

## **The rice paddy beyond the sea** by Loro Horta

*Loro Horta ([rabino\\_azul@yahoo.com](mailto:rabino_azul@yahoo.com)) is a senior Timorese diplomat based in Beijing. A graduate of the People's 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 Post Graduate School and the US National Defense University. He previously served in Africa, Southeast Asia, and Central Asia. The views expressed here are strictly his own.*

As China grows wealthier and its citizens richer, food consumption and diet have been dramatically transformed. A wealthier population is not satisfied with its traditional rice bowl and tiny portion of vegetables that has long been the standard Chinese meal. Gone are the days where meat was eaten on special occasions like Lunar New Year and seafood was enjoyed only by senior Communist Party officials.

According to the United Nations Food and Agriculture Organization (FAO), meat consumption in China quadrupled between 1985 and 2005, reaching 59.5 kg per person a year. Meat consumption is likely to continue to increase as more Chinese join the ranks of the middle and upper middle class. By 2020, meat consumption is expected to grow 35 percent from current levels. Chinese are also developing a voracious appetite for foods taken for granted in the West such as coffee, spices, vegetables like asparagus, and various exotic fruits.

China has 22 percent of the world's population, but possesses around 7 percent of its arable land (334.6 million hectares). In recent years, the country's arable land has been shrinking as a result of environmental damage like pollution, soil erosion, deforestation, and the poisoning of rivers and lakes. Official Chinese sources reckon that an estimated 8 million hectares of arable land have been lost to soil pollution. The movement of millions of rural Chinese to urban areas has also had a detrimental effect on the country's agriculture.

The combination of rising food demand and reductions in arable land are creating a difficult situation for China, and self-sufficiency in food production looks increasingly difficult in the not so distant future. While scientific research by Chinese agricultural scientists has significantly increased yields of rice and other crops, this is unlikely to ensure the Asian giant's food security and satisfy its changing tastes. In the past decade, China has experienced hikes in food prices and shortages of certain products.

Several Chinese and foreign experts have argued that China needs to turn to overseas farming to meet its growing food demand. According to Fan Shenggen, director of the International Food Policy Research Institute, China will need to import 100 million tons of grain a year by 2020. In 2013, China was already importing 3 million tones.

Several Chinese government officials have also talked about the overseas option to complement strengthening domestic production. In 2008, the *Financial Times*, quoting a Chinese official, reported a government-sponsored program to promote Chinese investment in overseas farming. In 2010, Chinese Agriculture Minister Han Changfu said "the time is ripe for the country's agricultural companies to embark on a go outward strategy."

Chinese investment in overseas agriculture and land leases has been slowly but steadily increasing. Chinese companies began to invest in farmland in Laos and Cambodia in the early 2000s, venturing further afield. There are Chinese-owned or jointly owned farms in African countries from Mozambique to Ethiopia. In Mozambique's Gaza province, a Hubei-based company has invested \$250 million in a rice farm. In November 2013, the country's state-owned newspaper, *Noticias*, citing Raimundo Matule, a director at the ministry of agriculture, reported that several Chinese conglomerates were expected to invest up to \$2.5 billion in the country's agricultural sector. In Angola several reports claimed that China had pledged to invest \$1 billion in their agricultural sector.

Mozambique and Angola are large countries with immense tracks of fertile land and small populations. Angola has a land area of 1,243,700 sq. km and a population of just 16 million, mainly concentrated in coastal areas. China has built dozens of agricultural research centers throughout Africa to help local governments modernize their agriculture. Beijing has also lifted export tariffs for hundreds of agricultural products to facilitate agricultural trade between Africa and China. Its strategy in Africa seems to be two-fold: encourage state and private investment in Africa's agricultural sector and assist local governments in developing their own agricultural sector in the hope that Africa will emerge as a main provider of agricultural products to China in coming years. Indeed, such exports to China have increased rapidly in recent years. In 2011, agricultural exports from Africa reached \$4.78 billion, a 40 percent increase from the previous year.

Chinese businesses are also operating in South and Central America, having leased tracks of land in Brazil, Peru, Argentina, and Mexico. There are also reports of land being acquired in the sparsely populated Russian Far East, just across the border from northern China. Chinese companies are reported to have leased 1 million hectares of land in Russia. China's most ambitious investment in the sector is a 3 million hectare land lease deal with the Ukraine to produce cereals and raise pigs. In 2010, Chinese companies were reported to have requested to lease 1 million hectares from the Kazakh government to plant soybeans and wheat. In 2010, China was believed to have leased or bought over 2 million hectares of land abroad.

The overseas rice paddies that China is planting carry significant risks and rewards. Recent events in Ukraine show that even in a once relatively stable part of the world nothing is guaranteed. China's substantial investments in South Sudan's farms have produced nothing because of the outbreak of civil war in early 2014. Land is usually a sensitive and emotional issue that touches upon the most primordial fears. In countries with a history of colonialism and occupation land leases are extremely sensitive. In Kazakhstan there is widespread concern, sometimes bordering on paranoia, that China is grabbing the country's vast and sparsely populated land by bribing local officials. In Brazil, officials, including former Minister of Agriculture Delfin Netto, have accused China of carrying out a stealthy land grab. While the country's intelligence agency, ABIN, claimed that several Chinese companies were acquiring Brazilian land through Brazilian and Argentinian "puppets," some observers consider such claims to be exaggerated.

Despite these risks, Chinese investment in overseas agriculture is likely to continue. To minimize the perception of a land grab, China is seeking to engage local populations and start joint ventures with local actors. China has also cooperated with the US in several agricultural projects in Africa and in Timor-Leste. China seems to have little choice but to look overseas to sustain its growing and increasingly complex food needs. Investment in overseas agriculture can bring significant benefits provided they are done in an open and transparent way and with respect for local communities. China's agricultural research centers and other assistance in Africa have significantly contributed to the modernization of the agricultural sector and consolidated food security in many countries. To describe China's growing interest in overseas land as a land grab is simplistic and ignores the many benefits it could bring to the developing world.

*PacNet commentaries and responses represent the views of the respective authors. Alternative viewpoints are always welcomed.*