD \$600,000, then another USD \$1.6 million to develop it (...) Now it’s worth USD \$6 million, employing 200 local workers”.⁶⁶ These two farms would become the model for subsequent Chinese agribusiness operations in Sub-Saharan Africa. Figure 7 (see appendix) shows the eight investment-farms by Chinese investors during the 1990s.

1.3 Conclusion

In sum, modern Sino-African engagement dates back from the 1950s when socialist cooperation and the “commitment to world revolution” were key incentives for the Chinese to become involved in the continent. At the same time Chinese involvement was not merely inspired by revolutionary aims, but instead demonstrated a combination of socialist ideological goals while acting pragmatically. An example of this is the construction of the Tanzam-railway, which was constructed with the help of Chinese aid between 1970-1975, but was also motivated by economic and diplomatic incentives. Trade relations between Africa and China remained modest during the 1950s and 1960s.

⁶⁵ B. Gill and J. Reilly, “The Tenuous Hold of China Inc. in Africa,” *The Washington Quarterly*, 30, 3 (2007): 13

⁶⁶ Brautigam, *The Dragons Gift*, 254

In the second ‘capitalist phase’, Chinese commitment in Africa transformed from fraternal socialism (during the 1950s) to a model of prudent capitalism starting in the 1980s. Attention to Africa was on the wane, as the PRC aimed to strengthen its trade relations with the Western world, most notably Japan. The Sino-Japanese trade-relation during the 1970s-1990s stood model for Chinese engagement in Sub-Saharan Africa based on the principle of ‘mutual benefit’. From the 1980s Deng’s “socialist market economy” would alter the nature of China’s economic and foreign policies, as it supported a gradual move to prudent capitalism. However, until 2000 Chinese agribusiness in Africa remained small although 25% of government-sponsored aid-projects consisted of agricultural projects. These historic developments in Sino-African economic relations contextualize the latter agribusiness-model enhanced by Chinese entrepreneurs.

Chapter 2, Chinese ‘Land Grab’s’ In Sub-Saharan Africa: a Macro-Perspective

In accordance with the first chapter, agribusiness was relatively unimportant to Chinese engagement in Sub-Saharan Africa until 2000. However, agricultural aid made up around a fifth of the approximately 900 turnkey projects supported through China’s development program between 1960-2006. But the role of agriculture in Sino-African engagement has changed significantly over the recent decades. Despite the fact that currently 95% of China’s food consumption is produced by local farmers, the country is coming near the critical ‘red line’ to sustain its own food security⁶⁷: 120 million hectares (ha) of arable land is now being cultivated, but it remains questionable if Chinese farmers can keep up with the rising pressure on food resources. Therefore some authors claim China is using its ‘go global’-policies to support SOEs to invest in African arable lands as to provide extra food security for the PRC (often referred to as ‘land grabs’). This chapter examines the macro-characteristics of Chinese engagement in Africa’s agriculture from 2000 onwards. It analyses the public perception on this subject through investigating media reports, examines the official policy regarding Sino-African cooperation, and thus offers a nuanced contribution to the existing literature.

⁶⁷ Xiaoyang, “China’s Engagement”, 686

2.1 Chinese Food Security Under Pressure

A sustained growth in population and economy put a rising pressure on Chinese natural resources. As stated in the introduction, the PRC now holds 21% of the world's population while it merely has 8.5% of arable lands and 6.5% of the world's water reserves.⁶⁸ Marks claims "100 million people in South-West China will lose the land they live on within 35 years if soil erosion continues" while at the same time the higher meat consumption and more luxurious life styles in the growing middle class add more pressure on Chinese food supply.⁶⁹

Another factor contributing to the rising pressure on China's food security is the strong demographic trend of urbanization in the PRC since Deng Xiaoping's governance. In 1978, at the start of Deng's reign, more than 82.08% of the total 962 million Chinese population lived on the countryside. By 1992 the percentage decreased to 72% of the people that still lived in rural areas. Despite the downward trend, the rural populace remained a significant high portion of the total population. However, in 2010 the rural population constituted only 50.05% of the total Chinese society.⁷⁰ More and more people, predominantly the younger generations, migrated from the countryside to the expanding cities.

This urbanization has been spurred by China's rapid economic growth since the introduction of the socialist market economy in the 1980s. In terms of increase in gross domestic product (GDP) China still ranked 11th in 1990, but by 2010 became the second largest economy in the world with a growth rate of 10.30%.⁷¹ Even in 2009, when the financial crisis struck the global economy hard, growth was still estimated at 9.20% according to government sources. The IMF and World Bank estimated per capita GDP in China had increased from USD \$60 annually in 1978 to USD \$5,400 in 2011.⁷² The persistent economic growth indicates the success of the Chinese economic model, but at the same time signifies a clear potential threat to Chinese food security due to changing diets in the growing middle classes.

⁶⁸ Ho, "China's Developmental Outsourcing", 8 and Brautigam, *The Dragons Gift*, 234

⁶⁹ S. Marks, "China and the great global land grab," *Pambazuka*, 11.12.2008

⁷⁰ National Bureau of Statistics of the PRC. *China Statistical Yearbook 2011*. (Beijing, 2011)

⁷¹ Ibid.

⁷² World Bank. "Per capita GDP growth". Accessed 09.09.2012.

<http://data.worldbank.org/indicator/NY.GDP.MKTP.CD>

China relies increasingly on the global food market to meet the food demands of its own population, as it became a net importer of food in 2004. For example, 70% of China's soybeans consumption is imported from other countries.⁷³ In *'Who Will Feed China: Agribusiness or its own Farmers?'* non-profit organization GRAIN claims the rapid increase in Chinese soy imports is even "the most dramatic agricultural transformation the world has ever seen". If Chinese import of food commodities continues "millions of people are losing access to water, and local food systems are being destroyed to make way for exports. The opening of the next frontiers for agricultural commodity production is well under way."⁷⁴ In an almost apocalyptic description GRAIN illustrated the soy-imports from China as being harmful to the lives of millions.

In response to the rising food prices in 2007/2008 some authors claimed Western countries purchased and leased huge amounts of arable lands in Africa to ensure their own food security. Oxfam calculated "in the developing countries as many as 227 million ha of land- an area the size of Western Europe- has been sold or leased since 2001" while an on-going research by the Land Matrix Partnership, an international NGO, suggested "the bulk of these land acquisitions has taken place over the past two years, during 2009-2010".⁷⁵

Naturally, the extensive acquisitions of land for the export of food might affect the livelihoods and food security of the people in host countries. Moreover, it is a rightful claim that land is a central factor to the construction of a social identity. But, on the other hand, this process of 'land grabbing' is often ill defined, leading to misinterpretation through media coverage. The term 'land grab' implies the unlawful appropriation of property. In general, current land acquisitions are "formally arranged lease or concessionary rights, ranging from 30 to 99 year" while "outsourcing of agricultural production by leasing or buying rural land in developing countries".⁷⁶ To avoid a value judgment, and thus oversimplification of reality, it is more legitimate to refer to the 'acquisition of land' instead of a neo-colonialist discourse referring to 'land grabbing'.

⁷³ Brautigam, *The Dragons Gift*, 257

⁷⁴ Grain, "Who Will Feed China: Agribusiness or its own Farmers? Decisions in Beijing Echo Around the World," (August 2012) 2

⁷⁵ Oxfam Novib, "Land and Power: The Growing Scandal Surrounding the New Wave of Investment in Land," <http://www.oxfam.org/grow> (accessed 22.09.2012)

⁷⁶ I. Hofman and P. Ho, "Rethinking China's Land Grabs: Chinese Land Investments in Central Asia," *the Newsletter*, 58 (2011)

2.2 The New Scramble for African resources? A Media Analysis, 2008-2012

In the case of Chinese agribusiness in Sub-Saharan Africa there are different ideas about what motivates China to acquire land in the developing world. In the media there is often a tendency to emphasize the negative effects of Chinese investments in the agrarian sector of Sub-Saharan Africa. Especially since food prices grew dramatically during 2007/2008 there is a strong surge of news stories assuming China is on an exploitative quest for natural resources through a method of aggressive land acquisitions in Africa.⁷⁷

Extensive quantitative research on international land deals is still lacking, and thus the concept of agribusiness is still little understood in the international community. Due to insufficient and unreliable data on Chinese land acquisition in Sub-Saharan Africa, media reports are often the only main sources left. In the interest of this study it is important to provide a better understanding of the available coverage on this subject with the aim to contribute to a more balanced debate. Through an inquiry of fifty-six articles from fifty different global newspapers a pattern is exposed in the media coverage on Chinese land acquisitions in Sub-Saharan Africa between 2008 and 2012.

The beginning of 2008, when food prices were at their height, forms the starting point of this media-analysis. However, already in 2005 and 2006 media were suspicious towards Chinese agribusiness in Sub-Saharan Africa, which was often seen as an exploitation of natural resources. For example, Princeton Lyman concluded in front of the US-China Committee “China’s principal interest in the continent is access to natural resources (...) and is indifferent to political controversy”⁷⁸. In a second example Esther Pan, editor of the *New York Times*, asserted that “China is very deeply engaged in exploiting Africa’s oil resources (...) to actively trying to diversify its supply lines after 9/11 and unrest in the Middle East”.⁷⁹ Johannesburg-based ‘IRIN-News’ even claimed the Chinese were “engaged in a *scramble for African resources* to feed the roaring

⁷⁷ Siani, “Chinese “land grabs” in Africa”

⁷⁸ P. Lyman, “China’s Rising Role in Africa”, Presentation to the US-China Commission July 21,2005. Accessed <http://www.cfr.org/china/chinas-role-africa/p8436>

⁷⁹ E. Pan, “Q&A: China, Africa and Oil,” *New York Times*, 18.01.2006

economy”.⁸⁰ In this period the incentives for China’s relation with Africa were mainly seen as a new way of exploiting natural resources from underdeveloped countries.

Between 2008 and 2012 media-reports on Chinese land deals in Sub-Saharan Africa gradually changed from a critical to a more optimistic perspective (see figure 8). Fifty-six articles were carefully selected through examination of various global newspapers. These papers directly referred to Chinese land-deals in Sub-Saharan Africa and can be distinguished by four ‘gradations of approval’: first there are *Sino-sceptical* reports, claiming Chinese presence in Sub-Saharan Africa is a neo-colonialist approach. Secondly, *Sino-critical* authors directly ascribe the underdevelopment of Africa to the exploitation by China on the continent. The third and fourth variables concentrate on more positive perspectives: *Sino-pragmatists* see engagement in Africa merely through a cost-and benefits consideration. In the view of these reports, Chinese entrepreneurs might contribute to the local economy, despite the fact that they are only motivated by profits. Lastly *Sino-optimists* encourage the presence of Chinese agribusinesses on the continent as it contributes to the food security of African countries, thus generates employment for local workers.

As figure 8 in the appendix illustrates, sceptic and critical reports decreased over time while more positive media attention grew. At the same time the amount of reports on Chinese land acquisitions in Africa varied greatly. For example, of the 56 articles under consideration more than half of the total coverage was written in 2008 (27%) and 2009 (41%). The content of these news stories reveals a general mistrust of the Chinese intentions in Sub-Saharan Africa. The following section briefly evaluates and deconstructs the content of the media’s discourse on Chinese land deals.

In 2008, at the height of the food-price crisis, the media’s attention centred on the potential motivation for China’s rising profile on the African continent. Factors contributing to more investments in land were reflected with great suspicion. Thus, some reports emphasized that the Chinese government was pragmatically supporting

⁸⁰ Unknown, “Africa: China’s Great Leap Into the Continent,” *IRIN*, 23.03.2006 and A.Vines, “The Scramble for Resources: African Case Studies,” *South African Journal of International Affairs*, 13,1 (2006): 63-75

companies “develop agriculture production abroad to guarantee domestic food security”⁸¹.

It has led some *Sino-sceptics* to interpret this development in a neo-colonialist framework. The most prominent example is an often-cited quote in the *Financial Times* by Jacques Diouf, director-general of the Food and Agriculture Organisation: “China plans to lease vast tracts in Africa (...) to grow crops and ship them back to their markets (...) there is a risk of creating a *neo-colonial* pact for the provision of non-value added raw materials in the producing countries and unacceptable work conditions for agricultural workers”⁸². In similar words, ‘the Guardian’ warned, “rising food prices have already set off a second “scramble for Africa”⁸³. Chinese officials emphatically denied these claims of a preconceived (neo-colonialist) plan to ensure China’s food security, underscoring the country is “fully capable of ensuring its own food security”⁸⁴.

Neo-colonialist accusations, by a mainly *Sino-sceptic* Western media, persisted during 2009: “a new form of agrarian colonialism (...) land grabs in Africa by China serve to guarantee their own national food security. This is a case that recalls the worst colonial land grabs in Africa”⁸⁵ some authors describe these ‘behind-the-scenes transactions’ even as “another season of rape and exploitation”⁸⁶. It is not surprising that Chinese land-deals in Africa evoke a great fear for neo-colonialism, but by publishing indiscriminate statements some media contributed to a general feeling of mistrust towards Chinese agribusiness in Africa.

According to some *Sino-critical* journalists, Chinese neo-colonialism in Sub-Saharan Africa differs from other forms of colonialism because “countries are readily allowing themselves to be conquered”⁸⁷ while “the elite of Africa – a combination of soldiers, thugs and opportunist politicians – strengthen their own power base (...) and

⁸¹ L. Ping, “Hopes and Strains in China’s Overseas Farming Plan”, *Economic Observer*, 03.07.2008 and J. Anderlini, “China Eyes Overseas Land in Food Push”, *Financial Times*, 08.05.2008

⁸² J. Blas, “UN warns of food ‘neo-colonialism’”, *Financial Times*, 19.08.2008

⁸³ J. Borger, “Rich Countries Launch Great Land Grab to Safeguard Food Supply”, *the Guardian*, 22.11.2008

⁸⁴ L. Xiaokun, “China Denies Hoarding Overseas Farmland”, *China Daily*, 04.07.2008

⁸⁵ J. Godoy, “The Second Scramble for Africa Starts”, *Inter Press Service*, 20.04.2009

⁸⁶ Unknown, “Is a Re-colonization of Africa Underway?”, *New Vision*, 14.07.2009

⁸⁷ H. Knaup & J. Von Mittelstaedt, “The New Colonialism: Foreign Investors Snap up African Farmland”, *der Spiegel*, 30.07.2009

take decisions today that will have major repercussions for the livelihoods and food security of many to come”.⁸⁸

At the same time, mostly through Asian newspapers, some editors start to question this “harsh reputation” of the Chinese in the (Western) media. *Sino-optimists* emphasize the “potential to significantly change agriculture on the continent”⁸⁹. Chinese engagement in African agriculture could alter production and thereby assist to increase food security in Sub-Saharan Africa, in other words “it could help improve African farming”.⁹⁰ An illustration of this is an agro-project in Zimbabwe financed by the province of Hubei, where Chinese entrepreneurs “contract farmers and later buy their produce and so assist in developing vital infrastructure in the institutions by funding farming operations”⁹¹

But despite an increase of positive coverage strong critique on Sino-African agribusiness remained, even from high government officials. For example, Germany’s African Policy coordinator, Gunter Nooke, blamed “China’s practice of buying up land in the Horn of Africa for contributing to the devastating drought ravaging the region. In the case of Ethiopia there is suspicion that the large-scale land purchases by foreign companies, or states such as China are very attractive for small African elite”⁹². In response to Nooke’s accusation Yap claimed, in the *Wall Street Journal*, that “when it comes to famine in Africa, China seems an easy target for critics”⁹³. More and more media coverage focused on a reflective analysis of the growing Chinese presence in Sub-Saharan Africa, instead of unsubstantiated accusations of Sino neo-colonialism on the continent.

There are four tentative conclusions to be drawn from an assessment of the media-coverage on Chinese land acquisitions in Sub-Saharan Africa, between 2008 and 2012. Firstly, the media covering this theme can be divided in four content-perspectives: *critics*, *sceptics*, *pragmatics* and *optimists*. It is striking to note that each approach is, in generalising terms, geographically determined. There are of course exceptions, but as

⁸⁸ G. Mersha, “International Agricultural Land Deals Award Ethiopian virgin lands to foreign companies”, *Abudiga*, 13.08.2009

⁸⁹ C. Rubinstein, “Speaking freely: China’s eye on African agriculture”, *Asia Times*, 02.10.2009

⁹⁰ D. Saunders, “China’s African Land Grab”, *Globe and Mail*, 04.04.2010

⁹¹ O. Chifamba, “Zimbabwe: Twinning Scheme to Benefit Farmers”, *the Herald*, 10.05.2011

⁹² Unknown, “Germany Blames Chinese Land Buys for Africa Drought”, *AFP*, 28.07.2011

⁹³ C.W. Yap, “China gets (needlessly) defensive over famine in Africa”, *Wall Street Journal*, 25.08.2011

Western media and local African coverage were mainly most *sceptic* or *critical* towards Chinese agribusiness in Africa, Asian newspapers mostly projected a more *optimist/pragmatic* image of Sino-African engagement. This is of course a logical inference as media in China are more inclined to associate themselves with the official Chinese government policy than Western or African newspapers.

Secondly, the transforming nature of content, from a negative tendency (2008/2009) towards a more positive perspective (late 2011-current) on Chinese involvement in Africa, is strongly related to the changing historical context. In 2008 food prices were rising dramatically, and had never been this high since the crisis during the 1970s (see figure 9.1).⁹⁴ For example, at the height of the crisis, during the summer of 2008, the price of rice had increased a four-fold compared to 2003 (see figure 9.2). The severity and intensity of the food price-crisis led to many critical reports about Chinese agribusiness in Africa and the West. After the ‘price bubble’ suddenly receded, the amount of critical articles on Sino-African land-deals gradually decreased.⁹⁵

China’s expanding relation with Sub-Saharan Africa created a discourse of how to define this relation. The media have criticized nearly every aspect of Chinese activities on the continent. However, the scepticism of expanding Chinese influence on the African continent, reflected in the media coverage, is not a new phenomenon. For example, in 1967, *Wall Street Journal* published an article with the title “Red Guard Line Chugging into Africa” by R. Vicker. The author created a crude notion of “Chinese penetration” and “the prospects of hundreds and perhaps thousands of Red Guards descending upon an already troubled Africa is a chilling one for the West”⁹⁶ In the same fashion, ‘The Moscow Radio’ proclaimed “the main purpose of Chinese credits is to ensure the widening of exports of Chinese goods to the Asian and African markets”⁹⁷

But accusations against the Soviets and the West were naturally also found in Chinese media as the following two excerpt of 1967 illustrate: “the Soviets moved the plant to Africa for its own production, utilizing cheap African material and labour (...) Is

⁹⁴ M. Kugelman and S.L. Levenstein, *Land Grab? The Race for the World’s Farmland* (Washington, Woodrow Wilson International Center for Scholars, 2009)

⁹⁵ Ibid

⁹⁶ R. Vicker, “Red Guard Line Chugging into Africa”, *Wall Street Journal*, 29.09.1967

⁹⁷ Hutchinson, *China’s African Revolution*, 210

this ‘aid’ or ‘plunder’?” at the same time “US imperialism is stepping up its political enslavement and economic plunder of the peoples of Africa under the cloak of ‘aid’ (...) it’s a neo-colonialist policy”.⁹⁸

Lastly, and most importantly, the media *do not* offer substantial and irrefutable evidence of either Chinese development or exploitation in African agriculture.⁹⁹ There is a striking discrepancy between what China was doing in Africa and what critics said it was doing. It is central to this research to deconstruct the waves of misinformation that led to hasty conclusions, and ultimately created an image of the “new Yellow Peril”.

The Land Matrix Partnership provides one of the most extensive databases on international land-based deals. Officially it “facilitates the collection and representation of data on land acquisition”¹⁰⁰, but in reality it often presents “zombie projects” that were never implemented.¹⁰¹ Consequently it contributes to the existing myth of China as the biggest exploiter of African land resources. For example, Land Matrix claims China has irrigated 100,000 ha for a rice project in Mali.¹⁰² But the company involved, named *Malibya*, is a Libyan investment project and has only awarded “the contract for constructing the irrigation canals in the region to a Chinese company, CGC”.¹⁰³ Despite the fact that Land Matrix still accounts this amount to Chinese ‘land grabbing’, the Chinese CGC is merely indirectly engaged in the construction of a Libyan land deal of 100,000 ha in Mali and *not* in the land acquisition itself.

A similar example of misinformation through the Land Matrix Partnership is the investment in bio-energy by ABSA Biofuels (a branch of a large financial service group). Firstly, the investment-project was supposed to be 30,200 ha in Ethiopia, but was never finalised, instead stranded already in the “pre-implementation phase”.¹⁰⁴ Moreover, like

⁹⁸ Hutchinson, *China’s African Revolution*, 210

⁹⁹ See, for example: Sautman and Hairong, “Friends and Interests” and Brautigam, *The Dragons Gift*

¹⁰⁰ Land Matrix Partnership. “Land Portal; summary of total land deals by region.” Accessed 01.08.2012. <http://landportal.info/landmatrix/get-the-detail>

¹⁰¹ D. Brautigam, “Do We have Statistics on China’s Africa “Land Grab”?,” *China Africa the Real Story*, <http://www.chinaafricarealstory.com/2010/08/do-we-have-statistics-on-chinas-africa.html> (accessed 30.08.2012)

¹⁰² Land Matrix Partnership. “Land Portal”

¹⁰³ Oakland Institute, “Understanding Land Investment Deals in Africa: Malibya in Mali”, *Land Deal Brief* (2011)

¹⁰⁴ Brautigam, “Do We have Statistics?”

in the example of Malibya, ABSA is not a Chinese enterprise but a joint South-African Sino-Ethiopian financial group formed in 1991 and based in South-Africa.¹⁰⁵

In sum, media reports on China's expanding role in Sub-Saharan Africa often downplay a nuanced coverage. Despite a gradual moderation in tone after the food-price hike of 2008, Chinese land deals in Sub-Saharan Africa remained critically assessed (most notably) by Western media. It is highly questionable whether Sino-*critics* are right in their assumption of a 'new Scramble for African Resources', as substantial evidence is lacking. In response to the critical posture by most media, some scientists claim that the aspects that distinguish the Chinese model, "seem a lesser evil than the West in terms of support for Africa's development and respect".¹⁰⁶ The question remains in how far the critics are right in suspecting major Chinese land-deals that created under development in Sub-Saharan Africa? How can we define the 'Chinese agribusiness'-model in this region?

2.3 China's Complex Drivers in African Agribusiness

As indicated before, data on land acquisition in Africa is limited in reliability and scarce. However, a general picture emerges of an increasing allocation of land through offshore investments. The specific amount of these land acquisitions is highly debatable, as they are often 'behind the scenes' business deals between a diffuse network of partners (of both private, semi-private and government actors). Therefore the result of extensive quantitative research on 'land grabbing' leads to various outcomes on the details of these deals. For example the Land Matrix Partnership estimated in 2012 that over the past decade investors had acquired 83,2 million ha of land mainly in Sub-Saharan Africa. This included 86 Chinese investment projects that covered over 9 million hectares of land in Africa (just over the size of the Benelux).¹⁰⁷ The International Institute for Sustainable Development (IISD) confirmed 55 Chinese overseas land projects that covered an estimated 4,9 million hectares.¹⁰⁸ Another projection, in 2010, by the World Bank claimed a total of 46 million ha of land acquisitions in 2009 alone, of which 32 million

¹⁰⁵ ABSA, "Overview" Accessed 29.10.2012. <http://www.absa.co.za/Absacoza/About-Absa/Abisa-Group/Abisa-Overview>

¹⁰⁶ Sautman and Hairong, "Friends and Interests", 75

¹⁰⁷ Land Matrix Partnership. "Land Portal"

¹⁰⁸ Smaller, "Farmland and Water"

hectares were in Sub-Saharan Africa.¹⁰⁹ Lastly, as explained in the first chapter, Oxfam offered the most exorbitant estimate of 227 million hectares of total land acquisitions in developing countries, 70% on the African continent. All these different estimates are indicative for the rise of overseas investment in agriculture, but they do not confirm the actual significance of Chinese agribusiness in Sub-Saharan Africa. Furthermore it remains unclear what the actual drives are for Sino-African land deals.

In the existing literature there are three important motivations for Chinese investors to acquire overseas land (often in Sub-Saharan Africa). Firstly food insecure states “are shopping for land elsewhere to produce their own food”.¹¹⁰ Since the food price crisis of 2008 these states became aware of the extreme fluctuation in primary commodity pricing and thus seek to decrease dependence on the global market for their own food security. It changed the assumption that the global market, since the 1970s, would continue to experience decreasing prices in food commodities.¹¹¹

There is a common perception that Beijing is directly supporting its enterprises to purchase land abroad and thus ensuring its own food security. But despite the fact that the country is approaching the ‘red line’ of 120 million ha, there is currently no official policy to acquire land abroad. For example, in 2008 the National Development and Reform Commission, a state institute responsible for drafting the five-year plan, implemented a renewed food security strategy for the coming 20 years. In this document it is explicitly stated that land acquisitions were not a part of the food security-strategy. However, still others claim China is unofficially involved in a strategy of long-term hedging through land acquisitions.¹¹²

A second motivational factor behind land deals is the production of bio-fuels.¹¹³ Driven by high energy prices countries are looking for alternative sources, such as energy resources derived from carbon fixation. An example of this is the usage of vegetable oils (like soybeans) for the refinery of biodiesel. Due to oil-price hikes and economic

¹⁰⁹ K. Deininger, D. Byerlee (et al.). *Rising Global Interest in Farmland: Can it Yield Sustainable and Equitable Benefits?* (The World Bank, 2010)

¹¹⁰ Grain, “Seized! The 2008 Land Grab for Food and Financial Security,” (October 2008) <http://www.grain.org/go/landgrab> (accessed 14.10.2012)

¹¹¹ L. Cotula and S. Vermeulen, eds., *Land Grab or Development Opportunity? Agricultural Investment and International Land Deals in Africa* (London: Russel Press, 2009)

¹¹² Cotula, *Land Grab or Development Opportunity?* 55

¹¹³ Kugelmann, *Land Grab?* 1 and Cotula, *Land Grab or Development Opportunity?* 52

hardship the global production of bio-fuels increased with 17% in 2010 to “an all-time high of 105 billion liters”.¹¹⁴ The growing prominence of bio-fuels is illustrated by an example from the Chinese aviation sector; the country is “expected to use 12 million metric tons of aviation bio-fuels by 2020, accounting for 30% of the country’s total use of jet fuel”, according to Li Jian, the deputy director of the Civil Aviation Administration of China.¹¹⁵ Bio-fuels *might* become an important trade commodity for Sino-African agribusiness, but these predictions remain predominantly speculative. Therefore they are only marginally examined in this research.

The third, and most important drive for land acquisition is the expected financial benefits and security out of agribusiness. Investments in land are more and more considered to be stable long-term assets with high profit ratings and low risks in the volatile financial system. In other words, the current financial crisis has, in combination with the food price-crisis, “turned agricultural land into a new strategic asset”.¹¹⁶ Moreover, these two crises demonstrated the unpredictability of agricultural food prices. Because of the growing distrust in the global market, and volatility of agricultural prices, producing your own food abroad became an increasingly attractive option.

Vertical integration of ownership allows the producer to directly export its products to its own country. Furthermore the notion grew that if food-importing entrepreneurs purchased directly from producers 18 to 24% of the profit could be saved.¹¹⁷ These financial considerations in an insecure market prominently directed a growing trend of land acquisitions. In times of financial crisis or resource-scarcity this vertical ownership can sustain a growing demand for resources. By doing this, a country becomes both less dependent on the global market, and provides in good business opportunities.

As indicated in the first chapter, from the 1950s/1960s onwards Chinese engagement in African agriculture shifted from the socialist plantation model to a

¹¹⁴ World Watch Institute, “Biofuels Make a Comeback Despite Tough Economy”. Accessed 03.11.2012. <http://www.worldwatch.org/biofuels-make-comeback-despite-tough-economy>

¹¹⁵ China Daily, “China to Cultivate Biofuel Use”. Accessed 03.11.2012. http://www.china.org.cn/environment/2012-02/29/content_24760517.htm

¹¹⁶ Grain, “Seized!”

¹¹⁷ Smaller, “Farmland and Water” 3

‘amicable capitalist’ contractual relationship with local agri-suppliers.¹¹⁸ Resulting from growing incomes, in combination with changing diets, food demands significantly changed and grew rapidly in China. In this way investment in agriculture ultimately became an increasingly profitable option for entrepreneurs, with expectations of growing return as high as +25%.¹¹⁹ The process of commercialization in Sino-African engagement indicates a growing importance of China’s trade-driven ambitions in Africa.

In the case of China the drivers for overseas agricultural investments are complex and multifaceted. Despite the fact that there is no official government policy concerning food insecurity, the potential risks of growing demand and stagnant agricultural production due to urbanization are most likely high on the political agenda in Beijing. Although Chinese overseas investments in agriculture were small, in 2007 it consisted of only USD \$272 million (just over 1% of the total in that year), this trend is growing.¹²⁰ In the opinion of the author there is another important drive for Chinese involvement in Africa, which is neglected in the current literature. Besides *food security*, *energy security* and *financial incentives* China’s rapid expanding economy becomes more intertwined with its international image. Through the promotion of China’s ‘soft power’ it cautiously attempts to become recognized as a ‘responsible power’. One of the best examples to illustrate this process is the rapid increase of Chinese UN-peacekeepers.

2.4 A ‘Responsible Power’ in the making: *Soft Power and Peacekeeping*

As suggested in the media-analysis, some authors claim that resources are the most important impetus for Chinese investments in Africa. According to Vines, China is the world’s second largest importer of oil and 28% of its import comes from Sudan, Angola, Congo and Nigeria.¹²¹ According to many *Sino-critics* the growing Chinese presence in Africa is a reflection of its expanding economy which depends on the exploitation of resources (mainly oil and precious metals). Because of the instability in other oil-producing regions (most notably the Middle East) Africa becomes an attractive alternative trading partner to meet China’s growing resource demands.

¹¹⁸ L. Cotula, “The International Political Economy of the Global Land Rush: a critical appraisal of trends, scale geography and drivers,” *Journal Peasant Studies* (10.04.2012): 649-680

¹¹⁹ Ibid. 666

¹²⁰ Brautigam, *The Dragons Gift*, 255

¹²¹ Vines, “The Scramble for Resources”

The argumentation of Sino-critics that resource-exploitation is central to Chinese presence in Africa is erroneous for two reasons: firstly, most African countries are anything but a 'stable alternative' to traditional oil-producing regions as the current crises in resource rich regions of Eastern-Congo and Southern-Sudan demonstrates. Secondly, while it is true that Africa has many countries with big reserves of natural resources, China has a long history of trade relations including African nations that neither have oil nor any other critical mineral.¹²² Thus China invests in sectors and countries without a direct relevance to China's economic necessities. An example of this is the intensive trade relation with Ethiopia, which lacks critical resources but is still one of the major recipients of Chinese investments.¹²³

Hitherto China has financed the construction of infrastructure in 35 African countries, mostly investing in oil-rich countries like Nigeria, Angola and Sudan but also in resource-lacking areas as Ethiopia. According to *Sino-optimists* building infrastructure "offers an important development opportunity for the region"¹²⁴. These authors emphasize the significance of Chinese economic assistance for the region in terms of mobility and economic development through the construction of important infrastructural networks. According to Foster (et al) China is a "small player in the petroleum sector" but nevertheless expanded its expenditure on African infrastructural development. In the period of 2001-2003, Beijing financed a total of USD \$1 billion in Africa's infrastructure while in 2006 (often dubbed China's 'Year of Africa') this amount increased to over USD \$7 billion.¹²⁵

On the other hand, *Sino-critics* and *sceptics* see China's contribution to African infrastructure merely as an instrument of its resource-diplomacy. "From 2004, a total of USD \$4,5 billion loan was disbursed providing Angola with the reconstruction of the vital infrastructure, whilst guaranteeing a minimum daily supply of oil to China's national oil corporation Sinopec".¹²⁶ In this way, China attempts to secure its oil-supplies through large infrastructure-projects in Africa, paid for by her large foreign reserves. This

¹²² H. Wenping, "The Balancing Act of China's Africa Policy," *China Security*, 3,3 (2007): 24

¹²³ S. Adem, "The Paradox of China's Policy in Africa," *African and Asian Studies* 9 (2010): 337

¹²⁴ Foster, Building Bridges

¹²⁵ Ibid.

¹²⁶ M. Davies, "How China is Influencing Africa's Development," *Background paper for the Perspective on Global Development* (April 2010)

quid pro quo-argumentation, often cited as the ‘Angola-model’, is a recurring theme in the critical literature. It underscores the underlying motivation for the disbursement of large amounts of Yuan-loans and considers the investments in infrastructure as a proof of China’s self-interest in Africa. In other words, “China is a colonial power in the making, in the mold of former colonial powers”.¹²⁷ The similarities between the Angola-model and Sino-Japanese economic relations of the late 1970s (see chapter 1) are striking.

While there is credibility in both the *critical* and *optimist* stances, the debate’s focus is too narrow-minded and simplistic. Resources are certainly not the only key factor to explain growing Chinese interests on the African continent.¹²⁸ Therefore it is important to nuance the existing imaging, and thus to provide a broader explanation that combines Chinese overall economic pursuits with the increasing diplomatic relevance which focuses on China’s changing global position.

Hairong correctly argues that “China is now a trade-driven industrial power integrated into the world system”¹²⁹, but it remains nevertheless an insufficient explanation for its growing interest in Africa. Through development aid and the exertion of soft power, China is able to sustain its image as champion of the Third World.¹³⁰ Soft power, as defined and introduced by Joseph Nye, is “the ability to get what you want through attraction rather than through coercion (...) which could be developed through relations with allies, economic assistance, and cultural exchanges”, in turn this would result “in a more favourable public opinion and credibility abroad”.¹³¹ An example of China’s soft power in Sub-Saharan Africa are the 21 Sino-learning centres of the Confucius Institutes which “aim to promote Chinese language and culture (...) and have become a platform for cultural exchanges”.¹³² Despite local differences and different perspectives, extensive survey data suggest that, in general, Africans view China as a positive influence on the continent.¹³³ While the main source for China’s soft power in

¹²⁷ Adem, “The Paradox”

¹²⁸ Wenping, “The Balancing Act”

¹²⁹ Hairong, “From Socialist to Agro-Imperialist Engagement?”, 77

¹³⁰ Meidan, “China’s Africa Policy”, 83

¹³¹ J. Nye, *Bound to Lead: the Changing Nature of American Power*. (New York: Public Affairs, 2004)

¹³² Wenping, “The Balancing Act” 28

¹³³ J.G. Cooke, “China’s Soft Power in Africa”. Accessed 11.11.2012.

http://www.relooney.fatcow.com/SI_Oil-Politics/Africa-China_54.pdf

Africa is its growing economic engagement, the PRC's political ambitions should not be underestimated.

Although China is traditionally a staunch opponent of international interference in internal affairs, the country is not a passive actor on the African continent. An example of this was the indirect interference of China during the 2006-presidential elections in Zambia. After opposition leader Michael Sata strongly campaigned against Chinese businesses in the country, the Chinese ambassador in Lusaka threatened to stop all investments if Sata would become the new president. Finally, the current president would be re-elected, and thus the Sino-Zambian relation kept the status quo, but it did illustrate a more active attitude when Chinese interests were potentially harmed.¹³⁴

While China is certainly not a “messenger of peace” in Africa, its contributions to peacekeeping operations endorse the shift in China's global position. Two official documents by the Chinese government explicitly stated the aim of expanding its contribution to peace operations through the United Nations (UN). First, in 2006 the Ministry of Foreign Affairs of the PRC established its long-term strategy in Africa through its *China's African Policy* (often referred as ‘the White Papers’). It included the continuous “support and participation in UN-peacekeeping operations in Africa” on the basis of the traditional principles of ‘equality’, ‘mutual benefit’, ‘common development’ and ‘One-China policy’ while emphasizing a “strengthened cooperation with Africa in the UN and other multilateral systems”.¹³⁵ This official stance was frequently repeated, most notably in the *Beijing Action Plan* of the 5th Ministerial Conference of the Forum on China-Africa Cooperation (FOCAC) during July 2012. China will launch the “initiative on China-Africa Cooperative Partnership for Peace and Security” and thus “provide financial and technical support to the African Union for its peace-support operations (...) and take an active part in the peace keeping missions of the United Nations in Africa”.¹³⁶

Despite its initial resentment of UN peace-missions, by the early 1980s Deng Xiaoping led a significant change in foreign policy prioritising peaceful relations with the

¹³⁴ Adem, “The Paradox” 341-342

¹³⁵ Ministry of Foreign Affairs of the People's Republic of China. “China's African Policy”. Accessed 28.08.2012. <http://www.fmprc.gov.cn/eng/zxxx/t230615.htm#>

¹³⁶ Forum on China-Africa Cooperation (FOCAC), “Beijing Action Plan”. Accessed 07.10.2012. <http://www.focac.org/eng/>

Western world.¹³⁷ This led to China's accession in the World Bank, the IMF and a limited supportive stance on UN-peacekeeping. Gradually the PRC began to have a more active attitude in UN peacekeeping, with a major breakthrough in 1992 when the country contributed 401 troops for a state-building mission of the UN Transitional Authority in Cambodia (UNTAC).¹³⁸ Accordingly, the traditional principle of non-interference became subordinate to a pragmatic case-by-case calculation in China's foreign policy.

Figure 10 of the appendix illustrates the rapid increase of Chinese contributions to UN-peacekeeping personnel over the past decade. At the end of 1992 there were only 5 Chinese peacekeepers, while in 2002 this amount had risen to 123 (of which 69 were civil police, 52 military observers and only 2 troop contributions). By November 2012 Chinese contributions to UN-peacekeeping had increased a fifteen-fold over the past decade. There are now in total 1,931 Chinese peacekeepers. Moreover the type of missions changed as well: while in 2002, only 1,62% of the Chinese peacekeeping force were troops, by 2012 the amount of soldiers had increased to 93% of the PRC's total contribution to UN peace-missions.¹³⁹ But despite its significance in personnel-contribution (China now ranks 14th of all UN members) its financial grants to the UN remain marginal compared to other beneficiaries. For example, of the total UN peacekeeping budget the United States contribute nearly 26%, the U.K. and France around 7.5%, and China only 1,5%.¹⁴⁰

The exact motivations for China to participate in a UN-peace operation are complex to determine. Some authors argue that its intention is mainly to promote economic investments abroad (especially natural resources).¹⁴¹ This view is too simplistic, as it is more accurate to argue that "economic investment comes before intervention"¹⁴²

¹³⁷ B. Gill and C.H. Huang, "China's Expanding Peacekeeping Role: Its Significance and the Policy Implications," *SIPRI Policy Brief* (February, 2009): 1

¹³⁸ J. Chen, "Explaining the Change in China's Attitude Toward UN Peacekeeping: A Norm Change Perspective," *Journal of Contemporary China* 18,58 (2009): 159 and United Nations. *UN-Peacekeeping Contributors*. <http://www.un.org/en/peacekeeping/resources/statistics/contributors.shtml> (accessed 12.11.2012)

¹³⁹ United Nations. *UN-Peacekeeping Contributors* and SIPRI. *Multilateral Peace Operations Database*. <http://conflict.sipri.org/> (accessed 12.11.2012)

¹⁴⁰ International Crisis Group, "China's Growing Role in UN Peacekeeping," *Asia Report*, 166-17 (April 2009): 9

¹⁴¹ Lyman, "China's Rising Role"

¹⁴² ICG, "China's Growing Role in UN PK" 15

rather than the other way around. Moreover, China is involved in UN peacekeeping missions in countries without any economic relevance (for example, Cote d'Ivoire, Liberia, Ethiopia or Eritrea).¹⁴³ It is certain that through a growing support for UN-peacekeeping operations China is "now starting to settle into the role of being a great power".¹⁴⁴ This has great implications for China's engagement in Sub-Saharan Africa including its economic policies. Participation in peacekeeping operations is a relatively inexpensive way to demonstrate that China is committed to uphold international peace in a responsible way.

The norm of respecting human rights is a key concept in the international community. On the one hand China's contribution to global human rights, through active participation in the UN, serves a better global image (and thus improves economic relations)¹⁴⁵, but on the other hand, from a critical perspective, "peace support operations serve (...) to doctor the dysfunctions of the global political economy within a framework of liberal imperialism"¹⁴⁶. The expansion and protection of this liberal framework seems to be in contrast to Chinese interests. How can we reconcile this paradox? According to some authors, China is indifferent to exporting the liberal model and acts primarily in a pragmatic manner.¹⁴⁷

Suzuki offers an interesting alternative argument, claiming that the PRC participates in UN peacekeeping operations because it wants to cultivate the image of a responsible great power longing to become accepted by the "legitimate great powers" (for example the United States). He labels this process 'recognition games' by 'frustrated great powers' dissatisfied with their current status in the international community.¹⁴⁸ A positive image as a 'responsible power' can directly counter the existing perception that the rise of China leads to an obstacle for Western development.¹⁴⁹

¹⁴³ Dent. *China and Africa* 73

¹⁴⁴ I. Broadhead, "China's Rise Poses Challenges for its African Peacekeeping Missions," *Voice of America*, 02.02.2012

¹⁴⁵ Chen, "Explaining the Change in China's Attitude" 160 and ICG, "China's Growing Role in UN PK" 11

¹⁴⁶ M. Pugh, "Peacekeeping and Critical Theory," *International Peacekeeping*, 11,1 (2004): 39

¹⁴⁷ Dent. *China and Africa* 74

¹⁴⁸ S. Suzuki, "Seeking 'Legitimate' Great Power Status in Post-Cold War International Society: China's and Japan's Participation in UNPKO," *International Relations*, 22,45 (2008): 50-52

¹⁴⁹ Dent. *China and Africa* 21

In sum, for a better understanding of China's agribusiness on the African continent, one must fully grasp the complex incentives of Chinese engagement in Sub-Saharan Africa. It is too simplistic to claim that the country is merely interested in resource-extraction from Africa because, as an emerging global power, China has to respond to the international environment. Despite its seemingly positive intentions, China's African policies are most likely a response to an international environment often considered inimical to Chinese interests. A third of all UN seats is occupied by African nations, and is therefore important for Beijing in "helping to balance its relations with the United States and other Western powers".¹⁵⁰ Thus, by strengthening its relations with African nations China can consolidate its international global status. But can the People's Republic of China, in its economic engagement with African countries, be regarded as one 'unity'? Does the emerging economy operate as a "tenuous hold of China Inc."?¹⁵¹

2.5 China *Inc.*: Actors in Sino-Africa Agribusiness

Besides the various motivations to get involved in Africa, discussed in the previous section, there is a complex network of Chinese actors that operate in Sino-African trade. In this part the actor-network of Chinese agribusiness will be examined and deconstructed.

There are different types of government-involvement regarding offshore land deals. The acquisition of land directly done by central government institutions is extremely rare (as in the case of China). Instead, countries with extensive trade surpluses sometimes operate through sovereign wealth funds (SWF). These funds, directed by the central government, hold assets to achieve their financial interests thus invest in new foreign capital. Two examples are the China Investment Corporation (with an estimated capital of USD \$347,1 billion) and SAFE Investment Company (USD \$332,4 billion). However, between 2003 and 2005 more than 80% of Chinese FDI outflows (including the acquisition of land) were accounted for by non-SWF equity shares mainly state-owned enterprises.¹⁵²

¹⁵⁰ Wenping, "The Balancing Act" 26-27

¹⁵¹ Gill, "China Inc."

¹⁵² Cotula, *Land Grab or Development Opportunity* 27

Figure 11 of the appendix demonstrates the complex actor-network in the current economic relation between China and Africa. There are three powerful bureaucratic central government agencies in Beijing that exert control over the state-owned enterprises. The State-owned Assets Supervision and Administration Commission (SASAC) is the owner of the SOE or it maintains the majority-share. This institute has a strong economic objective, which is based on a directive to maximize the profits from its allocated enterprises (even when it harms diplomacy).¹⁵³ The second powerful agency is the Ministry of Commerce (MoC) which holds commercial objectives but in a political framework. It concentrates on the economic regulations, coordinates the concessional loans and supports Chinese companies that seek offshore business opportunities. In contrast, the Ministry of Foreign Affairs (MoFA) is deeply involved in foreign policy-making and therefore persists to a more political directive. Together with MoC this ministry drafts the annual aid budget, but then with a political-strategic approach.¹⁵⁴ In short, the most important central bureaucracies in Beijing overlap, have different aims and sometimes even contradict each other in their objectives (commercial versus political)

The division on a central level is further increased by a decentralisation of China's foreign policies and offshore investments on the local level.¹⁵⁵ Next to the national state-owned agribusinesses, which have direct links to the central government (for example the China State Farm Agribusiness Corporation), provincial state-owned companies operate in accordance with local policies. These provincial enterprises feel less restricted by the central state-politics as they operate on a local level, and are generally more commercially oriented.¹⁵⁶ The remaining (semi-) privatized small and medium-sized companies operate largely uncontrolled from the central government, and thus function as an important "engine for Africa's economic growth".¹⁵⁷

But even as these companies and enterprises act on a relative autonomous basis, the government still provides a regulatory framework that influences offshore investments through her policies and institutions. Two important financial institutions, that provide credit for Sino-African agribusiness, are the Export-Import Bank (ExIm) and

¹⁵³ Gill, "China Inc." 42

¹⁵⁴ Brautigam, *The Dragons Gift*, 108-109

¹⁵⁵ Alden, "Emerging Countries" 8

¹⁵⁶ Ho, "China's Developmental Outsourcing", 10

¹⁵⁷ Ibid.

the China-Africa Development Fund (CADF) (financed through the China-Development Bank, CDB). The ExIm-Bank is established under the direct supervision of the State Council in 1994. Its task is to promote foreign investment, through the provision of export credits and international guarantees for offshore investments.¹⁵⁸ Thus “facilitate export and import (...) and assist Chinese companies with comparative advantages in their offshore contracts projects and outbound investment”.¹⁵⁹

The outspoken president of the Export-Import Bank, Liu Ruogu, strongly advocates for Chinese investments in the African agro-sector. In the introduction of the bank’s annual report he claimed that the “ExIm Bank actively supports China’s leading agribusinesses”.¹⁶⁰ To a crowd of displaced Chinese farmers, who were forced to leave their land as part of a planned urbanization around the city of Chongqing, Ruogu offered “capital investment, project development and product-selling channels” to help set up new Sino-agribusinesses in Africa.¹⁶¹ In a later comment he added that “there is no harm in allowing farmers to leave the country to become farm owners”.¹⁶²

The second financial institution that is involved in Sino-African agricultural trade and aid relations is the Development Bank of China, that operates the China-Africa Development Fund (CADF). This equity fund, at the time worth USD \$1 billion, was established after the Forum on China-Africa Cooperation (FOCAC) in 2006. Its main objective was to facilitate Chinese companies to invest in any profitable project in Africa, and consequently accelerate Sino-African trade cooperation.¹⁶³ In some Western media reports, however, this fund was seen as a proof of Chinese agro-imperialism in Africa. For example, both the *Economist* and non-profit organization GRAIN reported that the fund wanted to invest USD \$5 billion in African land deals.¹⁶⁴ But their main source was based on one article in a local Liberian newspaper¹⁶⁵, and so because cross-checking is

¹⁵⁸ Alden, “Emerging Countries”, 6

¹⁵⁹ Export-Import Bank of China, “Annual Report for 2011”. Accessed 05.09.2012.
<http://english.eximbank.gov.cn/annual/2011fm.shtml>

¹⁶⁰ Ibid.

¹⁶¹ Brautigam, *The Dragons Gift*, 272

¹⁶² R. Spencer, “Chinese workers seek fortunes in Africa”, *the Telegraph*, 17 February 2008

¹⁶³ AATF, “A Study on the Relevance of Chinese Agricultural Technologies” 25 and China Development Bank. *China-Africa Development Fund*. <http://www.cbd.com.cn/english/Column.asp?ColumnId=176> and <http://www.cbd.com.cn/Website/cdb/UpFile/File2987.pdf> (accessed 25.09.2012)

¹⁶⁴ Z. Liangxiu, “Trying to Pull Together,” *The Economist*, 20 April 2011 and Grain, “Seized!”

¹⁶⁵ Brautigam, “Do We Have Statistics?”

impossible, the reliability of both reports may be questioned. At the start the equity fund was set up with a capital of USD \$1 billion which, according to Hu Jintao “*eventually* will reach to USD \$5 billion”.¹⁶⁶

Official sources confirm that in the period between 2007-2009 the CADF had planned merely USD \$500 million in 27 projects (not only in agriculture!).¹⁶⁷ By the end of 2011 CDB had signed special loans contracts worth USD \$320 million and was committed to USD \$617 in various projects.¹⁶⁸ At the same time the target industries consist not only of agricultural enterprises but also manufacturing industries “which are crucial to economic recovery and development of African countries”¹⁶⁹ In short, the media reports by the *Economist* and GRAIN reflected a fear of Chinese engagement on the African continent. The aim and scope of the CADF were exaggerated in the media, as the fund was not directed merely towards land acquisitions in Africa and, at the start, only had a small capital.

There is a wide variety of Chinese state, semi-state and private actors that are active in African agribusiness. But as the barrier between ‘state’ and ‘private’ becomes increasingly blurry, a growing set of contradictions arises. The ideological goals pursued by the state often contradict the overall commercial interests of Chinese companies and businesses. Despite its firm control on policy-making and regulations in the economy, the Chinese state does not act as one entity in the field of agribusiness. Therefore it is very difficult to assess the exact state’s ownership and influence on Sino-African agribusiness. This is partly due to the overall lack of reliable and verifiable sources on this subject. Nevertheless, official documents, as well as media reports, confirm that the phenomenon of agribusiness is “massive and growing”.¹⁷⁰

¹⁶⁶ China Development Bank. *China-Africa Development Fund*.

¹⁶⁷ “Forum on China-Africa Cooperation (FOCAC),” Ministerial Conference, <http://www.focac.org/eng/> (accessed 07.10.2012)

¹⁶⁸ China Development Bank. *China-Africa Development Fund*.

¹⁶⁹ Ibid.

¹⁷⁰ Cotula, “Global Land Rush”, 655

2.6 Go Global!

Overseas land acquisitions by China are, according to Hofman and Ho, a form of ‘developmental outsourcing’.¹⁷¹ This means that the Chinese state plays a central role in the regulation and planning of the offshore land investments on the African continent. As demonstrated in the previous section the seemingly ‘central’ role of the state is in reality highly fragmented. Nevertheless, every overseas investment by Chinese (private) firms needs the approval of the government. Through regulations and policies the state can stimulate or discourage Chinese businesses to operate in Africa. Examples of this are the “going global” policies, whereby the Chinese government encouraged corporations to invest in agribusiness.

As a result of a growing trade surplus and “the perceived need to secure key natural resources and technologies through ownership”¹⁷² Beijing started to encourage its state-owned enterprises to “go global” from the late 1990s / early 2000 onwards. These policies were intended to remove restrictive barriers, and thus improve overseas investments. The first referencing to this globalization-process was issued in 1999, and encouraged enterprises to “engage in processing and assembly operations outside China”¹⁷³, but this guideline was not yet part of a wider policy. During the development of the 10th Five Year Plan, the state formally adopted the go-global strategy as an official directive: article 12 stated that companies should “implement the go-global strategy, and strive to achieve new breakthroughs using domestic and foreign resources and markets”.¹⁷⁴ Hereafter the policy became part of the annual development plans that was passed through the People’s Congress.

The most concrete example of China’s go-global-policies, with great implications for Sino-African agribusiness, was the implementation of the Outward Investment Sector Direction Policy in 2006, which determined to which sectors government support would go (e.g. in the form of tax exemptions, preferential credits, state subsidies and even the

¹⁷¹ Ho, “China’s Developmental Outsourcing”, 1

¹⁷² L.K. Cheng and Z. Ma, “China’s Outward FDI: Past and Future,” (working paper Renmin University of China, 2007) 6

¹⁷³ “Opinion on the Encouragement of Enterprises in the Development of Foreign Processing and Assembly of Materials”, *Ministry of Foreign Economic Relations and Trade, State Economics and Trade Commission and Ministry of Finance*, 14.02.199

¹⁷⁴ “Opinion on the Formulation of the 10th National Economic and Social Development Five Year Plan”, *passed by the 5th Plenary Meeting of the 15th Session of the CCPCC*, 11.12.200

reimbursement of pre-investment expenses like legal consulting services). Sectors in which outward investment was encouraged were defined as those which “can obtain resources or raw materials that are lacking in China and which the development of the national economy urgently required, like agriculture, manufacturing and services”.¹⁷⁵

Due to the constructive state-policies overseas land-based investments in Africa grew, most notably from 2000 until the outbreak of the financial crisis in 2007. As figure 12 illustrates, the pre-2000 Chinese land investments were almost absent. Hereafter land deals rapidly increased although, compared to other regions, investments in Africa were still fairly small.¹⁷⁶ In more recent times, Chinese companies announced major overseas investments in agriculture, but there is a clear “shift towards less volatile and mature markets in industrialized and emerging economies” like Brazil and Argentina, instead of Sub-Saharan Africa.¹⁷⁷ Despite the public perception, China is not among the most significant agricultural land investors, certainly not on the African continent.

Sino-African land acquisitions have often been the centre of attention in discussions, claiming that China is “one of the biggest land-grabbers on the continent”. However, the few macro-economic statistics contradict this Sino-critical discourse. Agricultural imports from Africa currently only account for 4% of the total Chinese imports.¹⁷⁸ An extensive examination by the UN-financed Food and Agriculture Organization (FAO) on the annual growth in food trade between 2006 and 2010 indicates a sharp decline in both production and trade of food commodities (figure 13).

The current total value of imported food products is relatively insignificant when compared to the total of imported primary commodities (see figure 14). During the 1980s and 1990s import of food still contributed to almost half of the total import of primary goods, but this level dropped to 13.04% by 2000 and even to 7.55% in 2010.¹⁷⁹ However, the total amount of imported primary goods (incl. food, raw materials and mineral fuels) had increased almost by a ten-fold between 2000 and 2010. Despite the growing demand

¹⁷⁵ “Outward Investment Sector Direction Policy”, *National Development and Reform Commission, Ministry of Commerce, Ministry of Foreign Affairs, Ministry of Finance, General Administration of Customs, State Administration of Taxation and State Administration of Foreign Exchange*, 05.07.2006

¹⁷⁶ Ho, “China’s Developmental Outsourcing”, 16

¹⁷⁷ *Ibid.* 20

¹⁷⁸ D. Freeman, J. Holslag and S. Weil, “China’s Foreign Farming Policy: Can Land Provide Security?,” *Asia Paper*, 3,9 (2009): 7

¹⁷⁹ NBS. *Statistical Yearbook 2011*

of China's emerging middle class, combined with the urbanization-process, the import of food remains relatively small as the country still produces nearly 95% of its own food consumption.¹⁸⁰ China is now the biggest importer of vegetable oil, oilseeds and soybeans, but it remains self-sufficient in her primary staples such as rice and wheat. At this moment there is no direct threat to China's food security, although it is certain that the country needs to address the middle class' increasing demand for luxurious goods and food commodities.

Chinese imports of agricultural goods from Sub-Saharan Africa were hardly significant, for example in 2008 it was merely valued around USD\$900 million (1.7% of China's total agricultural imports).¹⁸¹ Although Africa has often been the focus of media attention, especially when it comes to land acquisitions, in terms of statistics its relevance to Chinese trade has been modest. The Ministry of Commerce confirmed that during the first three months of 2009, based on export-import numbers, trading between the PRC and SSA declined by 34,2% (Chinese imports from Africa declining even by 59.3%).¹⁸² In 2010 Chinese global import amounted almost USD \$140 billion, of which exports from Sub-Saharan Africa (excluding Egypt, Morocco, Algeria, Libya, Tunisia, Mauritania, Mauritius and the Seychelles) to China accounted for only 2.77% of the total.¹⁸³ The only import commodities from Africa of any significance were soybean, iron ore and crude oil. But it remains questionable what influence the marginality of Sino-African import/export has on Chinese foreign direct investments in SSA, specifically in agriculture.

2.7 Foreign Direct Investments and Aid – The Chinese Model

According to the IMF foreign direct investments are “made by a resident entity in one economy (direct investor) with the objective of obtaining a lasting interest in an entity resident in an economy other than that of the investor (direct investment enterprise)”.¹⁸⁴ In 2011, the FDI inflows to Africa (incl. North-Africa) were only 43 billion dollars, and

¹⁸⁰ Xiaoyang, “China's Engagement” 687 and Brautigam, *The Dragons Gift*, 234

¹⁸¹ Hairong, “From Socialist to Agro-Imperialist Engagement?”, 323

¹⁸² Ministry of Commerce People's Republic of China. *Statistics*. <http://english.mofcom.gov.cn/> (accessed 09.2012)

¹⁸³ NBS. *Statistical Yearbook 2011*

¹⁸⁴ Cotula, *Land Grab or Development Opportunity?* 24

indicated a small attractiveness for foreign investment to the continent. It is striking that the share of African inflows diminished from 4,4% in 2009 to 2.8% currently.¹⁸⁵ This is mainly caused by political unrest in North Africa, as investments to other parts of Africa, although still fairly small, increased during these years.

According to official estimates by China's Ministry of Commerce the total amount of foreign investment by Chinese enterprises increased significantly over the past few years (see figure 15). Moreover China is, after India, the second largest investor in the developing world. But exact statistics on Chinese FDI to Africa are hard to come by because of a lack of reliable quantitative data. For example, in 2010 the official number of Chinese FDI to Sub-Saharan Africa consisted of USD \$1,2 billion. However, by far the largest share of Sino-African FDI went to offshore finance centres functioning as profitable transit points for investments.¹⁸⁶ Consequently, a share of up to 91% of Chinese FDI went to 'African' tax havens Seychelles and Mauritius.¹⁸⁷ It is hard to verify where this money went to, and therefore unfortunately impossible to measure an accurate statistic on Chinese FDI in Sub-Saharan Africa.

Despite the difficulty to accurately measure the amount of Sino-African FDI it does indicate two important points: firstly the share of FDI to Africa, even including the Seychelles and Mauritius, is small. And secondly, Chinese foreign investments in agriculture consist of less than 2% of the total amount.¹⁸⁸ This is a global trend, as outward investment in agriculture remained very insignificant (e.g. in 2006 the global FDI in the agricultural sector was USD \$190 million, 0.9% of the total). In the list of largest foreign investors there is no company related to agribusiness in the top-30.¹⁸⁹

Nevertheless, there is an important growing trend in Chinese agribusiness on the African continent. This development is increasingly supported by a combination of aid and investments. As indicated in chapter 1, agricultural aid through demonstration farms dates back to the 1950s. But after the establishment of the 'socialist market economy' these aid projects became more profit-driven. Currently, Chinese aid to Africa is seen

¹⁸⁵ United Nations Conference on Trade And Development (UNCTAD). *World Investment Report 2012: Towards a New Generation of Investment Policies* (Switzerland: United Nations Publication, 2012)

¹⁸⁶ Siani, "Chinese "land grabs" in Africa"

¹⁸⁷ NBS. *Statistical Yearbook 2011*

¹⁸⁸ Ibid.

¹⁸⁹ Freeman, "China's Foreign Farming Policy", 15

mainly as an important impetus to new market opportunities for Chinese enterprises and improve the global status of the PRC.¹⁹⁰ For example, according to a Nigerian diplomat, the support of the PRC for launching the first African commercial satellite illustrates “China combines aid and investment in a compelling fashion, versus the West’s notion of how to ‘help’ Africa, in which mosquito nets and vaccinations still dominate the dialogue”.¹⁹¹

While often criticized by the West, Chinese aid is often hailed in Africa for having ‘no strings attached’. The State Council, headed by the premier and vice-premiers, directs China’s aid-policy and approves the annual aid budget. In the words of former premier Wen Jiabao the PRC is offering her assistance to Africa “with the deepest sincerity and without any political conditions”.¹⁹² Naturally this statement has to be understood with great reluctance, but it is clear that China maintains a different development model in Africa than the Western countries, and receives greater credibility in Africa as a partner because of her own economic success as a (former) developing country. From 2007 China’s official budget for external assistance is sporadically published in official reports. The secrecy surrounding the aid figures fuels misunderstanding in Western media (who often interpret Chinese engagement in Africa as being ‘quid pro quo’).¹⁹³

In 1995 the State Council implemented a major aid reform that envisioned to “combine aid to Africa, mutual cooperation and trade together”.¹⁹⁴ After this reform three main characteristics would determine future Sino-African aid-assistance: the aid-budget of MoFA was expanded, concessional and interest-free loans were provided by the ExIm-Bank, and from 2001 debt relief to the weakest African nations (for details see figure 16). Chinese aid budget to Africa was in 2007, compared to Western nations, relatively small (see figure 17). Nearly half of China’s total aid budget was committed to Africa, and had provided “by the end of 2009 a total of USD \$37,7 billion in aid to foreign countries, including USD \$15,6 billion in grants, USD \$11,3 billion in interest free loans and USD

¹⁹⁰ Smaller, “Farmland and Water”

¹⁹¹ Adem, “The Paradox”, 346

¹⁹² Alden, “Emerging Countries” 1

¹⁹³ Brautigam, *The Dragons Gift*, 11

¹⁹⁴ Ibid. 78

\$10,8 billion in concessional loans”.¹⁹⁵ These loans were often financed through the state-owned ExIm-Bank as part of the wider ‘go global’-policies.¹⁹⁶

After 2000, Chinese leaders started to promote the principles of ‘common prosperity’ and ‘mutual benefit’ more actively by pushing its industries to invest offshore. By 2011 over one-third of the export seller’s credit of the ExIm-Bank was allocated to overseas investment projects.¹⁹⁷ In this period the amount of concessional loans to Africa increased from USD \$64 million in 2001¹⁹⁸ to more than USD \$1,5 billion by 2009 (fig.16)¹⁹⁹ The application for a concessional loan is a complex procedure (see figure 18) but always contains a borrowing government and a Chinese contractor that carries out the specific project. In this way both Chinese enterprises benefit from new overseas contracts, while contributing to economic development in Africa. However, critics claim that because these projects are often executed with workers brought from China, contribution to the local economy is limited (see for more details chapter 3). Examples of projects financed after 2006 are the ‘2,3 billion for Mozambique and the Mepanda Nkua dam’, ‘a 2 billion line of credit to Angola’ and ‘1.2 billion new loans to Ghana’. This makes China ExImBank a larger financier in Africa than US ExIm (who in 2005 financed ‘merely’ USD \$500 million in all SSA).²⁰⁰

Lastly, the Forum on China-Africa Cooperation (FOCAC) was established to enhance the “South-South Cooperation and to strengthen this cooperation serves their immediate and long-term interests of both China and African countries”.²⁰¹ In this statement the principle of ‘mutual benefit’ resonates, but is combined with exploring practical commercial opportunities: China had to anticipate to the rapid economic growth, and a growing need of resources (as indicated before, the PRC became a net importer of oil by 1993). But moreover it was also expanding new markets for its export commodities, while establishing a reputation of a “responsible power”.²⁰² At the launch of the

¹⁹⁵ D. Brautigam, “Chinese Development Aid in Africa. What, Where, Why and How Much? ,” [http://www.american.edu/sis/faculty/upload/Brautigam-Chinese -Aid-in-Africa.pdf](http://www.american.edu/sis/faculty/upload/Brautigam-Chinese-Aid-in-Africa.pdf) (accessed 09.09.2012)

¹⁹⁶ Gill, “China Inc.”, 42

¹⁹⁷ ExIm, “Annual Report 2011”

¹⁹⁸ Moss, “China ExImBank and Africa”

¹⁹⁹ ExIm, “Annual Report 2011”

²⁰⁰ Moss, “China ExImBank and Africa”

²⁰¹ FOCAC, “Ministerial Conference”

²⁰² Brautigam, *The Dragons Gift*, 77

FOCAC-conference in 2000 China announced it would start the debt cancellation of the poorest African countries by USD \$375 million annually (fig.16)²⁰³

Since FOCAC 2000 in Beijing, there have been four subsequent conferences aiming to strengthen Sino-African economic and political cooperation. Agricultural collaboration is often an important topic during the meetings. At the second ministerial conference the Addis Ababa Action Plan (2004-2006) was adopted stating that “agricultural development is an effective approach to ensure food security, eradicate poverty in Africa (and thus) increase its exports to China” while the state “will continue to support and encourage strong and viable Chinese enterprises, through financial and policy incentive schemes, to develop agricultural cooperation projects in Africa”.²⁰⁴

China-African joint ventures were established to operate in the agro-sector in SSA, and by 2006 (at the third FOCAC-meeting) the PRC agreed to increase the number of export to items enjoying a zero-tariff treatment to 478 items.²⁰⁵ From 2006, and especially at the FOCAC-2009 in Sharm El Sheikh, it became clear that agricultural cooperation would play a bigger role in Sino-African economic relations. Beijing offered to send “50 agricultural technology teams to Africa”, “help train 2,000 agricultural technicians” and set up “20 agricultural demonstration centres’ in Sub-Saharan Africa.²⁰⁶

In July 2012 fifty African countries met in Beijing with (former) president Hu Jintao to discuss Sino-African cooperation during the fifth FOCAC. At this meeting there were many references to the “North-South imbalance in development” which would “hinder the strong, sustainable and balanced growth of the world economy”.²⁰⁷ By emphasizing the “increasingly important role” of developing countries China attempts to portray itself as a ‘champion of the Third world’. While extending its “aid-for-trade”-policy, China commits itself to “facilitate access for African agricultural products to the Chinese market”, and thus decided to implement a “special plan on trade with Africa to

²⁰³ “Beijing Declaration,” *FOCAC*, October 2000.

<http://www.focac.org/eng/ltada/dyjbzjhy/DOC12009/t606796.htm> (accessed 04.10.2012) and Wenping, “The Balancing Act” 24

²⁰⁴ “Addis Ababa Action Plan,” *FOCAC*, December, 2003

<http://www.focac.org/eng/ltada/dejzbzjhy/DOC22009/t606801.htm> (accessed 06.10.2012)

²⁰⁵ FOCAC, “Ministerial Conference”

²⁰⁶ AATF, “A Study on the Relevance of Chinese Agricultural Technologies” 23

²⁰⁷ FOCAC, “Ministerial Conference”

expand imports” from the continent.²⁰⁸ Which consequences these Chinese pledges will have on African development remains to be seen. Nevertheless it indicates a growing importance for Africa as a ‘stepping stone’ for Chinese economic development.

However, although FOCAC seems to operate in a multilateral setting, Sino-African foreign investment cooperation concentrates on a bilateral approach. At the conferences semi-state, provincial or municipal-enterprises conduct deals with African partners. Thus, FOCAC offers an important tool for Sino-African business partnerships. For example a USD \$50 million agreement between Nigeria’s Osun State and Sichuan province in China was signed at the ‘multilateral’ Africa FOCAC Summit in 2006.²⁰⁹

2.8 Conclusion

In short, if we can discern a pattern in the PRC’s policies towards Sub-Saharan Africa (like the separate schools: optimists, pragmatics, sceptics and critics) it can only be expressed in terms of paradoxes. The media often portray an image of China as a “big player” in land grabs, but offer only marginal proof of this assumption. It becomes clear that there are no simple answers on exact incentives for China to invest in Sub-Saharan Africa. This comes both from a lack of substantial (and reliable) evidence and the complex nature of actors involved. What we do know is that the Chinese development-model differs significantly from ‘grants’ or development aid (with political conditions) provided by Western donors. China offers Sub-Saharan Africa an alternative source of finance based on commercial prospects, often without ‘strings attached’. Sino-African agricultural relations must be viewed in a broader perspective than just in economic terms.

²⁰⁸ FOCAC, “Ministerial Conference”

²⁰⁹ Alden, “Emerging Countries” 8

Chapter 3, Sino-African Agribusiness: a Micro-Perspective

The multifaceted nature of Chinese offshore agribusiness activities in Sub-Saharan Africa evokes a number of questions. While some activities are obviously orchestrated by central government directives, it remains questionable how far Beijing's control extends. A significant number of Sino-African investments is carried out at the local level, without direct interference of the central government of the PRC. This chapter attempts to unravel the complexities of China's engagement in African agribusiness from a micro-perspective. Which actors are involved 'on the ground', what is their personal motivation to invest in Africa, and to what extent do they contribute to African development? Despite the scarcity of reliable sources on Chinese agribusiness in Africa there is one area which receives a lot of attention from both media outlets and scientists: the fertile lands of the Zambezi-Valley. Chinese presence in this area can be understood as both a 'win-win' engagement and a 'neo-colonialist land grab'²¹⁰, and therefore makes it an ideal test case for assessing Chinese land investments in Sub-Saharan Africa.

3.1 A Road to Development? Sino-Optimists

As indicated in the first chapter, Sino-African economic partnership intensified during the 1990s when bilateral agricultural aid projects transformed into profit-driven joint ventures. Nowadays, there is a mix between bilateral development aid (often in the form of interest-free or concessional loans) and pure commercial interests by several Chinese investors.²¹¹ After FOCAC 2006 China committed itself to set up new agricultural demonstration centres with the aim to improve African food security. But at the same time these projects were constructed by Chinese companies (or governmental institutions) with the financial support of the Chinese Ministry of Commerce who would "provide three years of grant support during the 'exploration-phase'" thus providing Chinese companies a "head start in African agribusiness".²¹² In this way, the stimulation of agricultural production in Africa through agricultural centres offers business opportunities for Chinese enterprises.

²¹⁰ Marks, "China and the Great Global Land Grab"

²¹¹ Spring, "Chinese Development Aid", 26

²¹² Brautigam, *The Dragons Gift*, 249

As figure 6 indicated, agricultural production in Sub-Saharan Africa has stagnated in the last few decades. This is partly explained by environmental constraints such as poor soil fertility (only 6% of SSA-lands is considered to have a ‘high potential’²¹³) due to land erosions and the extreme weather patterns of annual droughts and floods compared to more moderate climates. At the same time there is also other factors responsible for Africa’s insufficient farming system: there is a lack of access to capital, markets and only marginal investments in agricultural research. As a consequence 25-35% of the total yields are lost during the post-harvest process because of a poor infrastructural system and limited mechanisation.²¹⁴ In short, Africa’s current smallholder farming system is obsolete and inadequate to increase agricultural productivity.

China, on the other hand, underwent a rapid increase of agricultural productivity in recent decades. The total Chinese output value for agricultural commodities rose from USD \$22,2 billion in 1978 to over a trillion dollars by 2010, with over 120 million hectares of cultivated lands.²¹⁵ The success of China’s “agro-revolution” is mainly due to the efficient use of water resources (figure 20). Crops can increase by a fourfold through a more efficient use of water.²¹⁶ The current and potential area under irrigation in Sub-Saharan Africa is displayed in figure 21, which indicates there are still many possibilities for progression. In comparison: China has more than 60 million hectares of cultivated area under irrigation (49,6% of the total)²¹⁷ while Sub-Saharan Africa only has 5 million hectares of irrigated lands (4,9% of the total).²¹⁸ Through aid-development and the effective use of agricultural expertise, Chinese agro-technicians can directly contribute to Africa’s food security. In this way the combination between Sino-African aid-and-trade is most likely to contribute to sustainable food security in Africa.

The most illustrative example of a mix between aid and agribusiness is the evolution of the Koba Farm in Guinea²¹⁹, which was built by the Chinese in 1979 as an irrigated rice demonstration farm. By 1996 the socialist farm was incorporated in a joint venture between China State Farm Agribusiness Corporation (CSFAC), a state-owned

²¹³ AATF, “A Study on the Relevance of Chinese Agricultural Technologies” 8

²¹⁴ Ibid. 10

²¹⁵ NBS. *Statistical Yearbook 2011*

²¹⁶ AATF, “A Study on the Relevance of Chinese Agricultural Technologies” 12

²¹⁷ NBS. *Statistical Yearbook 2011*

²¹⁸ AATF, “A Study on the Relevance of Chinese Agricultural Technologies” 9

²¹⁹ Brautigam, *The Dragons Gift*, 247-248

enterprise, and the Guinean Ministry of Agriculture. Thanks to a 80% majority-share CSFAC launched a new experiment to increase the production of rice: the *Yuan Longping's Hybrid Rice Research Center* conducted a hybrid rice trials which eventually increased rice production from 1,5 tons per ha. to 9 tons per ha. This exemplifies the principle of 'mutual benefit' in practice, as local rice shortages were reduced while CSFAC received its financial profits.

Consequently most African nations that host Chinese agricultural demonstration centres will "almost certainly" benefit from an increase in food production and thus become less dependent on their costly rice imports. For example, due to improved seeds cultivation (incl. rice), in Mozambique the family-income increased with an average of USD \$97,- annually (half of the average annual income per capita).²²⁰ On the other hand, despite local difficulties, Chinese companies will gain an opportunity in a promising market.

Despite an increasing set of contradictions between China's commercial-driven enterprises and the socialist ideology of government, the agricultural demonstration centres (financed by the China's central government) seem a very effective tool in supporting Chinese companies to invest in Africa. According to an extensive research by the *Centre for Strategic and International Studies* these agricultural centres form the second most-important impetus in the decision to invest in Africa.²²¹ The main incentive for individual Chinese entrepreneurs to invest in African agriculture is, naturally, to seek profit in local economies both by exporting products to the PRC and importing Chinese commodities to sell on African markets.²²² A survey in 2005, assigned by the World Bank, concluded that 90% of the Chinese investors listed 'market opportunities' as the most important stimulant for investments in Sub-Saharan Africa.²²³ This market-orientation by Chinese businessmen leads to heavy competition on the local markets.

The market opportunities for Chinese enterprises are further enhanced through the creation of local African special economic zones (SEZ) that would promote trade in carefully selected areas. These Sino-operated zones follow the example of the successful

²²⁰ Unknown, "Chinese agricultural investment in Mozambique to feed China", *Macauhub*, 14.12.2009

²²¹ Gill, "China Inc.", 39

²²² Spring, "Chinese Development Aid", 23

²²³ Brautigam, *The Dragons Gift*, 90

special economic zones on mainland China. Their main intention is to secure new African markets, and thus create “safe havens for Chinese capital” as well as countering protectionist trade practices against Chinese companies.²²⁴ But it also creates opportunities for local economic development as the example of the Multi Facility Economic Zone (MFEZ) in Zambia’s copper-rich region illustrates: Chinese investments in the zone were projected at USD \$800 million, and by early 2009 had created more than 3500 local jobs through more than ten Chinese companies that had established economic operations in the zone.²²⁵

These factors have created important stimuli for Chinese enterprises to invest in agricultural projects in Sub-Saharan Africa. But instead of focusing merely on Chinese offshore companies there is also a ‘people’s aspect’ in Sino-African agro-relations. Thus there are a growing number of individual Chinese migrants seeking their fortune in Africa since conditions in Sub-Saharan Africa are perceived to be more favourable than in the PRC.²²⁶ According to Adem “there are currently already more Chinese living in Nigeria than there were Britons during the height of the empire”.²²⁷

Figure 19 illustrates the diverse categories of Chinese migrants involved in African agriculture. Although there are no certain numbers of Chinese nationals involved in African agribusiness, figures often estimate there are currently around 750,000 Chinese migrants in Sub-Saharan Africa.²²⁸ Despite a lack of exact amounts, it is clear that there is a rapidly increasing trend of Chinese migration towards the African continent. For example, the number of Chinese migrants living in Zambia in 1992 was estimated around 300, while by 2006 a scientific research concluded this number increased to approximately 80,000 Chinese working in the country.²²⁹ These migrants often live in lesser conditions than many Western expatriates working for NGOs or development aid projects.

²²⁴ Davies, “How China is Influencing Africa’s Development”, 25-26

²²⁵ Ibid. 27

²²⁶ Spring, “Chinese Development Aid”, 23

²²⁷ Adem, “The Paradox”, 345

²²⁸ Brautigam, *The Dragons Gift*, 154; Van Dijk, *The New Presence of China in Africa* 13; Sautman and Hairong, “Friends and Interests”, 87-88; Spring, “Chinese Development Aid”, 26

²²⁹ Van Dijk, *The New Presence of China in Africa* 13

3.2 A Road to Exploitation? Sino-Critics

Besides the possible benefits of Chinese agribusiness for local African communities there are also more critical voices. As indicated before, particularly during the height of the food-price hike, the media has often claimed that “among nations buying farmland, China is considered a leader (...) the recent food crisis has been an important factor in decisions to invest directly in land rather than continuing to depend on imports”.²³⁰ But besides Chinese companies investing in land, state-institutions (like the ExImBank) also supported individual farmers to start agricultural operations offshore.

Chinese companies, or individual farmers that start to operate in African agriculture, are rarely familiar with local laws and customs. An extensive anthropological fieldwork-study of thirty individual Chinese entrepreneurs in Ghana concluded that they had only limited knowledge of local culture and traditions and do not socialize with Ghanaians.²³¹ Moreover, the increase of Chinese agro-entrepreneurs in Africa does not necessarily contribute to local development, and thus sparks local anti-Chinese sentiments. This is mainly caused by the fact that companies from the PRC seldom hire locals to do the work. Instead, they heavily rely on migrants from China to execute their projects.²³²

Moreover, some Sino-critics argue that the “going global”-policies in practice reflect an official economic policy of “disguised protectionism”²³³, as Chinese investors are dumping cheap Asian products on African markets with the help of the state. This leads to an unfair competition with local vendors, which potentially invigorates African frustration. Despite the agreed zero-tariff treatment for several African export products, that has led to USD \$680 million in exemptions to the least developed African nations,²³⁴, there is only a marginal effect on local African economies (especially as local vendors have to compete with cheap Chinese products).

Subsequent local unrest over Chinese dominance in Africa forced the PRC’s Ministry of Commerce into action. Therefore Beijing promulgated its companies to hire

²³⁰ M.B. Aissa, “Land for grabs: win-win or neo-colonialism?”, *France24*, 25 December 2009

²³¹ Spring, “Chinese Development Aid”, 27

²³² D. Mackenzie, “Rich countries carry out 21st century land grab”, *New Scientists*, 4 December 2008

²³³ Z. Liangxiu, “Trying to Pull Together,” *The Economist*, 20 April 2011

²³⁴ Brautigam, *The Dragons Gift*, 94

more local workers in their African agribusiness operations.²³⁵ However, these ‘localization-decrees’ had no significant effect. As figure 11 already demonstrated, the Ministry of Commerce has no direct authority over any state-owned enterprise operating in Sub-Saharan Africa. In contrast, SASAC controls the national enterprises and is merely focused on generating profits instead of regulating Chinese firms in a political framework. In short, Sub-Saharan Africa is considered a “new frontier” for Chinese businesses and entrepreneurs but is highly doubtful whether local workers can benefit from this.

Another major problem is the fact that possession of large tracts of land in Africa is often ill-defined. In several African countries the arable lands are informally contracted to local communities, but are in fact largely state-owned. A World Bank-report estimated that only between 2 and 10% of African farmlands are under formal land tenures.²³⁶ Once international investors become interested in acquiring land, these local African small-scale farmers are insufficiently protected by their national judicial system or formal contracts. In the words of Mutiga, a journalist of the *Financial Times*, "small-scale farmers with limited knowledge of their rights stand to lose most (...) the scramble for land is often taking place in weak legal environments".²³⁷

Thus, the dysfunction of African government institutions to protect local communities, combined with a lack of local knowledge on legal land-holdings, led several communities to lose access to land and water resources after land-deals.²³⁸ Financial agreements directly between a central African government and international investors caused a threat to local traditional food supply. These land-deals are often shrouded in secrecy, and the absolute absence of transparency in contract negotiations induces a lack of “checks and balances”. Because of these factors, bilateral land-trading is prone to provoke corruption. According to some Sino-critical authors, China is contributing to local African corruption without conscientious objection. For example Lyman claims that China is a “principle supporter of Mugabe’s regime”, while “active in

²³⁵ Gill, “China Inc.”

²³⁶ Cotula, *Land Grab or Development Opportunity?*74

²³⁷ M. Mutiga, “Small farmers at risk in land scramble”, *Financial Times*, 11 August 2008

²³⁸ Cotula, *Land Grab or Development Opportunity?*4-6

many conflict areas in the DRC” and “developing hotels in Sierra Leone during the civil war”.²³⁹

3.3 A Middle Ground

There lies truth in both the critical and optimistic stance regarding current Sino-African agribusiness. But Chinese trade-relations in Sub-Saharan Africa lack coverage in a nuanced and contextual framework. Partially this is caused by an overall lack of reliable evidence. But the emphasis on a discourse of either a zero-sum game (exploitation) or positive-sum outcome (development) often neglects, and oversimplifies, the true nature of Chinese agribusiness in Sub-Saharan Africa: there are no obvious conclusions to be made. In some specific cases and countries Chinese companies contributed to local economic development, while in others suspicions of local exploitation are well founded.

From a critical perspective, substantial evidence suggests that agreements between Chinese investors and local communities are often not fulfilled and promises are broken. For example, as part of a rice-investment project in Madagascar, financed through the Hunan Province, local farmers were promised a 30% production-share (approximately 2 tons of rice). However, in the end they merely received “20 kilogram of rice and cooking oil” from the Chinese managers.²⁴⁰ This is mainly due to the actual characteristics of land acquisition, and lack of a legal framework, as discussed in the previous section.

In their basic form land acquisitions are mostly bilateral agreements (e.g. state-to-state) but always involves multiple contracts between a complex network of brokers (at both the central and local level).²⁴¹ As chapter two indicated, Chinese engagement in Sub-Saharan Africa becomes highly complicated as the dividing line between ‘state’ and ‘private’ is very blurry. Moreover it is merely impossible to find primary evidence of the legalities in such land deals. Most agreements are done behind closed doors. This is why basic data on the size and nature of ‘land grabs’ is mostly inaccessible. There is only one example of a contract that is open to the public between conducted between the Ministry

²³⁹ Lyman, “China’s Rising Role”

²⁴⁰ M. Furuya, “Land grab: Africa at the mercy of investors abroad”, *Asahi Shimbun*, 27 September 2010

²⁴¹ Cotula, *Land Grab or Development Opportunity?* 65-70

of Agriculture of Ethiopia and the “private limited company” Hunan Dafengyuan Agriculture Co. Ltd (see figure 21).

The sugar-cane project was based on a “lease agreement (...) for the period of 40 years (...) measuring 25,000 hectares located in Gambela Regional State”.²⁴² In return for the provided land, the Chinese joint venture would make an annual payment of more than USD \$200,000. The final contract clearly states that the lessor (in this case, the central government of Ethiopia) is obligated to “provide special investment privileges such as exemptions from taxation and import duties” while Dafengyuan Co. would “*provide good care* and conservation of the leased land”.²⁴³ Although this primary document is unable to offer conclusive evidence, it does indicate the marginal protection of local people that live in the fertile area. Thus there is no mentioning of any actual contractual commitments other than the payment. This example demonstrates the vulnerability of local communities in bilateral land agreements.

On the other hand, it remains questionable whether Chinese agribusiness has the extensive negative effect as some authors claim. Gunter Nooke, for example, claimed that “large-scale purchases” of Ethiopian land by states such as China contributed to the “devastating drought” in the Horn of Africa.²⁴⁴ However, as chapter two indicated, there is no ‘one China Inc.’ operating in Sub-Saharan Africa. Instead there is often an extensive network of actors involved in complex contractual agreements. After actual fieldwork conducted by the Oakland Institute, researchers concluded there are almost no land investment agreements by Chinese entrepreneurs in Ethiopia, except for the Gambella-sugarcane project.²⁴⁵

Chinese agribusinesses in Sub-Saharan Africa produce almost exclusively for the local African market.²⁴⁶ In some areas this caused anti-Chinese sentiments, as local vendors felt threatened by the extensive “dump” of cheap Chinese products (see p.53). But in other cases economic endeavors by Chinese businesses is welcomed. An example is the investment-program with Hubei-province where local African farmers are

²⁴² “Land Rent Contractual Agreement”, *Ethiopian Ministry of Agriculture and Hunan Dafengyuan Agriculture Co.,LTD.* (Addis Ababa, 25.11.2010)

²⁴³ Ibid.

²⁴⁴ Unknown, “Germany Blames Chinese Land Buys for Africa Drought”, *AFP*, 28.07.2011

²⁴⁵ Brautigam, “Do We Have Statistics?”

²⁴⁶ Xiaoyang, “China’s Engagement” 698 and Unknown, “China to Look to Africa for Food: study”, *AFP*, 23 November 2011

contracted while the Chinese “assist in developing the vital infrastructure in the institutions (...) funding farming operations, and later buy the produce”²⁴⁷.

In short, while on a local level people might lose access to their traditional resources the drawback is that there is a potential increase of revenues on a macro-level. Furthermore, through demonstration projects and sending agro-experts China can contribute to local food security. On the other hand, the actual functioning of land-deals is often done in secret and yields a complex overall package of non-transparent agreements with a lack of legal monitoring for local people. What becomes clear is the fact that Chinese agribusinesses mainly sell their produce locally.

While there is no extensive evidence for the mere positive effects of Chinese agro-engagement in Sub-Saharan Africa, there is also no proof that agribusinesses are merely exploiting African farmlands to export agricultural products back to China. To counter Diouf’s statement that China is actively leasing land in Africa to “grow crops and ship them back to their markets”²⁴⁸ officials from the Chinese Ministry of Agriculture rightly claimed that “it does not make sense to grow soybeans in Africa or elsewhere and then ship them back home.”²⁴⁹ Although vertical integration becomes increasingly important in the global food-market (especially after the food-price hike), in economic terms shipping back agricultural produce from Africa to China would have both political implications and is highly cost-inefficient.²⁵⁰

3.4 Chinese Agribusinesses in Sub-Saharan Africa: Estimations and Specifications

In accordance with chapter 2.3 (p.28), the estimates regarding the quantity of global land-acquisition and agro-companies involved, varied greatly. For example Chinese global ‘land-grabbing’ was estimated by the Land Matrix (9 million ha.) and the IISD (4,9 million ha). But how do researchers assess the amount of land-acquisitions (or leasing)

²⁴⁷ O. Chifamba, “Zimbabwe: Twinning Scheme to Benefit Farmers”, *The Herald*, 10 May 2011

²⁴⁸ Blas, “UN warns of food ‘neo-colonialism’”

²⁴⁹ Unknown, “China says not pushing to expand farming overseas”, *Reuters*, 4 March 2009

²⁵⁰ Xiaoyang, “China’s Engagement” 698

by Chinese agribusinesses specifically for Sub-Saharan Africa? The most recent research conducted by IISD calculated that China had acquired 463,792 ha of land in Africa.²⁵¹

By cross-checking and verifying the most recent data-sets of Ho & Hofman, the IISD and GRAIN, this section deconstructs the companies involved and the estimations of their land-deals in Africa.²⁵² For the purpose of this thesis only confirmed investment projects by Chinese agribusinesses in Sub-Saharan Africa are included (confirmed both by official documents, media-sources and scientific researchers). Although the actual amount of Chinese land-acquisitions is possibly higher than the estimates offered it is crucial to achieve a credible assessment. Therefore we need to rely on credible sources in this calculation. Moreover, this research aims to provide an overall and nuanced image of Chinese involvement in Sub-Saharan agribusiness, and not to get involved in speculations by sensational media-reports.

Based on this research the total estimated amount of Chinese land-acquisition in Sub-Saharan Africa can be assessed around 500,000ha. In figure 22 the details of Chinese agribusiness in Africa are further explicated. An *exact* amount of land-deals is irrelevant to the question how Chinese agribusinesses contribute to African economic development, but an estimate can help creating a general image of Sino-African economic agro-relations. Compared to other upcoming economies Chinese land-based investments in Africa are not necessarily significant. For example, India accounts for an approximate of 1,8 million hectares of confirmed African land-acquisitions, of which 748,000 ha takes place in Ethiopia.²⁵³ In comparison, the only confirmed Chinese investment in Ethiopia's agriculture is Hunan Dafengyuan, which leased 25,000 ha of arable land for a sugarcane project in the Gambela region (see fig.21).

The question remains “who is exactly involved” in Sino-African agribusiness? In the next section we will shortly indicate the explicit details of China's biggest agro-firms in Africa (projects > 1000 ha), which is summarized in figure 22 of the appendix. Thus, by demonstrating concrete Sino-African agribusinesses this research contributes in

²⁵¹ Smaller, “Farmland and Water”

²⁵² NB. For the purpose of this research I received an extensive list of references from both GRAIN and IISD to be able to verify the datasets (Ho&Hofman already provided this list in their own model). According to a personal correspondence with Mr Kuyek, a representative of GRAIN, his organization “relied on reports and other sources that we deemed credible” (Devlin Kuyek, Grain representative, e-mail message to author, October 1 2012).

²⁵³ Smaller, “Farmland and Water”, see appendix

deconstructing the myths around Chinese land-deals in Africa. The *China National Complete Plant Import and Export Corporation Group (COMPLANT)* is a state-owned enterprise, under the direct supervision of SASAC, which functioned as an aid-office until 1993. In more than one hundred countries the office had managed fourteen hundred aid projects.²⁵⁴ Currently COMPLANT consists of three investments-operations, in Benin (4,800 ha), Sierra Leone (8,100 ha) and Madagascar (10,000 ha). All projects are based on the production and export of sugar cane.²⁵⁵ During the 1980s, after Deng's modernization-program was gradually implemented, Beijing provided soft loan-constructions to aid-offices to help consolidate commercialized projects that were formerly funded through Chinese aid. Thus COMPLANT was part of China's first transformation from 'fraternal socialism' to 'amicable capitalism' during the 1980s.²⁵⁶

During Sierra Leone's civil war the 1280 ha sugar factory-complex (COMPLANT Magbass) was utterly vandalized but from 2003 COMPLANT started to renovate the complex and found a new commercial enterprise.²⁵⁷ This Sino-African agribusiness has employed up to 1,500 local workers²⁵⁸ although the senior offices are still held by 33 Chinese managers. However, the organization has planned to gradually localize its top-jobs by sending six local employees for senior training to China.²⁵⁹

IKO Ltd. is a Chinese firm active in African agribusiness, with an investment in Cameroon worth USD \$120 million. However, although currently there is a formal agreement for the 99-year lease of land, the actual contract has not yet been ratified by the prime minister.²⁶⁰ IKO is a subsidiary of the large state-owned conglomerate Shaanxi Land Reclamation General Corporation state-owned enterprise, and aims to produce cassava, maize and rice for the local sale.²⁶¹ A local Chinese manager claimed that the "it is time for the people of Cameroon to understand that the future is in agriculture (...) it must move towards the mechanisation of its agriculture".²⁶² In this way, Chinese

²⁵⁴ China National Complete Plant Import and Export Corporation Group (COMPLANT). *Information*. <http://www.complant.com/ejituan1.htm> (accessed 01.10.2012)

²⁵⁵ *Ibid.*

²⁵⁶ Brautigam, *The Dragons Gift*, 61

²⁵⁷ COMPLANT, *Information*

²⁵⁸ Brautigam, *The Dragons Gift*, 61 and COMPLANT, *Information*

²⁵⁹ *Ibid.*

²⁶⁰ IKO. *Information*. <http://farmlandgrab.org/16485> (accessed 01.10.2012)

²⁶¹ Smaller, "Farmland and Water", see appendix

²⁶² IKO. *Information*

presence might contribute to local African agro-technological development and thus increase food production for smallholder farmers.

In 1996, *China Light Industrial Corporation for Foreign Economic and Technical Cooperation (CLETC)*, a state-owned enterprise, had established a joint venture with the Mali government and a private African enterprise with aim of producing sugar cane for the local market.²⁶³ By 2009 it became the largest conglomerate in Mali, leading a new industry in Mali. With the support of the Chinese government (through technologies, concessional loans etc.) it leased a 20,000 ha of land for a large-scale sugarcane-project.²⁶⁴ The joint venture is an example of a Chinese enterprise that contributed to local industrial and agricultural development. Its daily processing capacity is 2,500 tons, employing approximately 10,000 people while “transforming two villages into prosperous cities”.²⁶⁵

A semi state-owned enterprise often discussed in the media regarding its land-based investments in African agriculture is China’s largest telecommunications company: *ZTE Energy*. This specific branch of the larger ZTE-company was established in 2007, at the start of the food-price bubble, to invest in biofuels and food production.²⁶⁶ Right after the foundation of ZTE Energy media reported that it had invested 3 million hectares of land in the Democratic Republic of Congo for the creation of the largest palm oil plantation²⁶⁷. One report, by the Associated Press, even claimed, "ZTE has bought more than 7 million acres of forest to plant oil palms".²⁶⁸ Despite these reports on enormous Chinese land-grabs, the media did not offer sufficient evidence to confirm their claim.

Due to the lack of substantial evidence most scientists therefore contested these claims, emphasizing the ‘multi-million hectares-project’ had never been fully finalized.²⁶⁹ In 2007, a “memorandum of understanding” was signed between ZTE and the Ministry of Agriculture of the DRC regarding a possible investment, which was estimated to “require

²⁶³ China Light Industrial Corporation for Foreign Economic and Technical Cooperation (CLETC). *Information*. <http://www.siof.cn/eng/fairinfo.php?p=2>

²⁶⁴ Smaller, “Farmland and Water”, see appendix

²⁶⁵ CLETC. *Information*

²⁶⁶ ZTE Energy Company. *Information*. http://www.zte.com.cn/en/about/corporate_information/ (accessed 01.10.2012)

²⁶⁷ See for example: Ho, “China’s Developmental Outsourcing”, 16

²⁶⁸ M. Faul, “China Farms the world to feed a ravenous economy”, *The Associated Press*, 4 May 2008

²⁶⁹ Brautigam, *The Dragons Gift* 258; Hairong, “From Socialist to Agro-Imperialist Engagement? 325 and Brautigam, “Do We Have Statistics?”

3 million ha of oil palm plantations”.²⁷⁰ This was most likely the occasion for suspicion in local media. But according to the DRC’s Minister of Agriculture there were several delegations from ZTE to discuss this matter, but the company eventually purchased only 258ha of fertile land in 2008²⁷¹. Recently, the Government of the DRC has offered a concessional lease for an oil-palm plantation of 100,000 ha, but ZTE has put this investment on hold.²⁷²

As discussed in the previous section (p. 56) *Hunan Dafengyuan Agriculture Co. Ltd* invested 25,000 ha of land in the Gambela region for the production of sugar. Dafengyuan is a joint venture between the two largest private seed companies in China, namely ErShiSanYe Group and Long Ping High-tech.²⁷³ The project initially moved relatively quickly but recently the project has been stalled as investors became “unhappy about the land they were allocated”.²⁷⁴ The Gambela state, where the project was based, is extremely desolated and lacks any infrastructure necessary for any economic development.

Besides the (semi) state-owned enterprises there are also provincial enterprises active in African agribusiness. An example of this is *Hubei SFAC*, which established a demonstration farm on a 1,000 ha plot of land in Mozambique to produce for the local market.²⁷⁵ But also private Chinese investors are active in Sub-Saharan Africa. *Datong Trading Enterprise* was founded by Riping Ouyang and is currently cultivating 60,000 ha of arable land for the production of sesame in Senegal.²⁷⁶ Sesame is one of the few agricultural products specifically designed for the Chinese market but produced offshore. While some reports critically assess Ouyang’s methods (especially due to low payments to his employees) he counters by asking “have I come here to exploit? On the contrary, I come to invest. I’m throwing money here (...) that is poverty reduction”.²⁷⁷ While it

²⁷⁰ Hairong, “From Socialist to Agro-Imperialist Engagement? 325

²⁷¹ Smaller, “Farmland and Water”, see appendix

²⁷² Hairong, “From Socialist to Agro-Imperialist Engagement? 325; Smaller, “Farmland and Water”, see appendix and Brautigam, *The Dragons Gift* 258

²⁷³ Hunan Dafengyuan. *Information*. <http://www.ifpri.org/sites/default/files/publications/ifpridp01185.pdf> (accessed 02.10.2012)

²⁷⁴ Ibid.

²⁷⁵ Smaller, “Farmland and Water”, see appendix

²⁷⁶ Datong Trading Enterprise. *Information*. <http://farmlandgrab.org/2760>

²⁷⁷ Ibid.

seems that this comment has to be taken lightly, it does indicate that there are only few Chinese investors operating in Africa producing for the Chinese market.

3.5 Case study: the Zambezi-Valley

One specifically interesting area to evaluate Chinese offshore investment in Africa is the fertile ground of Zambezi, Mozambique. As stated in the introduction of this research, Chinese presence in this area is understood both on terms of a ‘win-win’ situation or an example of ‘neo-colonialist’ land grabbing (p.4). The director-general of the Food and Agricultural Organisation (FAO), Jacques Diouf, is very critical about Chinese agribusiness and warned that “the race by food importing countries to secure farmland overseas to improve their food security risks creating a neo-colonial system”.²⁷⁸

In accordance with earlier statements, Sino-critics often refer to the growing demographic pressure on Chinese food reserves as the main impetus for overseas land grabbing. A prime example of this type of Sino-critical discourse is Loro Horta’s articles ‘*The Zambezi-Valley: China’s First Agricultural Colony?*’ and ‘*China, Mozambique: old friends, new business*’ commissioned by the Centre for Strategic & International Studies. This section will further examine critical claims by Horta, and attempts to deconstruct his analysis. Because of the exceptional amount of reliable scientific data, the Zambezi-valley is an unique area to investigate the effectiveness of Chinese agribusiness.

In his articles Horta argued that because of China’s growing demand for food, and changing diet, the country has to find new agricultural lands to sustain its food security.²⁷⁹ Mozambique, and especially the area of the Zambezi-valley, is considered to be a perfect location to “meet the demand for food from the Chinese population”.²⁸⁰ In 2006/2007 a Memorandum of Understanding (MoU) was signed between China and Mozambique²⁸¹, which, according to Horta’s article, “allowed an initial 3,000 Chinese settlers to move to Zambezia to run farms”.²⁸² This amount would eventually grow to 10,000 migrants. Moreover through this memorandum China pledged an investment of

²⁷⁸ Marks, “China and the Great Global Land Grab,”

²⁷⁹ L. Horta, “Zambezi-valley: China’s First Agricultural Colony,” accessed 15.10.2012, <http://csis.org/publication/zambezi-valley-chinas-first-agricultural-colony>

²⁸⁰ Unknown, “Chinese agricultural investment in Mozambique to feed China”, 14 December 2009

²⁸¹ Siani, “Chinese “land grabs” in Africa”

²⁸² Horta, “Zambezi-valley”

USD \$800 million to boost the local rice production from 100,000 tons to 500,000 a year within 5 years designated for the export to the Chinese market because 90% of the African population relies on cassava, maize and peanuts for their diets instead of rice.²⁸³ The first flaw in Horta's article is the fact that no African country exported rice to China, only sesame seeds (see appendix fig.22). Moreover, in 2008, the year Horta wrote his article, the deficit of rice-reserves in Mozambique was enormous and had put a huge strain on food security in the whole region. In 2008, Mozambique produced 265,098 tons of milled rice, but consumed 552,475, which resulted in a huge shortage of rice.²⁸⁴ This statistic illustrates that Mozambique was not in a position to export rice to China and indicates some basic shortcomings in Horta's critiques.

Another classic claim by Sino-critics, which is repeated in Horta's articles, is the fact that Chinese rapid economic growth results in the need for raw materials and new markets. Horta claims that it "has led Beijing to vigorously re-engage with Mozambique"²⁸⁵ while it "aggressively seek large land leases (...) particularly in the most fertile areas, such as the Zambezi valley".²⁸⁶ It is certainly not true that all African countries assertively negotiate with Chinese investors, but in some cases, like the Zambezi-valley, there is evidence that the local government, instead of China, is actively trying to attract foreign investors.

Hanlon discovered during a fieldtrip to the area that "the now abolished Zambeze valley office tried hard to get Chinese investment and failed: it only received USD\$50 million soft loan for four agro-processing factories".²⁸⁷ Moreover, according to an extensive research by the Oakland Institute, the government of Mozambique had granted land-concessions to foreign investors for over 2,5 million ha of arable land in the period between 2004 and 2009. In the list of foreign investors there is no mentioning of Chinese

²⁸³ Horta, "Zambezi-valley"

²⁸⁴ See: <http://www.riceforafrica.org/card-countries/g1/mozambique/353-mozambiques-rice-statistics> and <http://www.indexmundi.com/agriculture/?country=mz&commodity=milled-rice&graph=domestic-consumption-growth-rate>

²⁸⁵ L. Horta, "China, Mozambique: old, friends, new business", accessed 16.10.2012, <http://www.isn.ethz.ch/isn/security-watch/articles/detail/?Ing=eng&id=53470>

²⁸⁶ Horta, "Zambezi-valley"

²⁸⁷ J.Hanlon, "The Chinese land grab myth", *Mozambique political process bulletin*, 45, 1 (2010)

companies or private entrepreneurs.²⁸⁸ In short, *if* Chinese investors were interested in purchasing, or leasing, large tracts of land in the Zambezi-valley, the local African government were receptive to offers from foreign investors. The absence of any substantial proof to Beijing's "aggressive" search for land indicates challenges Horta's assumptions.

In sum, Horta's evaluation of Chinese agribusiness in Mozambique is closer to fantasy than reality and exemplifies the often unsubstantiated critical claims in the media of China's 'neo-colonialist' land grabs in Africa. A major problem is the fact that Horta's unfounded arguments have been repeated in multiple other media outlets (for example the IFPRI and South African newspaper Mail and Guardian).²⁸⁹ However, after receiving extensive critical reviews on his articles²⁹⁰, Horta seems to have shifted his own opinion towards a more nuanced stance on Chinese engagement in Sub-Saharan Africa. For example, in a recent article Horta stated "the case of Mozambique demonstrates that China is able to adapt to new realities and address some of the most controversial aspects of its presence in Africa"²⁹¹.

A field-study conducted by Brautigam and Ekman, in the period between 2009 and 2012, concluded, "strategies of engagement with China will benefit from less sensationalism, and a more evidence-based understanding of Chinese intentions in Africa".²⁹² The image that African nations are victimized by an aggressive Chinese agribusiness is unfounded. In some cases African policy-makers actively solicited for Chinese investments and expertise in agriculture. However, we need to remain vigilant to an explosive expansion of global land acquisitions, certainly in areas where local rights are being undermined.

²⁸⁸ F. Mousseau & A. Mittal, "Understanding Land Investment Deals in Africa, Country Report: Mozambique", accessed 18.10.2012
http://www.oaklandinstitute.org/sites/oaklandinstitute.org/files/OI_country_report_mozambique_0.pfd

²⁸⁹ D. Brautigam and S.S. Ekman, "Rumours and Realities of Chinese Agricultural Engagement in Mozambique," *African Affairs*, 111,444 (29.05.2012): 485

²⁹⁰ See for example reports by FAO/IFAD/IEED

²⁹¹ L. Horta "China's Economic Engagement in Africa: Changing Approach in Mozambique", RSIS Commentaries, (January 2012) <http://www.rsis.edu.sg/publications/Perspective/RSIS0132012.pdf> (accessed 12.11.2012)

²⁹² Brautigam, "Rumours and Realities", 493

3.6 Conclusion

Regarding Chinese agribusiness in Africa there are no simple answers. The dichotomy between a 'positive' and 'critical' school often centre around a discourse of either the possible 'mutual-benefits' or the exploitative nature of Chinese investments. It becomes clear that these two opposing camps both hold some important assumptions, although they undermine the complexity of China's agribusinesses in Africa. In reality, these land-based investments are in some case beneficial to local development while in others it merely fuels local mistrust of Chinese exploitation. Therefore land acquisitions in Sub-Saharan Africa will benefit from more nuanced research and thus a better understanding of motivational factors to invest in the area.

Conclusion

The main focus for this thesis centred on the macro-and micro intentions plus consequences of Chinese agribusiness in Sub-Saharan Africa. More specifically the following research question was the focus of attention: what is the correlation between China's increased agricultural (business) activities in Sub-Saharan Africa and African economic development?

Modern Chinese engagement in Sub-Saharan Africa dates back from the 1950s when the continent was mainly seen as a battleground for the 'socialist struggle'. Moreover the PRC implemented a 'One-China policy' to counter growing influence of the ROC (Taiwan) on the African continent. But during this period, agribusiness and investments were very limited. Instead, mass aid projects dominated the agro-socialist cooperation between the PRC and African nations. One of the most prominent examples of a socialist project is the construction of the Tanzam Railway (1970-1975) linking Zambia's copper belt and the Tanzanian port of Dar es Salaam. However, the dividing line between socialist aid projects and (prudent) capitalist investments increasingly faded as Chinese involvement was no longer entirely inspired by revolutionary aims but instead was a combination of socialist ideological words while acting pragmatically.

From the early 1980s, under the leadership of Deng Xiaoping, the Chinese economic system underwent a dramatic shift towards the 'socialist market economy'. For Sino-African engagement this meant that the first phase of fraternal socialism (1950s-1970s) was now gradually replaced by a more amicable capitalist approach (1980s-2000s). Initially China's focus was on rebuilding ties with the Western world and thus African relations were side-tracked in the process. But the cautious internationalisation abruptly changed by the events in 1989 during the demonstrations at Tiananmen-square and the fact that China had become a net importer of oil by 1993. Based on the principle of 'mutual benefit' the Chinese government prudently started to support its companies to invest abroad (the so-called 'go global'-policies would find their roots in this period), nevertheless Sino-African agribusiness remained relatively small until 2000.

When we attempt to deconstruct the macro-specifics of Sino-African agribusiness after 2000, it becomes clear that China's involvement in Sub-Saharan Africa often has been criticized in the media. There are three dominant schools of thought concerning

Chinese acquisition of African land: firstly there are the Sino-sceptics and critics who emphasize the negative consequences of Chinese investments for local African development, mainly due to the exploitative nature of its operations. These critics often argue that the rising pressure on China's food security, due to the economic growth and food price hikes of 2007-2008, has led to a rapid increase in Chinese land grabs in Africa. In contrast, Sino-optimists envision possible contributions of Sino-engagement to local economies.

As the concept of agribusiness remains little understood controversies over this subject clarify the few irrefutable conclusions to be drawn. Instead, a pattern in Chinese policies regarding agribusiness in Sub-Saharan Africa can only be expressed in terms of paradoxes; while Western media often depicture China as a huge "neo-colonialist" exploiter of African lands, there is no substantial and irrefutable evidence to confirm this claim. Statistics on land acquisition are scarce, and moreover it is nearly impossible to trace back foreign direct investment to agriculture especially in the case of Sino-African agribusiness. For example, 91% of Chinese FDI-flows went to tax-havens like the Seychelles and Mauritania. How much exactly will find its way into agricultural endeavours on the continent is uncertain. But despite a lack of exact estimations, we can determine some tentative conclusions: the Chinese development-model ('no strings attached') differs significantly from aid provided by Western donors. In this way, Chinese investors offer an effective source of alternative financing in African agriculture. But the Chinese agribusinesses in Sub-Saharan Africa must be viewed in a broader perspective that just in economic terms. For example, creating an image of a 'responsible power' becomes increasingly important for Chinese interests.

To understand the true nature of Sino-African agribusiness one must acknowledge the complex network of Chinese and African actors involved in land deals. For example, the major state institutions in Beijing overlap in their field but contradict in their strategies. Thus there is a tension between economic/commercial aims and political/ideological interests. While the central government in Beijing does not have a tenuous hold on local actors, it does provide a regulatory framework in which financial institutions form an important impetus for foreign investments. However, it is clear that

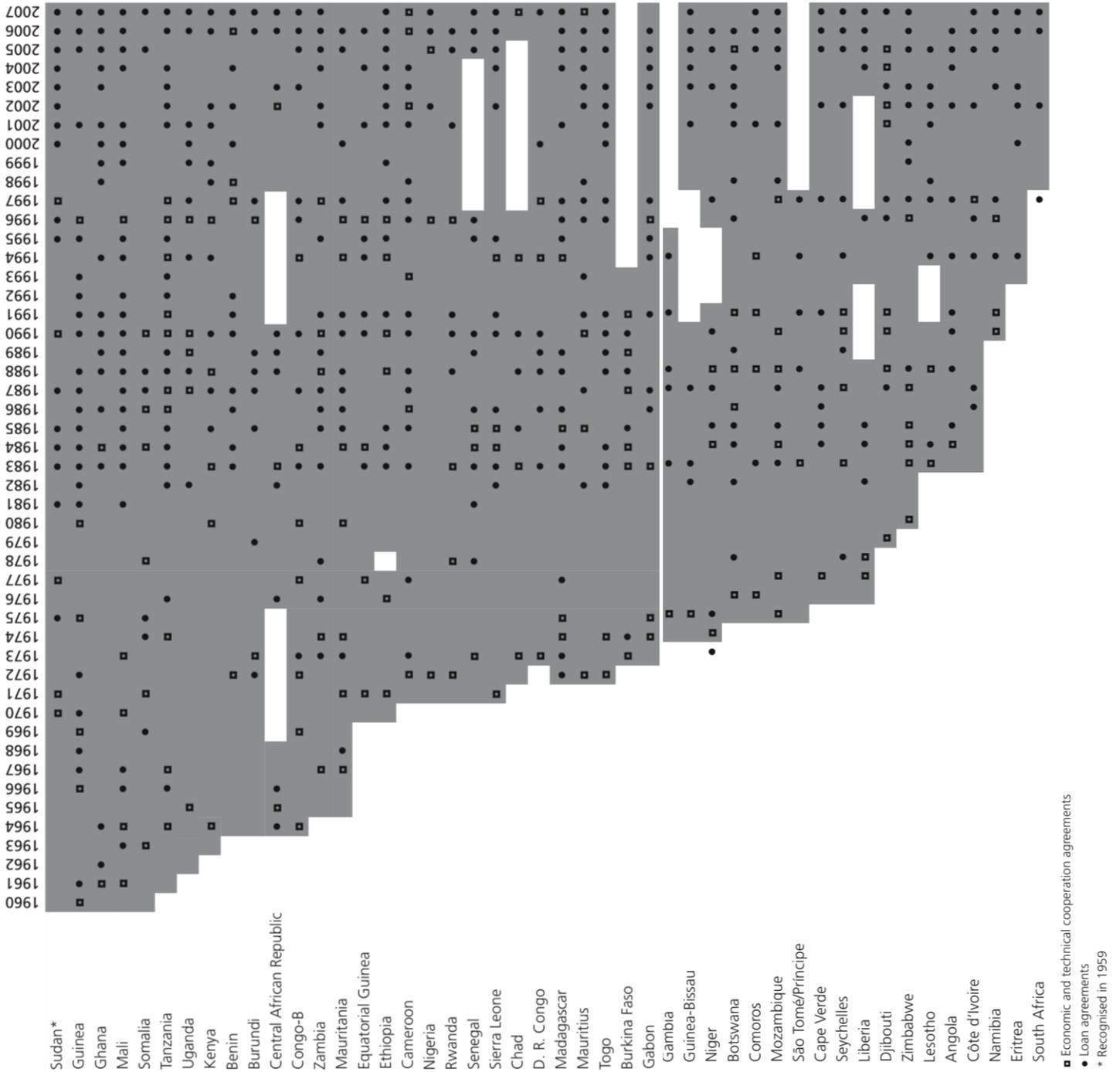
investments from China specifically in African agriculture remain insignificant compared to other areas.

On a micro-approach Sino-optimists claim that Chinese agro-expertise in recent decades can contribute to local African food security (e.g. through the construction of demonstration farms, irrigation etc.). On the other hand, Sino-critics refute this by arguing that Chinese migrants are often unaware of local customs, and that cheap Chinese products on African markets undermine local economic innovation as African vendors can no longer compete. Moreover, because of the fact that the possession of land is ill-defined, local communities have insufficient juridical protection from big investors. According to these critics, this is a major source of social unrest in Africa.

However, in the opinion of the author discursive analyses on Sino-African agribusiness is too often based on either a 'win-win' developmental approach or 'zero-sum' game emphasizing an aggressive exploitative hunt for land by Chinese investors. Because of the scarcity of reliable sources, one must be very careful in drawing strong conclusions. From a normative perspective, we need to create a better understanding of Chinese agribusiness in Sub-Saharan Africa but therefore a nuanced imaging is necessary. In some cases the Chinese development model is most likely to create a balanced trade relation based on the principle of mutual benefit. In this way it is the best alternative to Western forms of development aid to the African continent. On the other hand, we need to acknowledge the complexity of this trade relation, constrain its negative effects on local communities and traditions, and comprehend the contextual basis for success or failure on the ground without prejudices.

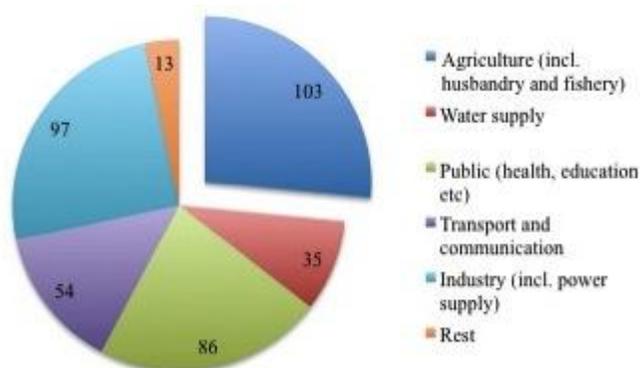
Appendices

Figure 1 *Years of new aid commitments, China to Africa, 1960-2007* (grey areas indicate diplomatic ties with PRC, while white areas show ties with ROC)



Source: D. Brautigam, "Chinese Development Aid in Africa. What, Where, Why and How Much? ," [http://www.american.edu/sis/faculty/upload/Brautigam-Chinese -Aid-in-Africa.pdf](http://www.american.edu/sis/faculty/upload/Brautigam-Chinese-Aid-in-Africa.pdf) (accessed 09.09.2012)

Figure 2 *China's Aid Project to Sub-Saharan Africa, until 1987 (by numbers)*



Source: Editorial Board of the Almanac of China's Foreign Economic Relations and Trade. *Almanac of China's Foreign Economic Relations and Trade 1988*. (Beijing, 1989)

Figure 3 *Chinese trade with Africa (U.S. \$ millions) 1955-1967*

CHINESE EXPORTS/ IMPORTS

	Total Chinese exports	Chinese exports to Africa	World exports to Africa		World exports to China	Chinese imports from Africa	Total African exports
1955	1,420	22	5,090		1,490	26	4,430
1957	1,710	43	6,040		1,500	47	4,620
1959	2,230	45	6,000		2,190	49	4,820
1961	1,600	46	6,540		1,600	39	5,430
1963	1,720	52	6,760		1,420	62	6,240
1965	2,020	78	8,170		2,120	115	7,650
1967	2,070	125	8,330		2,350	67	8,330

Source: United Nations. *Yearbook of International Trade Statistics: volume 1967* (New York: United Nations, 1969)

Figure 4 *Commodity Structure of China-Japan Trade, 1977 and 1989 (in millions of U.S. dollars)*

Commodities	1977		1989	
	Amount	Percent	Amount	Percent
Exports				
Textile materials	\$ 198.2	10.2	\$ 416.1	4.9
Chemical products	358.1	18.5	817.7	9.6
Metal articles	1,105.6	57.0	2,540.3	29.8
Machinery and mechanical apparatuses	217.5	11.2	3,956.5	46.5
Others	59.2	3.1	785.3	9.2
Total	\$1,938.6	100.0	\$ 8,515.9	100.0
Imports				
Foodstuffs	\$ 339.2	21.9	\$ 1,941.3	17.4
Textile materials	302.0	19.5	479.6	4.3
Petroleum and crude oil	654.6	42.3	1,531.2	13.7
Textile articles	—	—	3,161.9	28.4
Manufactured products	—	—	2,045.0	18.4
Others	251.1	16.3	1,986.8	17.8
Total	\$1,546.9	100.0	\$11,145.8	100.0

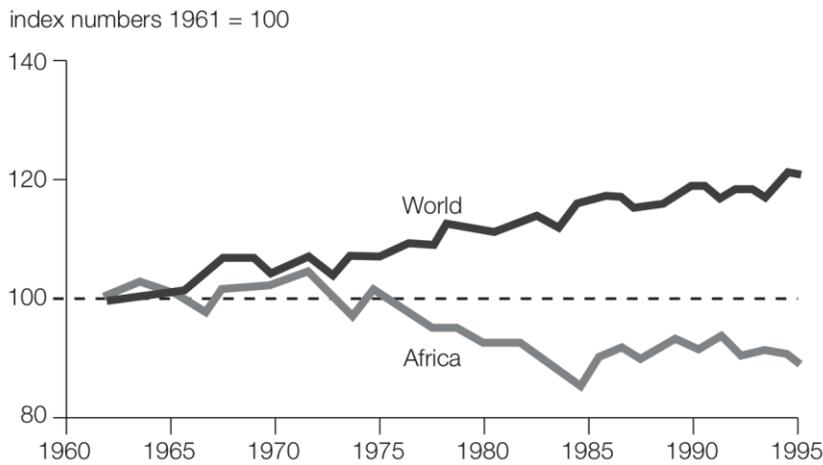
Source: T. Morino, "China-Japan Trade and Investment Relations," *Proceedings of the Academy of Political Science*, 38,2 (1991): 92

Figure 5 *Chinese FDI Outflows, by host region, 1990-2001 (USD \$10,000 and %)*

	Annual average of ODI stock (%)			
	1990-1992	1993-1995	1996-1998	1999-2001
TOTAL CHINESE ODI (US\$ 10,000)	133,847.53	176,010.77	235,466.77	377,761.70
Percentage distribution by region:				
DEVELOPED COUNTRIES	69.44	64.12	49.95	36.11
Western Europe	2.62	2.63	2.21	1.72
European Union (15 countries)	2.29	2.38	2.07	1.58
Other Western Europe (3 countries)	0.33	0.25	0.20	0.14
North America	41.59	39.86	31.25	23.67
Other developed countries	25.22	21.63	16.49	10.71
DEVELOPING COUNTRIES	30.56	35.88	50.05	63.89
Africa	4.03	5.18	11.02	16.07
North Africa (6 countries)	0.20	0.19	0.76	1.13
Other Africa (46 countries)	3.83	4.99	10.27	14.93
Latin America and the Caribbean	4.87	4.96	10.04	13.83
South America (12 countries)	3.64	3.19	8.40	8.89
Other Latin America & Caribbean (18 countries)	1.23	1.78	1.64	4.94
Central and Eastern Europe (18 countries)	4.17	5.76	4.85	4.44
Asia	16.61	18.71	22.22	27.87
West Asia (Middle East) (12 countries)	1.09	1.17	0.98	1.61
Central Asia (8 countries)	0.09	0.26	0.49	1.50
South, East and SE Asia (20 countries)	15.42	17.28	20.74	24.75
The Pacific (9 countries)	0.88	1.27	1.92	1.69

Source: P. Buckley, "The Determinants of Chinese Outward Foreign Direct Investment," (2007)

Figure 6 *Food production per capita in Africa and the world (1960-1995)*



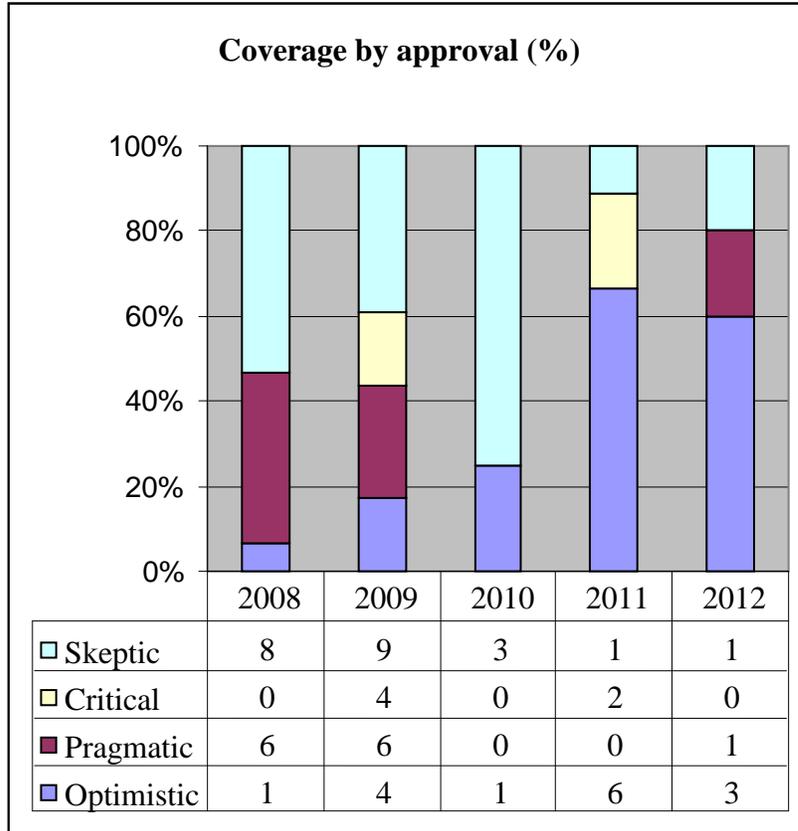
Source: African Agricultural Technology Foundation (AATF), “A Study on the Relevance of Chinese Agricultural Technologies to Smallholder Farmers in Africa,” (2010)

Figure 7 *China National Agricultural Development Corporation in Africa*

Country	Investment Date	Farms (hectares)
Zambia	1990	China–Zambia friendship farm (667)
Zambia	1992	Zhongken Estates Ltd (3,573)
Mali	1995	Sikasso tea complex (100)
Guinea	1996	Koba farm (1800)
Ghana	1997	CALF* Cocoa International Company Ltd (now apparently bankrupt)
Zambia	1999	Zhongken Friendship Farm Ltd (2,600)
Mauritania	1999	Zhongnog Mauritania Agriculture Co. Ltd/Mpoli farm (638)
Tanzania	2000	Rudewa and Kisangata estates sisal farms (6,900)

Source: T. Xiaoyang and D. Brautigam, “China’s Engagement in African Agriculture: “Down to the Countryside”, *The China Quarterly*, 199 (2009): 697

Figure 8 *Articles on Chinese Land-deals in SSA, 2008-2012 (approval by % and quantity of articles)*



Source: authors own research via examination of 56 newspaper articles in various (global) media

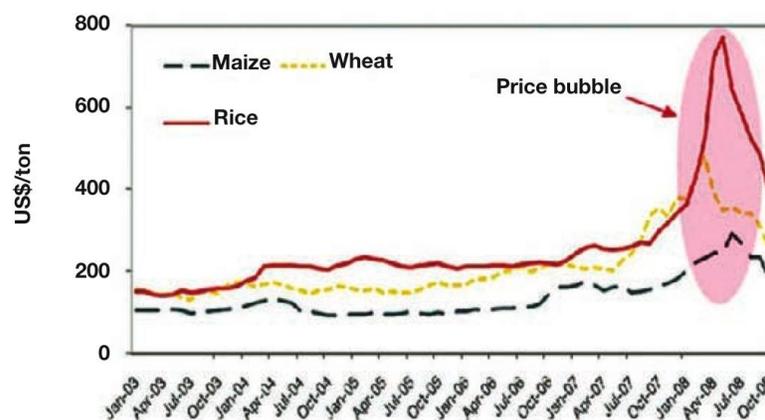
Figure 9.1 *FAO Food Price Index in real terms, 1961-2010*



Notes: calculated using international prices for cereals, oilseeds, meats, dairy products and sugar. The FAO Food Price Index is calculated from 1990 to 2010 on a regular basis; in this figure it has been extended back to 1961 using proxy price information. The Index measures movements in international prices and not necessarily domestic prices.

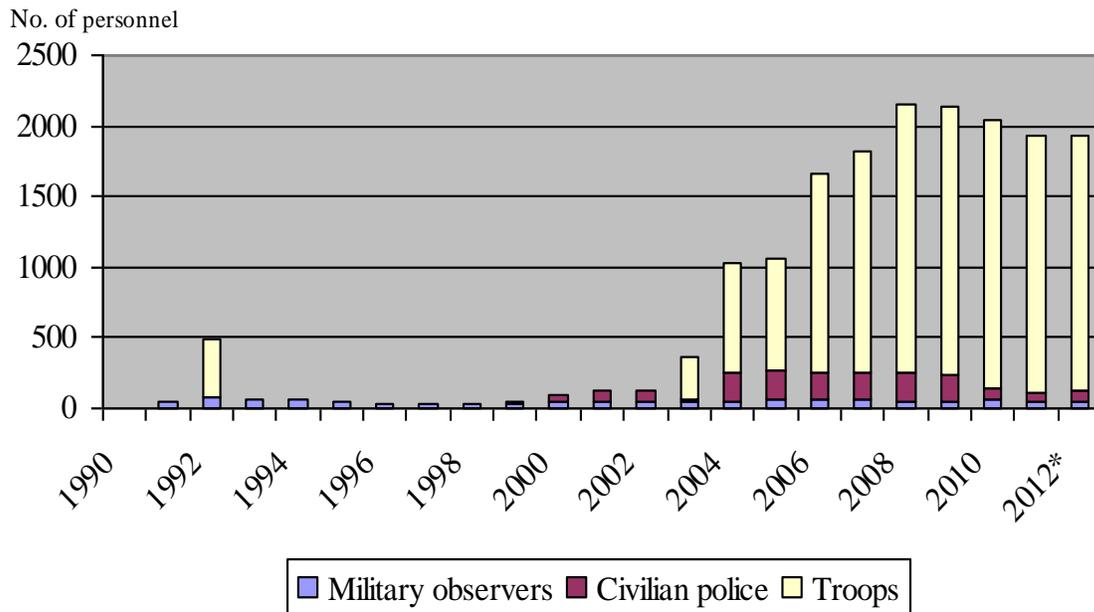
Source: Food and Agriculture Organization (FAO), *World Food and Agriculture in Review 65* (2010) United Nations via <http://fao.org/publications/sofi/en/>

Figure 9.2 *The Global Food Price Crisis in 2007-2008*



Source: L. Cotula and S. Vermeulen, eds., *Land Grab or Development Opportunity? Agricultural Investment and International Land Deals in Africa* (London: Russel Press, 2009) 52

Figure 10 Chinese Troop Contributions to UN peacekeeping operations 1990-2012

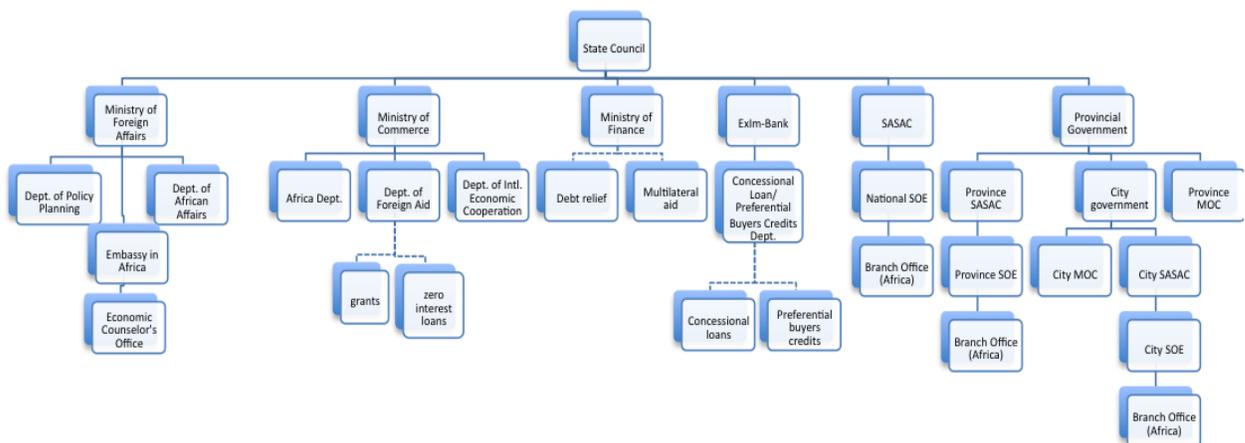


* contribution until November 2012

Source: United Nations. *UN-Peacekeeping Contributors*.

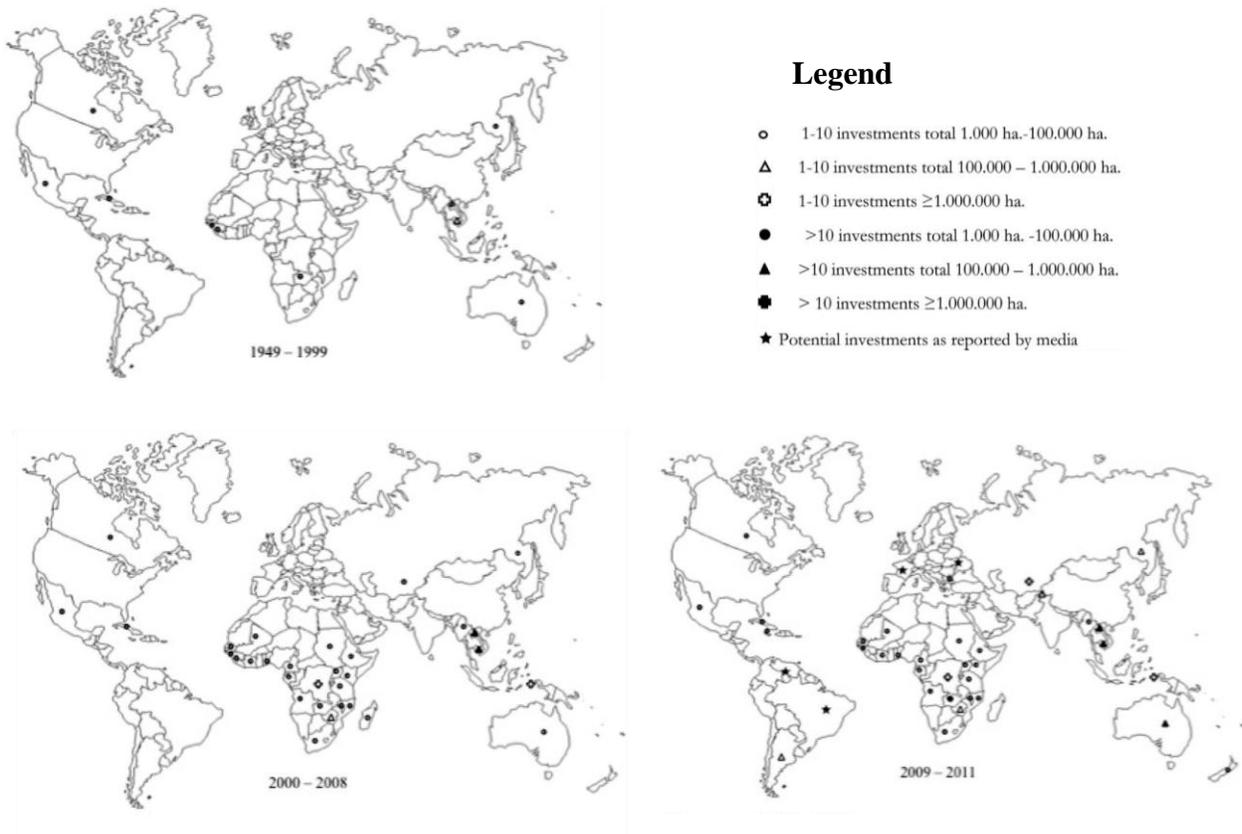
<http://www.un.org/en/peacekeeping/resources/statistics/contributors.shtml> (accessed 01.08.2012) and SIPRI. *Multilateral Peace Operations Database*. <http://conflict.sipri.org/> (accessed 12.11.2012)

Figure 11 Chinese State Actors in Sino-African Economic Relations



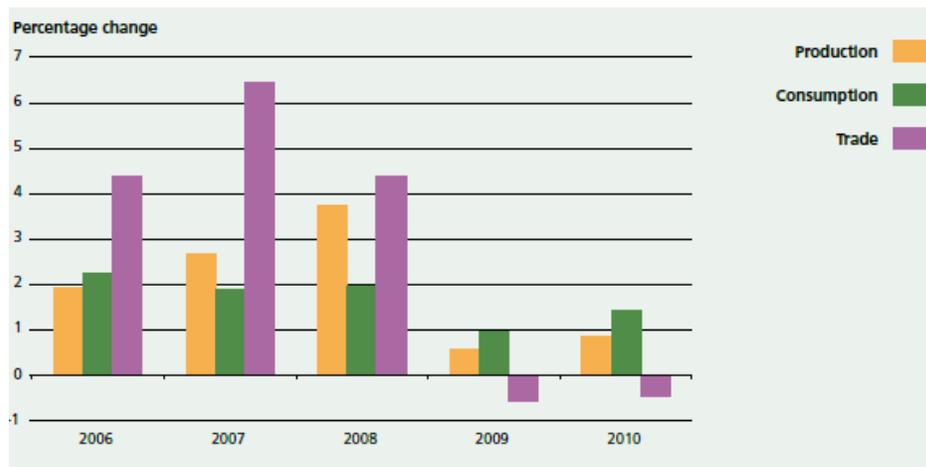
Source: B. Gill and J. Reilly, "The Tenuous Hold of China Inc. in Africa," *The Washington Quarterly*, 30, 3 (2007): 42 and D. Brautigam, *The Dragon's Gift: the Real Story of China in Africa* (Oxford: University Press, 2009) 107

Figure 12 Chinese land-based investments in Africa 1949-1999, 2000-2008 and 2009-2011



Source: P. Ho and I. Hofman, “China’s Developmental Outsourcing: A Critical Examination of Chinese Global ‘Land Grabs’ Discourse,” *Journal of Peasant Studies*, 39, 1 (2012): 13, 15, 19

Figure 13 Annual growth in global food production, consumption and trade 2006-2010



Note: Estimates in US dollars (2004-2006 basis).

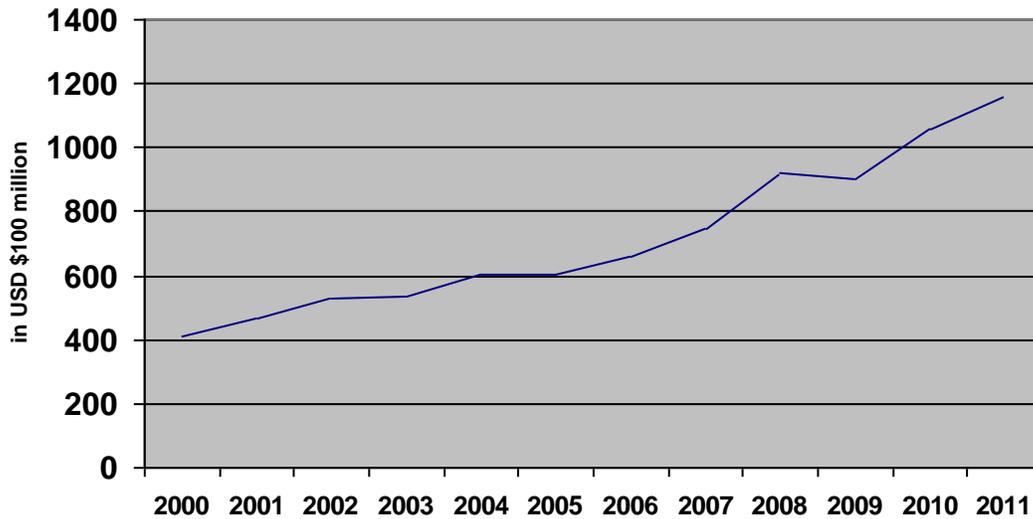
Source: Food and Agriculture Organization (FAO), *World Food and Agriculture in Review 65* (2010) United Nations via <http://fao.org/publications/sofi/en/>

Figure 14 Chinese imports of primary goods, 1980-2010 (in USD \$100 million)

	Total Primary Imports (incl. food, raw materials and mineral fuels)	Food-Imports (incl. beverages, tobacco, vegetable oils)	In percentage food/primary goods
1980	69,59	32,02	46%
1990	98,53	44,74	45,41%
2000	467,39	60,99	13,04%
2010	4338,50	327,38	7,55%

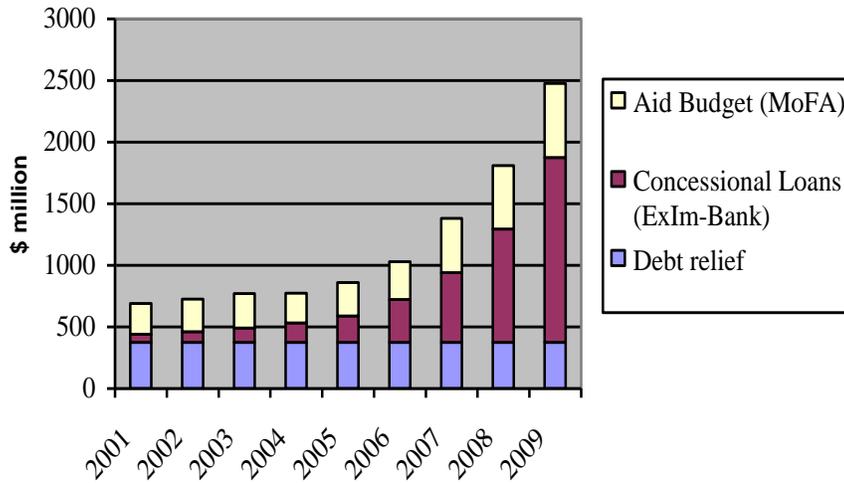
Source: National Bureau of Statistics of the PRC. *China Statistical Yearbook 2011*. (Beijing, 2011)

Figure 15 China's Foreign Direct Investment 2000-2011



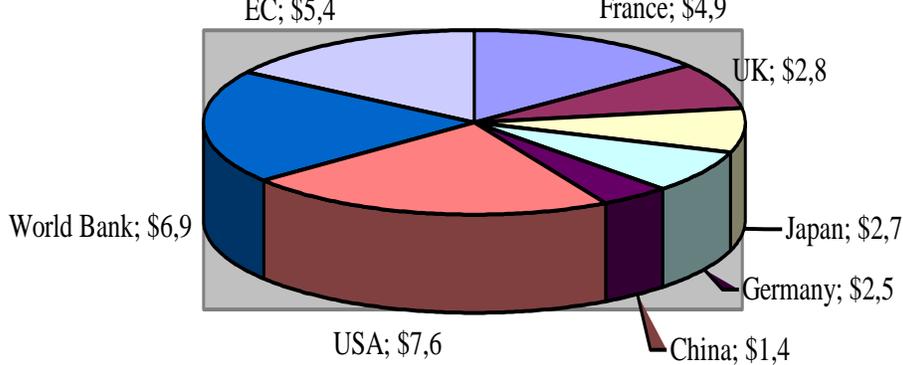
Source: Ministry of Commerce People's Republic of China. *Statistics*. <http://english.mofcom.gov.cn/> (accessed 09.2012) and National Bureau of Statistics of the PRC. *China Statistical Yearbook 2011*. (Beijing, 2011)

Figure 16 Sino-African Aid Assistance, 1996-2007



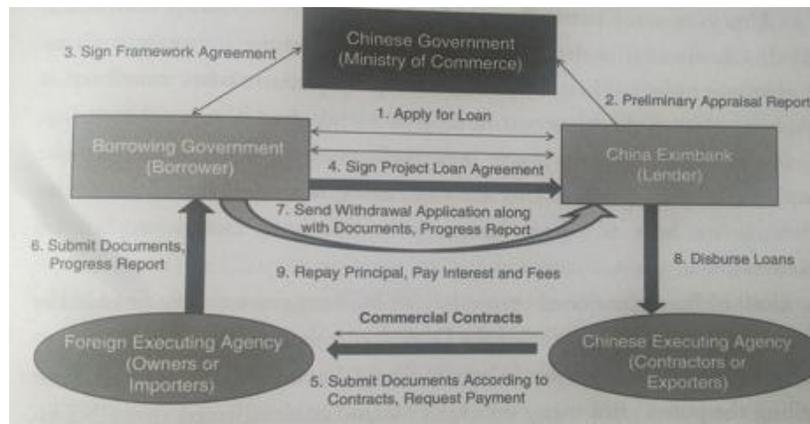
Source: National Bureau of Statistics of the PRC. *China Statistical Yearbook 2011*. (Beijing, 2011) and D. Brautigam, *The Dragon's Gift: the Real Story of China in Africa* (Oxford: University Press, 2009) 317

Figure 17 China's Aid Budget Compared to Western Donors 2007 (in \$ billion)



Source: D. Brautigam, *The Dragon's Gift: the Real Story of China in Africa* (Oxford: University Press, 2009) 172

Figure 18 ExIm-Bank Concessional Loan Procedure



Source: D. Brautigam, *The Dragon's Gift: the Real Story of China in Africa* (Oxford: University Press, 2009) 143

Figure 19 *Categories of Chinese Involved in African Agribusiness*

1. Diplomats and negotiators of agricultural contracts and development aid projects
2. Aid projects: project managers, engineers, technical experts, translators (on contracts)
3. SOE companies: managers, technical experts, workers (on contracts and investment projects)
4. Private-sector agribusiness owners, managers, workers: small to medium “farming” an agro-processing operations
5. Import-export agents and traders of commodities, farm machinery and agro-chemicals (SME, medium, large, value-added)
6. Informal-sector hawkers and marketers
7. Contract workers and labourers (farms and agro industry)
8. Relatives, spouses, and children

Source: A. Spring, “Chinese Development Aid and Agribusiness Entrepreneurs in Africa,” in *Repositioning African Business and Development for the 21st Century*.ed. S. Sigue, 26 (Canada,2009)

Figure 20 *Area under irrigation and potential irrigable area using existing water resources*

Country	Irrigated area (ha)	Potential irrigable area (ha)
Botswana	1,300	39,000
Lesotho	1,900	20,000
Mozambique	45,000	2,400,000
South Africa	1,300,000	1,600,000
Swaziland	46,000	86,000
Zimbabwe	120,000	370,000

Source: African Agricultural Technology Foundation (AATF), “A Study on the Relevance of Chinese Agricultural Technologies to Smallholder Farmers in Africa,” (2010)

Figure 21 Excerpt from Land-Agreement between Ethiopia and Dafengyuan Co.

LAND RENT CONTRACTUAL AGREEMENT MADE BETWEEN
MINISTRY OF AGRICULTURE

AND

HUNAN DAFENGYUAN AGRICULTURE Co.,LTD

This Land Lease Agreement is made and entered by and between **Ministry of Agriculture** of FDRE having its principal office at Bole sub city , Addis Ababa, Ethiopia, [herein after referred to as the "Lessor"].

and

HUNAN DAFENGYUAN AGRICULTURE CO.,Ltd is a Private limited company incorporated in China and registered under Ethiopia , having its Registered Office at **H.no 1005, Kebele 03/05, Bole sub city, Addis Ababa Ethiopia** [herein after referred to as "lessee", which expression where the context admits shall also mean and include its successors and assigns, including a company to be incorporated for the purpose here in after mentioned by the lessee in the Federal Democratic Republic of Ethiopia.

WHEREAS, the lessee, a business organization incorporated to engage in development of Sugar Cane plantation and sugar processing under the relevant laws of Ethiopia; and requires sufficient land in Gambela Regional State;

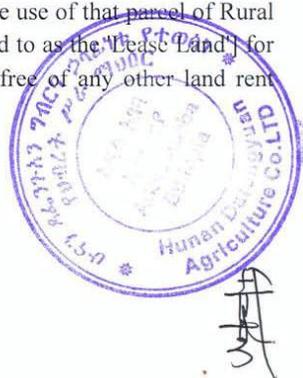
WHEREAS, the Lessor is willing to provide the required land lease basis in accordance with the terms and conditions provided hereunder;

NOW THEREFORE, the parties have executed this land lease agreement on *25/11/2010* under the terms and conditions indicated herein below.

Article 1

Scope of Agreement

- 1.1 The scope of this lease Agreement is to establish a long term land lease of rural land for Sugar Cane farming and related activities on the land measuring **25,000** hectares, located in **Gambela Regional State, Agnuwa Zone, Dima District** around **Ukach and awaya** kebeles together all rights of easement of amenities, fittings, fixtures, structures, installations, property or other improvements standing thereon, to the company incorporated for the purposes hereinafter mentioned by the lessee in the Federal Democratic Republic of Ethiopia.
- 1.2 This Lease Agreement shall be applicable to the full and exclusive use of that parcel of Rural land more particularly described in this lease [herein after referred to as the 'Lease Land'] for development of Sugar Cane plantation and sugar processing free of any other land rent other than the rent expressed under Article 2 of this agreement.



Source: "Land Rent Contractual Agreement", *Ethiopian Ministry of Agriculture and Hunan Dafengyuan Agriculture Co.,LTD*. (Addis Ababa, 25.11.2010)

Figure 22 Chinese Confirmed Land Acquisitions in Sub-Saharan Africa (>1000 ha)

Company	Location	Ha.	Crops	Details	References (in datasets)
COMPLANT	Benin	4,800	Cassava, sugar cane for export	SOE, part of CADF	IISD, Ho, GRAIN: Future-agricultures, Recharge-news + official government sources (IISD)
	Sierra Leone	8,100	Cassava, sugar cane	1,500 local workers	IISD, Ho, GRAIN: three official references
	Madagascar	10,000	Sugar cane	In 2008 took over state-owned sugar-factory SUCOCOMA	IISD, Ho, GRAIN: double reference (media and official)
IKO Ltd.	Cameroon	10,000 (Ho: 14,000)	Cassava, maize rice. Local market.	USD \$120 million. Subsidiary of SOE-conglomerate	IISD, GRAIN: farmlandgrab.org/post/view/16485 and company source (IISD)
CLETC	Mali	20,000	Sugar cane. Local market	SOE, joint venture with Mali gov.+ company. USD \$41 million	IISD, Ho, GRAIN: Oakland Institute, IPRCC, farmlandgrab-document
ZTE Energy	Congo	100,000 (Ho: 3 million!)	Oil palm	Semi SOE, telecommunications	GRAIN: personal communication with ZTE DRC's representative. IISD: company and media source
	Sudan	10,000	Oil seeds	Commercial production	IISD, GRAIN: farmlandgrab.org/post/view/11831
Hunan Dafengyuan	Ethiopia	25,000	Sugar cane	Joint venture between two private seed-companies	IISD, GRAIN: farmlandgrab.org/post/view/18596, contract (see fig.21)
Hubei SFAC	Mozambique	1,000	Local market	Demonstration farm	IISD, Ho, GRAIN: farmlandgrab.org/post/view/2585
Datong Trading Enterprise	Senegal	60,000	Sesame, export to China	Private entrepreneur	IISD, Ho, GRAIN: double referencing (incl. media report)
Chinese investment group	Benin	10,000	Oil palm	Private group	IISD, GRAIN: ANA, farmlandgrab.org/post/view18979

Company	Location	Ha.	Crops	Details	References (in datasets)
National Hybrid Rice R&D Center	Mali	100,000	Hybrid rice and wehat	SOE and academic institute. Joint venture with Malibya	IISD, GRAIN
Chinese investors	Nigeria	15,000	Cassava, export	Private	IISD, GRAIN: farmlandgrab.org/post/view/14163
Hebei Hanhe Co.	Uganda	8,100	Food production and livestock. Local market	Part of China aid program and investment for profit	IISD, GRAIN: farmlandgrab.org/post/view/8198
Liu Jianjun	Uganda	4,000	Food production. Local market	Private entrepreneur	IISD, GRAIN: Liu is a former government official, facilitating Chinese investments in Mozambique, Uganda and other African countries. Daily Telegraph reported that Liu acquired plot of land in Uganda.
Zhongken Estates Ltd.	Zambia	3,573	Wheat, maize, chicken eggs. Local market	Part of CSFAC, SOE	Brautigam (2009), Ho
Zhongken Friendship Farm	Zambia	2,600	Maize, wheat. Local market	-	Ho
Zhonghua	Zambia	1,400	Maize, cattle. Local market	JSFC	Ho
China International Water & Electric Corporation	Zimbabwe	100,000	Corn, sorghum. Local market	SOE	IISD, Ho, GRAIN: NGO-source and official government source
TOTAL Chinese land-acquisitions		493573 ha.			

Sources: Cross-checking sources from reference-list in datasets (see appendices). C. Smaller, Q. Wei and L. Yalan, "Farmland and Water China Invests Abroad", *IISD Report* (August 2012); P. Ho and I. Hofman, "China's Developmental Outsourcing: A Critical Examination of Chinese Global 'Land Grabs' Discourse," *Journal of Peasant Studies*, 39, 1 (2012) and Grain, "Who Will Feed China: Agribusiness or its own Farmers? Decisions in Beijing Echo Around the World," (August 2012)

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