M21. Land acquisitions and Chinese agricultural demonstration centres

Source Landmatrix, Mofcom, Cirad 2015

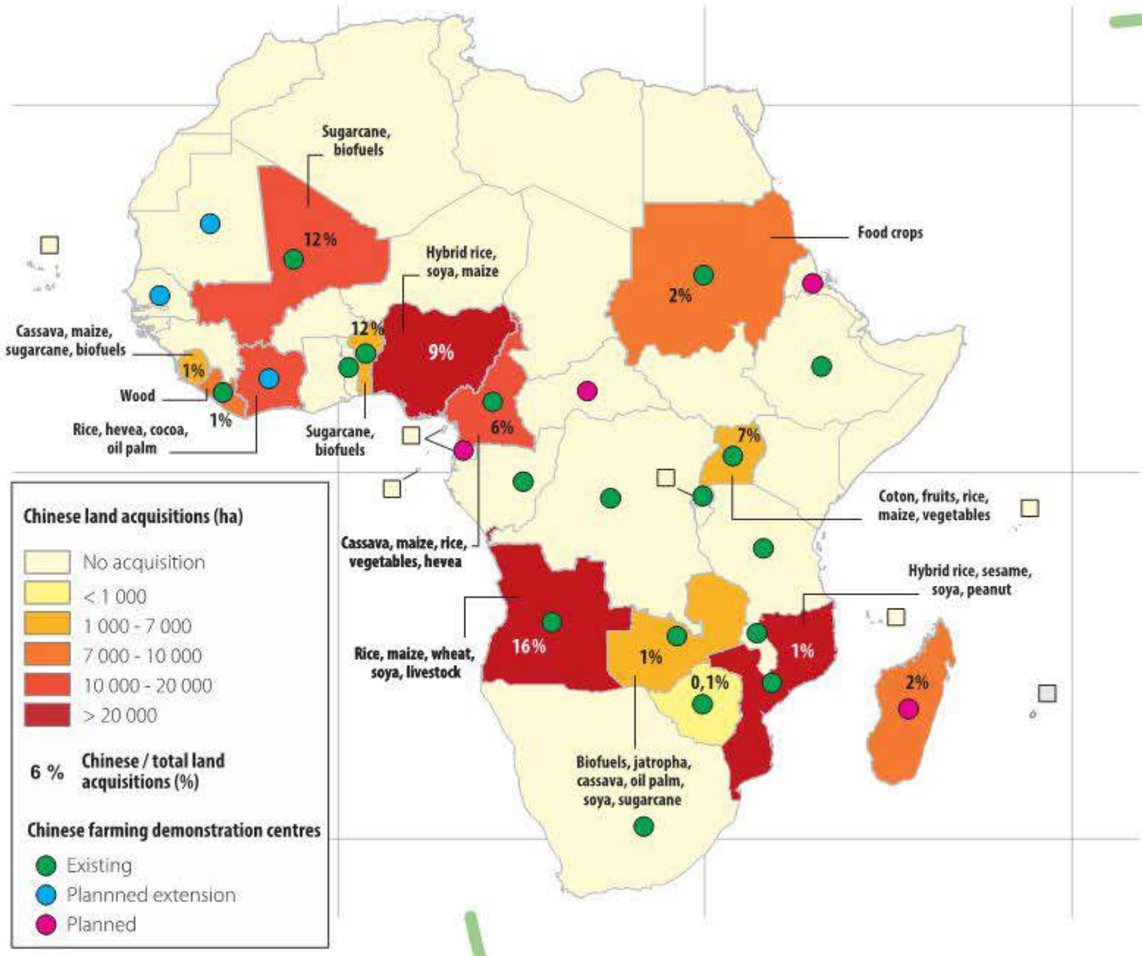
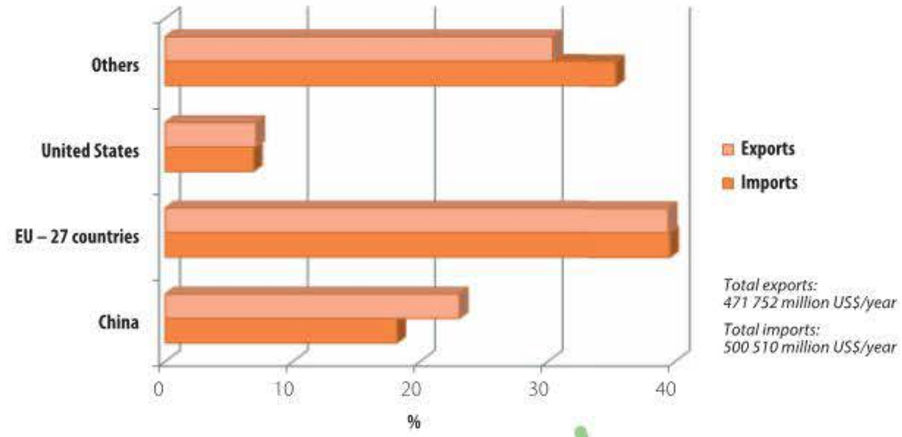


Fig. 11. Amounts of imports and exports with the rest of the world (average 2012-2014)

Source Comtrade 2015



M22. Chinese foreign direct investment in Africa

Source Cnuced et Mofcom 2015

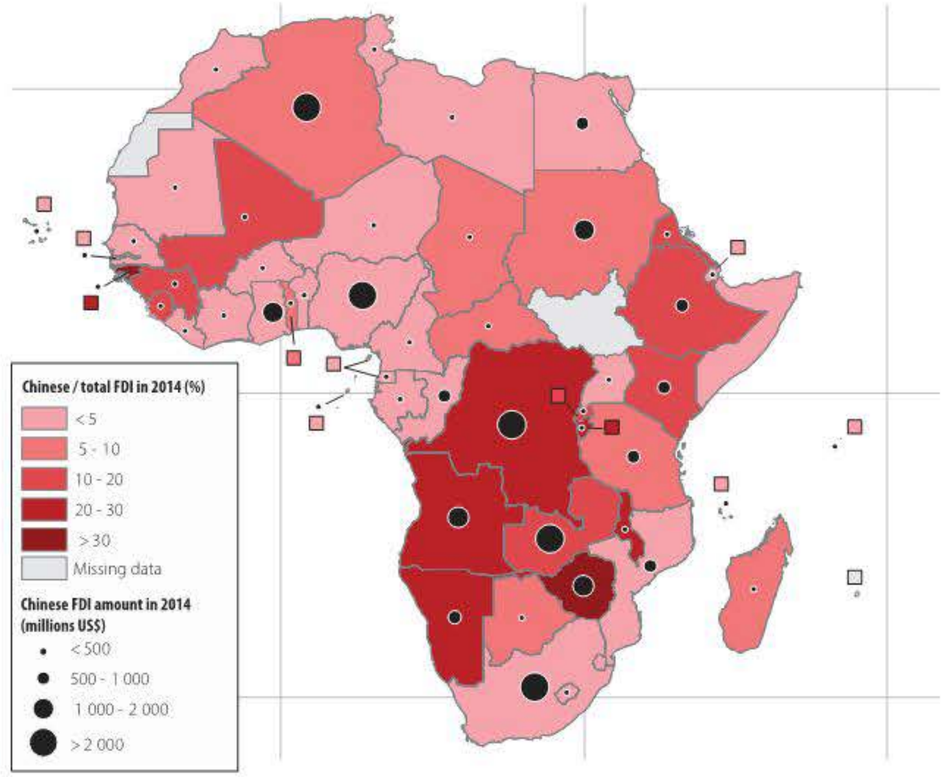
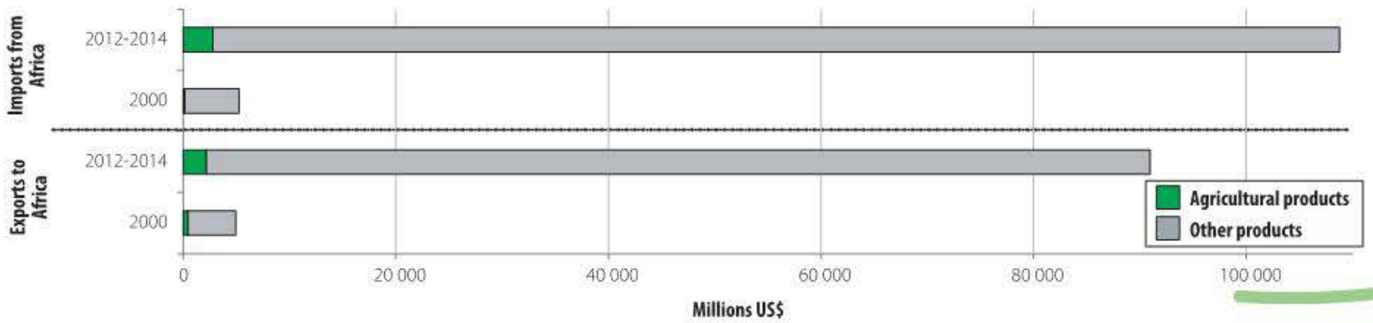


Fig. 12. China-Africa trade relations in 2000 and 2012-2014

Source COMTRADE 2015



THE PRESENCE OF CHINA IN AFRICA: A ROLE IN FUTURE AGRICULTURE

Contrary to the much-publicized idea of all-out activism, especially in terms of land acquisitions, the presence of China in Africa is multifaceted and should be put into perspective. Agricultural investments remain limited and target only a small number of countries, but agriculture is gradually becoming a priority for China-Africa cooperation.

• A modest investor with a strong presence

Among the emerging powers (Brazil and India, in particular) present in Africa, China holds a unique position in terms of cooperation policies, combining assistance programmes, direct investment, project development and rapid trade expansion. These multifaceted interventions include not only those of large national or provincial public enterprises, the Ministry of Commerce (MOFCOM) in particular, and the major banks (including EXIMbank and the China Africa Development Fund - CADF), but also those of small private entrepreneurs.

Chinese foreign direct investment (FDI) remains relatively low: it accounts for only 3% of total Chinese FDI (70% of which is in Asia), although it is significant in some countries. The vast majority of this FDI is made in the construction and infrastructure sectors, with agriculture remaining marginal. But a diversification is being seen towards the agricultural sector, with equity participation in national companies, such as in the cocoa sector by China National Cereals, Oils and Foodstuffs Corp (COFCO) in Côte d'Ivoire, in the rubber sector by Sinochem in Cameroon, or in the biofuels sector by Complant in several West African countries.

However, although FDI amounts are small, the turnkey projects conducted and services provided by Chinese companies are growing in importance, especially for infrastructure (construction industry, hydro-agricultural schemes): their turnover far exceeds the volume of FDI in most countries, especially in Algeria, Angola, Ethiopia and Egypt.

Land acquisitions by Chinese companies concern only a small number of countries and total just over 120 000 ha, which puts China very far behind the economic or institutional stakeholders from the OECD or Gulf countries. Most of these large-scale acquisitions are aimed at the production of rubber, cassava (for starch), sugarcane and, to a lesser extent, oil palms. For other agricultural products, contracts with local producers are preferred. These are aimed at domestic or regional markets for rice, vegetables and fish farming, but also at the Chinese market. This is the case for wine growing in South Africa and especially for cotton: more and more Chinese companies are buying a large share of the production from West Africa and Mozambique.

• A key role in trade

Trade between Africa and China increased substantially over the 2000-2014 period. Total imports and exports stood at almost USD 210 billion in 2014, a level that nevertheless remains far below the amount recorded for all 27 European Union countries (at just over USD 360 billion). Since 2015, the slowdown of the Chinese economy is impacting on African exports to China, especially for mining products, but these nevertheless account for almost a quarter of the total value of exports. While South Africa and Angola account for more than 70% of Chinese imports, exports towards Africa are for better distributed, although South Africa and Nigeria constitute around 40% of total trade flows. The structure of trade between China and Africa is very similar to that of Europe or the United States: China mainly exports machines and manufactured consumer goods, textiles, chemicals and metals; and it chiefly imports fuels and ores. The role of agriculture is small and accounts for only 2 to 3% of total trade. The main Chinese exports are cotton and processed wood, tomatoes and green tea (as well as tractors). Almost 50% of these products are sent to Benin, Togo and Nigeria, which act as "bridgeheads". Chinese imports mostly concern timber and raw cotton, sesame, tobacco and wool. South Africa and Zimbabwe supply almost a quarter of these flows.

• A special role for agriculture

Despite the above indicators that provide perspective on China's position in Africa in general, and in the agricultural sector in particular, agriculture "paradoxically" remains a priority for Chinese policy. This sector is placed "at the top of the agenda", as confirmed during the Forum on China-Africa Cooperation, which was held in Johannesburg in December 2015.

The main instrument for China-Africa cooperation in the agricultural sector is the establishment of agricultural demonstration centres. These centres, which are relatively small in size (100 ha at most), are aimed at agricultural experimentation (especially for improved irrigated rice seed imported from China) and technology extension. They are currently being developed and provide different levels of support to the national and regional agricultural research centres. This policy is accompanied by investment in the agri-food sectors and the revival of food crop production.

This support for the food production sector has a strategic goal, since it is aimed at preventing any food crisis in Africa from impacting on international market prices for commodities, especially rice, given that China is still dependent on the world market to meet its domestic demand. This food security objective is a key component of China's policy and of its contribution to the security of the African continent. The FOCAC has, for example, announced a USD 60 billion programme for the 2016-2018 period aimed at "helping" Chinese companies to establish themselves in Africa. Although most of the specific projects are not yet known, this kind of boost will inevitably influence the dynamics of change in the agricultural sector and rural areas.

Jean-Jacques Gabas