Chinese Agriculture Goes Global

China is a fast-growing emerging economy, developing competitive manufacturing and technology sectors, but its leaders must also feed the world’s largest population. China’s expanding middle class has more expensive tastes, demanding more meat, coffee, and fruits and vegetables like avocados, blueberries and more. “China is home to 22 percent of the world’s population, but possesses around 7 percent of its arable land,” writes Loro Horta, a diplomat in Beijing. Chinese officials report that 40 percent of the arable land has been subjected to erosion, pollution and other degradation. Like Brazil and Japan, China is turning to overseas farming, first investing in land in Laos and Cambodia and later in Africa, South America, Central Asia and Ukraine. Brazil even invests in African land to grow soy beans for the Chinese market. Use of land devel by outsiders is an emotional issue for people of any nationality, risking unrest or protests, but China also invests heavily in agricultural research that contributes to preventing food shortages. – YaleGlobal

Loro Horta
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BEIJING: China is the world’s second largest economy, but ironically, food security is emerging as one of the main concerns for China’s communist leaders. During a visit to an Argentinian farm in July President Xi Jinping said: “If China is going to grow, it must solve its grain problem for its 1.3 billion population first.” Measures taken by China to address the problem – going to the world – may not be a panacea.

As China grows wealthier, food consumption and diet have undergone a dramatic transformation.

Between 1985 and 2005 meat consumption in China quadrupled, reaching 59.5 kilos per person a year, according to the United Nations Food and Agriculture Organization. Meat consumption is likely to continue to increase in coming years as more Chinese are expected to join the ranks of the expanding middle class. By 2020, meat consumption is expected to grow by 35 percent from current levels. Chinese are also developing a voracious appetite for certain delicacies taken for granted in the West such as coffee, spices, vegetables like asparagus and exotic fruits like avocados and blueberries.

China is home to 22 percent of the world’s population, but possesses around 7 percent of its arable land – 334.6 million hectares. However, in recent years the county’s arable land has been shrinking as a result of serious environmental damage such as soil erosion, deforestation and pollution of rivers and lakes. In November Chinese officials reported that more than 40 percent of China’s arable land is suffering from degradation.

The combination of rising food demand and reduced arable land makes it difficult for China to feed itself in the not so distant future. In the past decade China has experienced hikes in food prices and shortages of certain products.

China has no choice but to turn to overseas farming. In 2013 China imported 4 percent of the world’s grain and this figure is likely to rise in coming years.

Several Chinese government officials have also talked about the overseas option as a complement to strengthening domestic production. In 2010, Chinese Minister for Agriculture Han Changfu said, “The time is ripe for the country’s agricultural companies to embark on a go outward strategy.”

In recent years Chinese investment in overseas agriculture and land leases has steadily increased. Chinese companies began investing in neighboring Laos and Cambodia farmland in the early 2000s and slowly ventured further afield. Chinese-owned or jointly owned farms are in several African countries including Mozambique and Ethiopia.

In Mozambique, a Hubei-based company has invested $250 million in a rice farm in Gaza province. In November 2013 the country’s state-owned newspaper Noticias cited Raimundo Matule, a director at the ministry of agriculture, reporting that several Chinese conglomerates were expected to invest up to $2.5 billion in the country’s agricultural sector. In Angola Chinese state-owned giant CITIC [3] pledged to invest $5 billion in agriculture in addition to its current lease of 20,000 hectares of land in the former Portuguese colony.

Mozambique and Angola in particular are large countries with immense tracks of fertile land and a small population. Angola has a
Grain across the oceans: In search of food security, China is investing in farming other continents; Chinese President Xi Jinping, left, with President Cristina Fernandez de Kirchner of Argentina, where China is investing big on farming (top); Senegalese farmer transplants seedling under Chinese supervision

China imported 4 percent of the world’s grain in 2013. This figure is likely to rise in coming years.

Africa could emerge as a major provider of agricultural products to China in coming years.

China invests heavily in agriculture research centers throughout Africa to reduce food shortages.

China is not alone in its interest for African farmland. Brazil, Japan, South Korea and several Gulf States have leased large tracks of land in Africa. Brazil seems to have been far more successful than China, at least in Mozambique, having acquired 500,000 hectares of land in the country’s north. Brazilian land deals have been far less controversial than Chinese ones and elicited less suspicion. Brazilian companies are reported to be producing soybeans in Mozambique, and for several years, Brazil has been main supplier of this product to China. It seems that the Brazilians have stolen a march on the Chinese.

Despite these risks Chinese investment in overseas agriculture is likely to continue. China has little choice but to turn overseas to sustain its growing food needs.

However, one must be cautious not to see Chinese acquisitions of overseas farms as a mere land grab. The issue is far more complex. China has invested hundreds of millions of dollars in agriculture research centers throughout Africa that have greatly increased rice and other crops production and alleviated food shortages. Hundreds of Chinese agriculture scientists are working in Africa and elsewhere to improve efficiency. While Africa and other parts of the world are supplying China with products such as
grain, soybeans and meat. China may also contribute to consolidating food security in Africa and other regions with its investment and expertise. China’s long-term strategy may be to boost Africa’s capability to produce agriculture surplus, both addressing the continent’s chronic food shortages and China’s demand for imported food.

Chinese investment in overseas agriculture can bring significant benefits provided such investments are done in an open and transparent way and with respect for local communities. Indeed, certain countries – particularly Angola and Zimbabwe, to mention a few – are keen on such investments. China and the host countries for such investments can benefit tremendously – if both sides have the imagination to build mutually beneficial partnerships.

Loro Horta is a senior diplomat based in Beijing. He is a graduate of the Peoples Liberation Army National Defence University (PLANDU) senior officers course and the Chinese Ministry of Commerce Central School. He is also a graduate of the US Naval Postgraduate School and the American National Defense University. He previously served in Africa, Southeast Asia and Central Asia. The views expressed here are strictly his own.

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