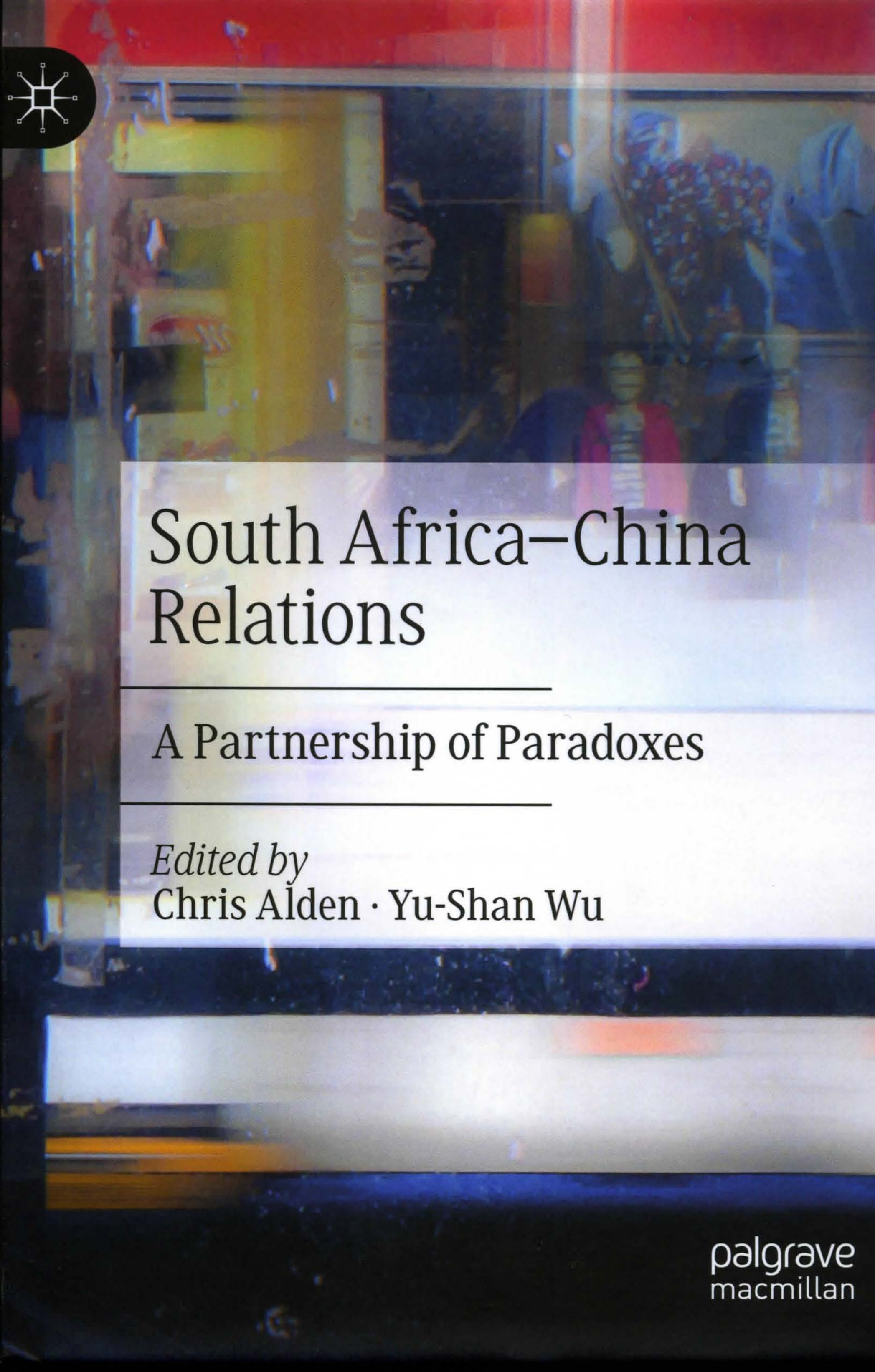

South Africa–China Relations

A Partnership of Paradoxes

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CHAPTER 9

The Drive for Chinese Investments in Agriculture: Comparing South Africa to the Continent

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INTRODUCTION[1]

Agriculture forms a significant platform to drive aid and investments in Africa. This is backed by several external actors with different motivations. However, arguably, Chinese-based aid and investment in the agricultural sector in Africa has attracted the most attention and interest by media and scholars (Brautigam 2015b).

China has had a long-standing complex involvement in African agriculture, starting in the 1960s with technical assistance programmes large

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state-owned farms and followed by a movement into developing demonstration farms and extension support for smallholders in the 1970s. In the 1980s, the focus was on making economic relations with Africa more sustainable and mutually beneficial, through various consolidation and experimentation projects. These projects led to a substantial change in aid policy in 1995; with a more significant focus on aid which generates 'mutual benefit'. By 2007 significant backlash had arisen against the idea of Chinese large-scale land acquisitions—with a focus on putative African land grabs for export back to China occupying media attention (Brautigam and Tang 2009).

South Africa has not been a target country in Africa for technical assistance or agricultural investments during much of this period. However, this is not the case anymore, where several Chinese-driven projects in the agricultural sector have been set up recently. This is especially relevant in light of the 2010 Beijing Declaration, where South Africa was upgraded to a Strategic Comprehensive Partner, and both governments agreed to promote trade and investment growth (Consulate-General of the People's Republic of China in Cape Town 2010). This contributed to the growing strength of economic ties between South Africa and China, though investment in agriculture has been an area of neglect (Alden and Wu 2014). In addition, in light of the significant investment drive initiated by President Ramaphosa, the extent and scale of agricultural projects may be expected to increase.

In order to ensure maximum benefit for both investors and country as a whole, it is relevant to study the modalities of the existing or promised investment projects. While the various aid and commercial projects implemented in several African countries by Chinese-based investors have been extensively documented by well-known scholars (Brautigam 2015b; Brautigam and Tang 2009; Jiang et al. 2016), this is less so the case for South Africa.

This chapter describes the Chinese-driven agricultural projects in South Africa in the context of how China is engaging elsewhere on the continent. Our analysis situates these projects in the framework of broader Chinese-driven agro-investment dynamics on the rest of the continent.

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These projects not only reflect the differing dynamics and practicalities occurring on the ground in Chinese agro-investments more generally, but they also highlight the distinctive features of the South African context and its impact on Chinese investors realising ambitions in this sector, particularly in light of the current investment drive led by President Ramaphosa.

Agricultural Assistance and Investments in Africa

In his opening speech at the Beijing Summit of the Forum on China–Africa Cooperation (FOCAC) 2018, President Xi Jinping reaffirmed his commitment to support agricultural cooperation mechanisms, in order to continue with the implementation of the government's commitment to enhance food security and boost the agricultural development of Africa (XINHUANET 2019). This pushes forward the detailed ten-point plan to enhance economic and political cooperation between African and Chinese states for mutual benefit. Several areas of cooperation were agreed to including; project financing, infrastructure development, agricultural modernisation and trade and investment, amongst others (Shelton 2018). Indeed, the South African Government has been actively involved with FOCAC; hosting the Johannesburg Summit of FOCAC in 2015, acting as co-chair for several years and recently attended the first Forum on China–Africa Cooperation in Agriculture (FOCACA) meeting hosted in December 2019.

While FOCAC is continent-wide, South Africa is also effectively engaging with China through BRICS mechanism (Brazil, Russia, India, China and South Africa). The BRICS mechanism was created to enhance development and cooperation amongst member states. South Africa joined BRICS for several reasons including; the promotion of regional integration and continental infrastructure programmes, to advance national interests, including agricultural development and advancement (South African Government 2013).

During the literature review and our field research, we found that there is a combination of mechanisms utilised by Chinese-based actors to engage in the African, and South African, agricultural sector supported by FOCAC and BRICS. These mechanisms are overlapping and interrelated, complimenting one another.

Arguably, one of the primary mechanisms is demonstration, research and training programs. As part of FOCAC, in 2006, the Chinese government proposed fourteen agricultural technology demonstration centres (ATDC) in selected African countries—ranging from Sudan to Liberia and Ethiopia to Mozambique. Brautigam and Tang (2009) list the countries along with the implementing province or organisation.

The ATDC is a flagship project of the Chinese contemporary agricultural aid programme in Africa. ATDC is seen as a way to continue providing aid to Africa while promoting commercial opportunities for Chinese companies to provide agricultural technology and seed varieties to Africa (Brautigam and Tang 2009). It combines both diplomatic and commercial goals, involves a diversity of actors and adopts a complicated operational mechanism. The policy underlying ATDC is a hybrid of different forms of aid programming previously utilised by the Chinese state designed to avoid the negative experiences of aid provision in the past (Jiang et al. 2016).

Beyond the ATDC programme, the Chinese state is also engaged in the deployment of agricultural experts and technicians to African states, as well as learning programs. Indeed, over 850 Chinese agricultural experts have been sent to more than 20 developing states—including several in Africa (Brautigam 2015a). In addition, several African States have sent extension and agricultural officers to China to participate in different training courses. The latest dispatch of 25 representatives from Liberia is one example of this (The New Dawn 2019).

The Chinese state and Chinese-based investors are also involved in the agricultural sector directly through land investments, outgrower schemes and equity arrangements. The China 'Going Global' policy was launched, in order to create business opportunities abroad, whereby Chinese firms and citizens are encouraged to invest overseas (Cotula 2012). China's foreign farming policy rests upon three principles (Ping 2008):

- The farms are located in countries, on good terms with China, which have abundant natural resources, a strong labour force and political stability;
- Companies which are experienced and well-funded are encouraged to invest abroad;
- Finally, companies investing abroad must combine their experiences gained from interaction in the Chinese markets with foreign domestic resources.

Several significant debates regarding the geography of land acquisition, including by the Chinese, have taken place in the global arena. The worries of China 'invading' Africa through the increase in the number of Chinese farmers and citizens on the continent, coupled with comments of positive virtues of farming in Africa and the increase in land deals between African countries and Chinese-based investors have put China in the centre of the debate. China is often seen as taking the lead in land acquisitions in Africa, partly since they are the 3rd largest nation acquiring land in Southern Africa in terms of announced projects. However, they rank as the 22nd largest nation acquiring land in Southern Africa when considering projects verified (The Land Matrix 2019).

Alden (2005) identified several drivers which have encouraged the Chinese to acquire land abroad. Firstly, Chinese-based investors are looking to create new markets and further investment opportunities. One example of this is the use of rural and informal trading markets to distribute low-value consumer goods. Another is the establishment of agro-processing plants in Africa through joint ventures with domestic investors. The output from these processing plants is then sold to the western markets at concessional rates (Alden 2005).

Secondly, China is looking abroad to secure vital commodities due to resource scarcity. The resource scarcity that China is facing is due to strengthening and sustained economic growth. In addition to economic growth, increases in consumption and population with an increase in agricultural land lost to industry, have put food security at risk (Alden 2005; Hofman and Ho 2012).

As such, land acquisitions are seen as a 'restructuring and expansion of the industrial food system, based on capital intensive large-scale monocultures for export markets' (GRAIN 2010). However, many critics argue against the notion that production in these foreign aid projects is exported to China due to the challenges of logistics, high costs of shipping and security risks due to political instability (Consultancy Africa Intelligence 2013). Due to the challenges encountered with the exportation of produce, investment in infrastructure is another mechanism in which Chinese-based actors are engaging in the African agricultural sector. One of the most notable examples is the One Belt One Road programme.

Indeed, in addition to the significant mechanisms stated above, several others are also utilised by Chinese-based actors. One of these is the ease of availability of Chinese manufactured machinery, often cheaper and more suitable to African conditions and other agricultural inputs (Houmy et al. 2013). Chinese agro-inputs are now widely available in (most) African countries—including South Africa. The most recent example of this is the 80 strong delegation of Chinese investors in Tanzania investigating opportunities to import and export machinery and products (Daily News 2019). Another is the developmental assistance through the provision of loans for African states (Buckley 2011).

As can be seen through these mechanisms, like other foreign actors, China's engagement in African agriculture remains a contested arena, which has deep historical roots and social impacts (Buckley 2011). It forms part of a multifaceted rapidly evolving phenomenon based on mutual benefit, involving a complex array of actors (Taylor 2006; Brautigam and Tang 2012; Buckley 2013). This approach taken by China, rooted in technical and financial assistance, lays the foundation for long-term involvement in Africa's, and South Africa's, agricultural sector (Alden 2013).

Chinese-Based Agro-Investments in South Africa

Despite the investment drive launched by President Ramaphosa at the State of the Nation address in 2018—and the growth and investment opportunities highlighted in the agricultural sector (Industrial Development Corporation and InvestSA 2019), we see very few memoranda of understandings or pledges in the agricultural sector, and even less by Chinese-based investors. At the time of our research, we identified four projects in differing negotiation statuses—but all launched before President Ramaphosa's investment drive. Additional projects have since been identified including a pig farm in the Eastern Cape, numerous interventions in the wine industry and a rice farm in Mpumalanga.

Four of these Chinese agro-investments targeting various sectors are presented. Although some projects have been in the negotiation phase for several years, or while others have failed already, all projects are presented. They provide ideal case studies to learn from because they differ in forms, mechanisms, actors and objectives.

Agricultural Technology Demonstration Centre, Free State

The South Africa China ATDC is based on the premise of providing training, demonstration and research of freshwater aquaculture. The project has a footprint of 47 hectares, with land ownership remaining with Free State Department of Agriculture, Fisheries and Forestry (Fraser 2013). China National Agricultural Development Group Corporation (CNADC), a subsidiary of the state-owned Assets Supervision and Administration Commission, is the managing agent.

The cooperation was initiated in 2007 when the joint statement of intent on economic and technological cooperation was signed. The construction phase lasted four years, with the final project inspection held in February 2013, and cost 30 Million RMB (Renminbi), funded by the Chinese government (Fraser 2013). The technical cooperation phase commenced in February 2014 and lasted three years. During this phase, the Chinese staff were charged with running the centre, while the South African staff played a supportive role. The Chinese government provided funding for all operations during the phase. This is in line with the typical managerial and financial structure design of these centres (MOC & MOA 2011).

The main courses offered were freshwater fish biological features, aquaculture and financial management and policy development. However, the outcomes were limited due to several issues; limited trainee knowledge on aquaculture before the training, lack of advanced technologies and infrastructure in their personal capacity and communication barriers (Fraser 2013).

In addition to training and research, the centre also produced fish for commercial purposes. Sharptooth Catfish, Carp, Mozambique Tilapia and Goldfish were raised (Fraser 2013). While the final output market was still under development when the cooperation phase ended, in the interim, it was supplied to community fishponds and local Chinese restaurants and communities in Johannesburg and Bloemfontein. The establishment of a cannery in order to export produce to China was under investigation (Fraser 2013).

In an attempt to make these projects more sustainable, a commercial element is usually introduced once the three-year technical cooperation stage ends. Typically, this is manifested through building up business platforms for additional investment by Chinese agro-companies in aid-recipient countries (MOC & MOA 2011). The implementing agent makes a start at market-oriented production, based on the production of the centre, through the establishment of a separate agribusiness. In addition, the agent develops an information platform on the investment environment in aid-recipient countries, thus facilitating subsequent investment (Jiang et al. 2016). Although CNADC has not established a separate agribusiness, they initiated the establishment of a platform collecting information on South Africa's investment environment, while keeping their headquarter in Beijing informed. This could not only change the objective of the initial investment but also the outcome of this centre.

Pomelo Project, Eastern Cape

In contrast to the previous case study, this is a commercial, mainly export-oriented project. It involves the production of pomelo grapefruit primarily by smallholders, with the product being acquired by a Chinese buyer, Shanghai Yebo Africa Trading Hall (ATH). This project is still under negotiation.

The first phase is to supply the pomelo to the domestic market in China without processing. An initial pilot area of 500 hectares has been identified at Bizana, Eastern Cape, with possible expansion to 10,000 hectares. The identified land is owned communally, used for subsistence farming. The cultivation is organised as a cooperative group. The second phase will be to add value; juice, rind and oil, which will also be exported (Fraser 2013).

The leading role players are the smallholders, together with Alfred Nzo Development Agency (ANDA) and ATH, a private company incorporated in China. The Alfred Nzo Development Agency acts as a facilitator and is responsible for getting the cultivar into South Africa, ensuring smallholders are willing to participate and providing extension workers. ANDA is a municipal entity of the state-owned Alfred Nzo District Municipality (Alfred Nzo Development Agency 2014).

Cooperation commenced in 2009, at a point when ANDA was encouraging businesses to develop the region. At the same time, ATH was looking to extend their trade links, mainly through contract farming. The two parties signed a memorandum of understanding at the 5th BRICS summit in 2013 (Fraser 2013).

ATH will contract the smallholders and provide technical expertise. Two technical experts will be sent to South Africa and will work with extension officers in order to build their pomelo production skills. The farmers will manage their output with assistance from the extension officers and Chinese experts. As such, ATH, although engaged in the value chain, will only engage indirectly within the agricultural production sector.

A nursery was to be established in Bizana to establish the stock; however, the agricultural restrictions prevented this from occurring, limiting the availability of planting material. This has delayed the project, and it now sits in limbo as a result. It is uncertain when and if it will go ahead, due to a number of challenges encountered—mainly being unable to bring the cultivar into South Africa from China (Fraser 2013).

The project, if it proceeds, is expected to have several positive impacts. Firstly, the inclusion of smallholders, boosting the local economy. Secondly, increased knowledge through the production of a new citrus variety. However, to date, the project has had no social or economic impact as it is still under negotiation.

BEK-PengxinAgritech Dairy Farm, Kwa-Zulu Natal

Initially interested in the establishment of agri-parks, Pengxin shifted their focus into dairy farming. However, the establishment of this project has failed. The aim was to produce up to 1 million litres per day, equivalent to about one-third of the present daily milk production in Kwa-Zulu Natal (Fraser 2013). According to Pengxin's investment plan, all output would have been processed into infant milk powder and exported to China.

The agro-investment project was first proposed at the 5th BRICS Summit held in 2013. A Memorandum of Understanding for agro-cooperation was signed between Pengxin Group, BEK Holdings and the Economic Development and Tourism Ministry of South Africa. The Pengxin Group, registered in China, was expected to provide the capital (R3 billion)and expertise. BEK Holdings (Pty) Ltd., the local agent, is registered in South Africa and is mainly involved in the mining sector. This agro-investment would represent the implementation of a diversification strategy, from the mining to the agricultural sector.

In pursuit of this project, twenty sites were identified, totalling around 20,242 hectares, in the Umzimkhulu area. These sites would form the 'core estate' with expansion to neighbouring farms. The land identified is communal, used for subsistence farming, administrated through Ingonyama Trust. The land lease would have been between the local community, in this case, the Malenge community, and the Ingonyama

Trust. This design aims at maximising profits for both the local community and the Pengxin Group, as Pengxin Group would pay higher lease fees if they approached the Trust directly.

Although the project was Chinese led and focussing on the market in China, there are three ways that the local community would have benefited; employment, training and skills development and economic profits as a shareholder. However, the project has stalled. The last interaction between the two sides was in June 2014 when the third delegation, including an international consulting group, was assigned to South Africa. No news has been heard from the Chinese side since then, and it is accepted that the Chinese partner has abandoned their agribusiness plan, and have shifted their investment interests to New Zealand (MOC 2015).

The stakeholders feel that the main reasons for the failure of the project—since the Chinese did not formally communicate—are as follows: (1) the South African government could not provide sufficient tax incentives, whereas by investing in New Zealand, Chinese could be 22% better off from the taxation point of view; (2) initial infrastructure set-up would have been very costly.

Val de Vie Wine Farm, Western Cape

The deal came about during the financial crisis in 2007–2008, when Leopard's Leap Farm Pty (Ltd.), a private company incorporated in South Africa, was looking for additional export opportunities (Cape Wine Academy 2011). Perfect Wines of South Africa (PWSA) is a partnership between Perfect China (51%) and Leopard's Leap Farm Pty (Ltd) (49%) (Val de Vie 2013). Perfect China was incorporated in 1994 as a subsidiary of Perfect Resources (M) Sdn Bhd (Perfect China 2014).

Perfect China purchased the L'Huguenot Farm vineyards, within the Val de Vie Estate, Paarl, in 2013. L'Huguenot Farm has a size of 25 hectares; 17 hectares of vineyards, 3 hectares of citrus, Manor House and cellar. The primary purpose of the L'Huguenot Farm is the allocation of a business address for Perfect China within South Africa—it eases imports back home. The farm will also be used, to a lesser degree, as a demonstration facility for the salespersons from Perfect China with the largest sales of L'Huguenot wines (Fraser 2013).

Perfect China owns the farm while PWSA owns the L'Huguenot brand. This being said, Perfect China controls the majority of the decision-making for PWSA, and thus makes all strategic, financial, marketing, distribution and sales volume-related decisions. Perfect China issues a contract to PWSA stating the volume required. Presently, the entire production, more than 2.7 million bottles, is exported. The production volumes are met by making use of the L'Hugenot cellar and other companies vineyards and cellars (such as KWV) (Fraser 2013).

From a socio-economic perspective, this project has minor impacts as it is a takeover of an established business. The outcomes lie more in the ownership structure, which has consequences on the activities (grape varieties, production levels), strategies (markets focussed on export). As such, this project illustrates how foreign control over production and value chain is amending the objectives and strategies of the enterprise, focussing entirely on re-orienting production towards the Chinese markets.

Indeed, this project marks the first Chinese investment in the South African wine industry (Val de Vie 2013). Several other initiatives within the industry have subsequently arisen. This is evident by the additional equity investments, such as by Chinese individual William Wu's 51% stake in Swartland winery, the promotion of South African wines in China by WOSA, and their roadshow events (Beijing Review 2017).

Analysis

As can be seen, several mechanisms are applied in South Africa, ranging from; technical expertise, research, demonstration (ATDC), contract farming (Pomelo project), equity investments (Val de Vie) and direct investment throughout the agricultural value chain (BEK Pengxin). The projects have different implementation statuses and have faced several challenges—some related to the design of the aid and investment mechanism and others related to the investment destination and environment.

FOCAC is predominantly implemented through the ATDC, as is the case in many other African countries. The BRICS platform plays an integral role in introducing investors into South Africa; in line with the agenda of strengthening the cooperation between members. As such, in the pomelo case, ATH and ANDA utilised the BRICS summits as meeting platforms. Similarly, Pengxin Group used the 5th BRICS summit to sign the Memorandum of Understanding for agro-cooperation.

This section presents an analysis of the case studies by comparing the latter between each other and assessing them in the framework of literature. This analysis will focus on five issues: actors, land ownership and production model, agribusiness value chain, market and progress and impact of projects.

Actors

Chinese agricultural enterprises are either state-owned, capturing markets or securing commodities or private enterprises (Asanzi 2012). South Africa follows the trend of Chinese agro-investment in Africa, where private companies represent the vast majority of the Chinese investors (Jiang 2015), with only the ATDC initiated by a state-owned company.

Two aspects of the South African case are, however, different from the experiences of Chinese agro-investment in the continent. Firstly, we do not see a multitude of Chinese agricultural enterprises consisting of individual farmers (Holslag 2006). Not uncommon in Africa, these individual farmers are business entrepreneurs (Asanzi 2012).

Secondly, established South African and Chinese agro-investors play an integral role in opening the market for additional Chinese agro-investors. These investors store and pass on information to potential investors; acquisition process, regulations, in-country contacts and more importantly investment opportunities. The Chinese staff at the ATDC stated that they are already looking for further investment opportunities. As Asanzi (2012) notes, having access to this information assists in ensuring the effective implementation, and even success, of the business venture.

Land Ownership and Production Model

Ownership of land within the investments is less critical in the South African cases compared to Chinese investments elsewhere on the continent; due to the small size of the projects, in conjunction with the ownership and production structures.

In all projects, except the wine farm, Chinese actors are not directly involved in land transactions; they take ownership of the project and not the land directly. This is distinctively different from the Chinese agricultural investment structures in other African countries (Jiang 2015). In both the pomelo and wine projects, contract farming forms the primary production model. Under the dairy project, the land lease would have been the community and the Ingonyama Trust. In the case of the ATDC, the land still belongs to the Free State Department of Agriculture, Fisheries and Forestry.

These observations emphasise divergent strategies compared to other land investors in Africa, who focus on land acquisitions (Anseeuw et al. 2012). This confirms with literature that Chinese investors are not the major land acquirers on the continent (Brautigam and Zhang 2013); however, they are nevertheless very visible.

Agribusiness Value Chain

All projects concentrate on the production and downstream stages of the value chain, with emphasis on the latter. The pomelo project involves production through contract farming and downstream activities. In Val de Vie, apart from the production and processing of magnums, for all other products, the only involvement in the value chain is in the downstream activities. This being said, the company still oversees the production and processing of all the products. Pengxin Group would have been involved from the diary production to the processing and marketing of the powdered milk.

Here too, this trend differs significantly from Chinese investment in agriculture in other African countries, where investors concentrate on the primary stage of agro-production, with downstream investment only serving as complementary (Jiang 2015). Furthermore, the greater involvement in the downstream value chain in South Africa, which has much to do with the country's relatively advanced agro-production system, confirms the idea that the production-centred investment modality of Chinese companies in Africa is related to the poorly developed agro-production on the continent (Jiang 2015).

Also, this difference in investment strategy might be related to political sensitivities surrounding land in South Africa. These strategies are 'less visible' and less sensitive (as they do not involve land—an emotional asset—directly), but still have significant consequences on who controls land (Anseeuw and Ducastel 2013). One may expect that such strategies will increasingly be applied. Land investments have proven too risky for investors, socio-politically, as well as economically (Boche 2014). Therefore, controlling the value chain appears to become a prominent control mechanism within the world food system (Swinnen and Maertens 2007).

Markets

All projects assessed involve varying degrees of export to China: in some projects produce serves the local markets first, while in other projects, 100% of the produce is exported or expected to be exported. This is not surprising given the gap between demand and supply of agricultural products in China (Jiang 2015). It is also partly as a result of the production efficiency in the potential investment-destination countries, either due to their long-standing produce ties (e.g. wine in South Africa) or comparative advantages in production (e.g. pomelo and dairy products in South Africa).

Caution is necessary though in considering the implications of this analysis, as China is self-sufficient with regard to several commodities. As emphasised by Bräutigam and Zhang (2013), Chinese agricultural investments do not necessarily occur to serve solely food security issues back home. As such, local markets constitute an important outlet for the produce, specifically for the Chinese community. We see this in the ATDC project, where the Chinese communities in Johannesburg and Bloemfontein hold the biggest market share. This is standard practice for the Chinese farms operating in Africa: local market serves as the primary outlet, of which, the Africa-based Chinese communities occupy a significant proportion (Jiang 2015). As such, it shows that Chinese investments as a security measure is too simplistic and does not take into account other drivers for investments (Ekman 2014).

Progress and Impacts of Projects

Despite the expressions of interest, some projects are still under negotiation, while others have resulted in failed negotiations. Several factors are at play here.

In some instances, South Africa's more stringent regulatory measures hinder foreign investment (Alden and Wu 2014). This is particularly evident in the Pomelo project, where agricultural procedures related to the import of the cultivar hinders the implementation. In the case of the ATDC, the first environmental impact assessment was deemed insufficient and did not take into account significant potential impacts. Thus, another assessment was carried out, which delayed the implementation of the project.

In other instances, the Chinese investor relocates the project to other countries due to the high costs of implementation. Comparatively higher transactions costs, lack of infrastructure and limited foreign investment incentives are problems for investments in South Africa, and indeed elsewhere in Africa (Alden and Wu 2014; Boche 2014).

Cultural aspects also had a—negative—effect on the progress of the implementation. This is seen in the dairy project, as well as in the ATDC where the language was a problem (Harding et al. 2018). As in the rest of Africa, these agro-firms face considerable obstacles, ranging from a lack of understanding about sociopolitical conditions and ignorance on the amount of land required for their investments (Asanzi 2012). The uncertainty of the investors tends to prolong their investigation and negotiation process in order to, understandably, avoid investment loss.

Related to the above, impacts of the Chinese projects in South Africa remain quite limited—from a positive and negative point of view—and challenging to assess. Few projects reach effective production phases and those who do, are mainly based on enterprise take-overs or cooperation strategies, where only marginal socio-economic impacts occur (Harding et al. 2018).

Conclusion

Chinese-based agro-investment has ensued in Africa for years (Alden et al. 2008), however, there has been a marked increase in the last couple of years into countries previously 'unexplored'. South Africa features in this expansion with several modalities of aid and agro-projects initiated by Chinese-based investors and actors, with legitimacy from FOCAC and BRICS. These Chinese investments, although confirming specific Chinese characteristics, also highlight differing trends from that which is generally described in the literature.

Private companies dominate, taking control and ownership of the project rather than the land directly themselves—with the exception of the L'Hugenot wine farm. These actors focus primarily on (production and) downstream activities, whereas elsewhere in Africa downstream activities are seen as complementary. Exportation of produce to China is occurring in the wine project and was also planned under the other projects to varying degrees. However, the local market is the main outlet of produce, as with most Chinese-based investments in Africa. While South Africa's specificity in Africa and long-standing produce ties explain some of these differences, some divergences seem to be illustrating specific Chinese strategies with regard to South Africa, as well as more broadly its investment strategy in African agriculture.

These projects are all the more important, and specifically the ATDC project, in a country where smallholder farming is declining, coupled with the high unemployment rate (Statistics South Africa 2016). However, these projects experienced several challenges during the negotiation and implementation phases (Harding et al. 2018), leading to some projects failing or being abandoned. While some reasons for project failure are 'transactional' in nature and easily corrected, others require structural adjustments of policy and aid programmes—and indeed also impact on investments and aid programmes initiated by Chinese-based actors elsewhere in Africa (Harding et al. 2018).

A large number of bilateral agreements and memorandum of understanding (MOU's) on investments have been signed over the last couple of years between South Africa and China (Engineering News 2018; IOL 2019). However, we see a substantial commitment to other sectors, such as manufacturing, infrastructure, telecommunications, Special Economic Zones and transport, amongst others. A smaller share seems to be allocated to the agricultural sector and primarily involves trade agreements for specific products such as dried fruit and nuts as well as beef. This research confirms this, where we found that MOU's have been signed for a handful of agricultural investments, but of these only two are currently operational.

The successes and failures within these case studies should not be taken lightly, particularly if President Ramaphosa is serious about the R1.2 trillion investment drive. In addition to the specific factors which caused failures of these projects, the government must investigate the business environment around agricultural investments—notably, because South Africa's ranking in the Doing Business report is dropping from 82nd in 2019 to 84th in 2020 (World Bank Group 2020).

Moreover, domestic land disputes and calls for the resumption of an accelerated approach to land reform have raised uncertainty in this sector. Given the limited successes and achievements made in the domestic land reform arena in South Africa, the failure to deal with the issue of land in its entirety has brought about a reassertion of conflict (Anseeuw and Alden 2010). In light of these challenges, adding agricultural and land investments, in particular by external investors into the mix in South Africa presents an ever-increasing complex and contested land matrix.

Note

1. A limited portion of the material in this chapter is based on earlier research completed and published in a chapter the edited volume April, F. Y., Shelton, G., Alden, C., & Hu, B. (Eds.). *Forum on China-Africa Co-operation (FOCAC): Industrialisation and Modernisation* (vol. 2). Tswane: Africa Institute of South Africa/Human Sciences Research Council 2018.

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