

Chapter 4: Chinese Investments in Africa

“Create Infinity, Benefit Mankind”

The Chinese government encourages and supports Chinese enterprises with strength and good reputation to expand their investment in Africa, and has adopted necessary measures to guide them in this respect. The result is satisfactory.¹
(State Council 2010)

1. INTRODUCTION

The Yuan Long Ping High-Tech Agriculture Company, a seed company which is named after the “father of hybrid rice” and involved in investments in Africa, describes its managerial approach with the slogan “Create infinity, benefit mankind.”² The company associates three aspects with this motto: to abide by the government strategy to upgrade and improve the sector’s industry operations; to push ecological limits through technological innovation; and to expand business operations to profit from economies of scale. With regard to Chinese overseas investments in Sub-Saharan Africa, the motto seems to stretch beyond this originally operational context to capture major findings about these investments.

This chapter represents the first part of the two-part case study on China. It will present the core empirical characteristics of how (and partially why) Chinese land-consuming investments in Sub-Saharan Africa take place, in and over time. It proceeds as follows: Section 2 introduces the history of Chinese-African relations. These relations reach far back in time, but they have intensified since the 1990s. Section 3 then discusses the details of how these investments

1 | State Council (2010).

2 | Yuan Long Ping High-Tech Agriculture Company (2014), corporate website (<http://www.lpht.com.cn/eng/company/Company.htm>).

occur. In particular, it will focus on land-consuming FDI's sectoral composition and timelines, the role of land, the recipient context, and key actors and institutions. Section 4 briefly highlights the recipient context in which these investments occur, and Section 5 reviews the issue of Chinese labor exports that has attracted international attention. The chapter will conclude by summarizing the key empirical findings about Chinese land-consuming FDI in Sub-Saharan Africa (Section 6).

Core findings underline that the empirical characteristics of Chinese land-consuming investments in Sub-Saharan Africa are more multifaceted than standard explanations acknowledge. Despite a strong focus on resources, and the predominance of public actors, they involve a diverse range agencies and interests from the private and public sectors, home and recipient countries, and multilateral agencies; and they comprise investments in multiple sectors, from construction and mining to farming. Many projects predate the 2007/2008 crises, and some build on a long history of China-Africa cooperation. Distinct from orthodox explanations, investments in food production only made up a minor share of Chinese land-consuming FDI in Sub-Saharan Africa until 2015, and largely produced for regional consumption. Most projects apply market principles and mainstream managerial economics in their operations. Regarding the role of land, it is used in these projects as resource as well as productive space.

2. BACKGROUND ON CHINA IN AFRICA

While China-Africa cooperation began attracting international attention relatively recently, modern Chinese relations with the African continent trace back to the 1950s. However, China's engagement with African countries has only intensified dramatically in the last two decades. In 2010, China became the continent's third largest trading partner.³ Additionally, Chinese OFDI activities in African countries rose from USD 317.43 million in 2004 to USD 2,111.99 million in 2010.⁴ In 2016, China became the largest source of FDI in Sub-Saharan Africa, "totalling an investment outlay of 66.4 billion USD."⁵ Moreover, Africa was receiving 46.7 % of all Chinese Official Development Aid (ODA) as of 2008, making the continent the primary focus of Chinese aid and economic cooperation.⁶

3 | State Council (2010).

4 | Ministry of Commerce (MOFCOM) (2011a), 81-87. Note: Data for 2004-2006 includes only non-financial OFDI flows.

5 | Bo (May 3, 2017).

6 | State Council (2011); and Li (2006).

The nature of the relations between China and Africa has also changed significantly: from the 1950s up to the 1970s they were characterized primarily by “unilateral economic assistance from China to Africa” to improve the “self-reliance” and “self-development abilities” of recipient countries, but these relations have grown more complex.⁷ In the 1980s, the focus shifted from unilateral economic assistance in the form of aid towards “carrying out mutually beneficial cooperation with Africa.”⁸ The latter was supposed to benefit China’s interests as much as Africa’s (see below).⁹

Increasingly, aid came to resemble economic cooperation projects with the medium-term objective of profitability, whereas the focus on self-reliance and self-development was disbanded. While the eligibility to receive aid remained linked to the One China principle¹⁰ of the past, at the same time, aid and economic cooperation became part of China’s resources and, as this chapter argues, expansion diplomacy, in the search for export markets, business opportunities, and allies in international politics. In an interview in 2011, Lu Shaye, the Director-General of the Department of African Affairs in the Ministry of Foreign Affairs from 2009-2014¹¹, describes the driver for, and nature of these changing relations as follows:

With China’s rapid economic development, there is a growing demand from China for Africa’s market and resources. China’s investment in Africa also grew rapidly. While taking away resources from Africa, we also give back to African countries. We helped African countries put in place a large number of infrastructure projects according to their economic development needs. It’s all about each taking what he needs.¹²

Along these lines, the Ministry of Foreign Affairs states that the intensification of China-Africa relations has allowed China and African countries to satisfy their rising demand “for products and technologies from each other during the process of industrialization and urbanization.” Moreover, Zhong Manying, then-chief of the Department of Western Asian and African Affairs in the

7 | See interview with Lu Shaye, then-Director-General of the Department of African Affairs, conducted by Gouraud (18 October 2011). Lu Shaye was Director-General from 2009-2014 (<http://ca.china-embassy.org/eng/dsxx/dsjl/t1442216.htm>).

8 | Gouraud (18 October 2011).

9 | Gouraud (18 October 2011).

10 | The One China policy is about the rejection of Taiwan as a sovereign state and the acceptance of Beijing as the sole legitimate representative of China. It is a precondition for entering into diplomatic relations with China. See, for instance, Winkler (June 2012).

11 | See the website of the Embassy of the People’s Republic of China in Canada for Lu Shaye’s biography (<http://ca.china-embassy.org/eng/dsxx/dsjl/t1442216.htm>).

12 | Gouraud (18 October 2011).

Ministry of Commerce, has been quoted as saying that “[t]here is [still] tremendous potential for economic cooperation.”¹³

In practice, this mutual demand Model has resulted in Chinese-African trade flows that largely follow the Western pattern. China imports primary commodities relevant for its economy, such as cotton, phosphates, energy, and mineral products, and exports value-added products, such as machinery, chemicals, food, and textiles.¹⁴ To expand imports and moderate the negative trade balance of African countries, China has offered zero tariff treatment to some countries. Moreover, freight charges were reduced or annulled, and Chinese trade missions were sent to African countries “to help increase the continent’s exports to China,” particularly regarding primary commodities.¹⁵ Still, data from 2011-2014 shows that the terms of trade have been deteriorating for Sub-Saharan African countries, particularly for China’s key trading partners Angola, South Africa, Republic of Congo, Zambia, and Equatorial Guinea, as a result of increasing imports from China and declining exports to China due to “reduced external demand and lower commodity prices.”¹⁶ On the investment side, mining and manufacturing projects made up 51 % of Chinese OFDI in Africa in 2010, reflecting the country’s industrial make-up and policy orientation, while hinting at the importance of looking more closely at the potential pull and push factors for these investments.

At the same time, it is essential to consider that even though Africa seems to have gained importance in China’s development ambitions, by regional comparison, the continent still only ranks fifth as a destination of Chinese OFDI. It is preceded by Asia (Hong Kong in particular), Latin America, Europe, and North America.¹⁷ The same kind of asymmetric significance holds true for China’s top trading partners, the top five of which are the US, Japan, Hong Kong, South Korea, and Taiwan.¹⁸ Yet, the details of these investments are much more complex than such a broad comparison suggests. On the bilateral level, for instance, Angola has become the second largest oil supplier to China after Saudi Arabia,¹⁹ and China has become the primary export destination for Angola, followed by the US, with the greatest share of exports being crude oil (in 2009).²⁰

13 | Ministry of Foreign Affairs (15 October 2010).

14 | See, for instance, Romei and Jopson (14 December 2010). The figures are from UNCTAD.

15 | CAITEC (2010), 3.

16 | Romei (December 3, 2015).

17 | State Council (2010).

18 | Dutta (2005), 222. Data from 2003.

19 | Salvaterra (13 May 2013).

20 | Sandrey (2009), 15, 17; Chinafrica.asia (2009).

3. KEY CHARACTERISTICS OF CHINESE LAND-CONSUMING OFDI IN SUB-SAHARAN AFRICA

Clearly, the empirical evidence on China-Africa relations suggests that the common narrative, according to which Chinese land-consuming investments are relatively new and meant to address energy and/or food security concerns back home following the 2007/2008 crises, might fall short of apprehending the diversity of factors and events at play. To facilitate a meaningful understanding of how Chinese investments in Sub-Saharan Africa (SSA) actually happen, this section will highlight their primary empirical characteristics, accounting for sector distribution and project timelines, and the role of land, stated goals, the issue of labor migration, and key actors and institutions.

The major findings of this section are as follows: Firstly, the investments include different sectors, and the agricultural sector makes up the smallest percentage of land-consuming investment projects in SSA. Secondly, most investment projects pre-date the 2008 crisis, and they have undergone an economic shift over time. Thirdly, the role of land in these projects is often secondary, as these investments are mostly about expanding business operations overseas rather than acquiring land. Still, what characterizes these investment projects is that they consume land in their operations. Fourthly, only a few incidents in which the Chinese government proactively tried to acquire land for agricultural or resettlement purposes have been reported. Fifthly, most investments are embedded in the respective recipient countries' national development plans.

Sectors

The investigated investment activities comprise multiple sectors, such as farming, attempted resettlement projects, mining, manufacturing, and construction. Some of these projects have failed while others have already been implemented. Looking at them in more detail, these investment projects aim to grow and process food, biofuels, cotton, or sugar; restore so-called farm wasteland; resettle Chinese farmers; produce cement; construct public infrastructure and irrigation systems; train farmers in particular agricultural technologies; or construct Special Economic Zones that serve as manufacturing, agribusiness, or IT hubs for Chinese and/or other foreign companies.²¹

21 | It is important to note that agricultural projects prevail in this research project's list of investigated projects (see Appendix A). However, compared to other assessments and official data by the Chinese government, this does not seem to be representative of the actual sectoral composition. Instead, it appears to be the result of biased reporting, and the research project has relied on related "land grab" reports to start investigating

While the international debate on Chinese investments in Africa focuses largely on investments in agriculture in the context of food security, a report by the State Council suggests that this sector only accounted for 3.1 % of total Chinese direct investments in Africa in 2009 (measured by value).²² The predominant investment sectors were the mining industry (29.2 %) and the manufacturing sector (22.0 %), followed by construction (15.8 %) and finance (13.9 %) (see Figure 41).²³ It has been noted by Brautigam that the small percentage of OFDI going into agricultural projects is not as a result of a lack of opportunities. In fact, Chinese actors have continuously been offered land to invest in by African governments:

If Chinese investors wanted large land leases, they clearly could have signed some. After all, as a 2012 Oakland Institute study²⁴ showed, “Mozambique granted concessions to investors for more than 2.5 million hectares (ha) of land between 2004 and the end of 2009” almost entirely to European and South African investors—there were no Chinese investors in their list.²⁵

Rather, the small percentage of agricultural projects reflects the low priority assigned to them by the Chinese government, as well as investors, in the past. In fact, agricultural investments since the 1990s have largely been undertaken as part of Chinese resource diplomacy, and upon the request of African governments.²⁶

However, in the medium-term, it seems that the sectoral composition of Chinese land-consuming investments is likely to change. A declaration of the China-Africa Cooperation Forum in 2009,²⁷ a political platform that facilitates dialogue between China and African countries on matters of trade, aid, and investment, announced that the countries would explore new areas of investment, such as tourism, which might involve different kinds of land development.²⁸ Moreover, the previous marginalization of the commercial agricultural sector might be ending. In 2011, China’s Ministry of Finance and Ministry of Commerce issued a joint notice²⁹ outlining their financial support for the

Chinese projects. In fact, the discussion about Chinese land-consuming FDI in the “land grab” literature has largely focused on food production and farming.

22 | State Council (2010). Also see remark in previous footnote 464.

23 | State Council (2010).

24 | Home and Mittal (2011), 2.

25 | Brautigam (12 January 2012).

26 | Alden (2007); Brautigam (2009).

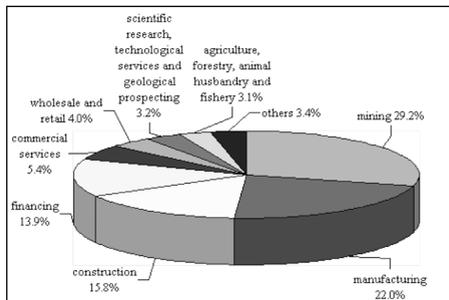
27 | Shelton (22 December 2009).

28 | State Council (2010).

29 | MOFCOM (2011c).

overseas expansion of Chinese agribusiness.³⁰ Accordingly, special funds of a maximum of RMB 30 million (per annum and enterprise) were made available for investment projects in mining, agriculture, forestry, or fisheries.³¹ However, this general financial support for overseas farming is not necessarily intended for investments in Africa. Therefore, it is difficult to assess what impact it might have for African countries and farmers.³²

Figure 4-1 – Distribution of China's Direct Investment in African Industries (end of 2009, State Council 2010, measured by value)³³



Timelines

The Chinese land-consuming investments that this research investigated (see Appendix A) often go far back in time, thereby questioning the widespread narrative of a “land rush” that began as a result of the ‘international financial, food, and energy crises in 2007/2008’. Interestingly, this holds true especially for investments in agriculture, many of which are either a continuation of Chinese agricultural aid programs in Africa, the rehabilitation of former Chinese agricultural Friendship Farms, or related to other events pre-dating the 2007/2008 crises.³⁴ For instance, the project by SINO CAM IKO in Cameroon builds on the remnants of a formerly Taiwanese Cooperation Farm that was set up in 1972. After bilateral negotiations in 2005, the project officially began in 2006.³⁵ Also, the ZTE energy project in the Democratic Republic of the Congo (DRC) would have been part of an attempt to rehabilitate a plantation-based Sino-Congolese

30 | MOFCOM (2011c). Also see English.news.cn (18 August 2010).

31 | MOFCOM (2011c).

32 | For a list of MOFCOM-approved Chinese agricultural projects in African countries until 2013, see Brautigam and Zhang (2013), 1680.

33 | State Council (2010).

34 | See, for instance, Li (2006).

35 | Brautigam and Zhang (2013), 1684-1685.

cooperation project from 1972.³⁶ However, as of 2013, this palm oil project, which would have consumed up to 100,000 ha, and intended to convert palm oil into biofuels, has not materialized. Instead, the company operates a farm on 256 ha that produces maize, soy, meat, chicken, and eggs.³⁷ Meanwhile, the failed resettlement project in Mozambique, which is one of most frequently cited projects in the “land grab” literature, dates back to 1997 and the time of the Asian financial crisis.³⁸

Similar to these agricultural investments, land-consuming projects in the manufacturing, construction, energy, and/or mining sectors also have histories that predate the crises in 2007/2008. For example, investments in the construction and mining sectors started to pick up speed in the 1950s and 1990s, respectively. While the rise in construction projects was associated with Chinese aid projects, the mining projects reflect China’s rising external resource dependency. Even in the manufacturing sector, overseas investments date back to the 1980s, with approximately 200 investments taking place between 1979 and 2001.³⁹ However, investments in most sectors have only increased significantly in number and size since China’s opening up in the 1990s, and particularly with the adoption of the “Go Abroad” (*zou chuqu*) policies in 2000 (also see Chapter 5 on home country measures).

Even though many projects have long histories, their conduct and purpose have changed with time in ways that are key to understanding the core features of contemporary Chinese land-consuming OFDI. Projects with a long history bear especially strong witness to the altered nature of the Chinese presence in African countries. Take, for example, the SUKALA S.A. project, a joint venture between the Chinese state-owned company CLETC and the Malian government.⁴⁰ In its current form, the project began in 1996, when the Chinese company—following a request made by the Malian government—bought a majority share in the Mali state company SUKALA S.A. through a debt-for-equity-swap. Tracing the project back to its beginnings in the 1960s reveals that it had started out as an aid and technical cooperation project under cooperative management. It then went through a phase of transitional management before becoming a joint venture.⁴¹ This project’s shifting character is in fact repre-

36 | See Putzel and Kabuyaya (2011), 34; and Brautigam and Zhang (2013), 1686.

37 | Officially, the company has said that high transport costs made the palm oil project unprofitable. See Brautigam and Zhang (2013), 1686.

38 | Brautigam and Ekman (2012), 5; and Ekman (2010), 30-31.

39 | Rosen and Hanemann (2009).

40 | Diaz-Chavez et al. (2010), 50; Aiddata.org (n.d.c); Feng (2010); and Baxter and Mousseau (2011), 19, 22.

41 | Moreover, the precursor factories date back even farther, having been built in the 1960s and renovated in the 1980s with Chinese government involvement.

sentative of the overarching trend in Chinese investments: most have changed from an aid basis to an economic (for-profit) rationale.

This change in the rationale of long-term projects in the context of home country reform is also characteristic of the construction sector. Until 1978, Chinese construction companies were part of unilateral technical aid programs, along with agricultural projects. Thereafter, following domestic governance reforms in China, construction companies were turned into sub-contractors and began bidding for contracts and financing from multilateral development programs, domestic development budgets, and bilateral “barter exchange deals” through which construction was undertaken in exchange for resources (to be exploited in the future).⁴² These “barter exchange deals” were pre-financed by the China EXIM Bank following approval by China’s Ministry of Commerce.⁴³ Africa is the second largest market after Asia for Chinese construction companies, while the percentage of turnover in Africa has more than doubled since 2001, rising from 14.1 % to 30.9 % (in 2011).⁴⁴ This story is again linked with, but not exclusive to, home country support, reforms, and resource diplomacy. According to a WB study, China has become a major financier of African infrastructure construction, covering a wide range of projects from dams, irrigation, and roads to schools, hospitals, and power stations.⁴⁵ Aside from their predominance in the construction sector across Africa, these companies fulfill multiple functions of significance for China-Africa cooperation. For instance, they are important agents in the export promotion of Chinese manufactured products and Chinese labor services.⁴⁶

While this trend towards a market rationale seems to apply to land-consuming OFDI activities across sectors, the focus on timelines highlights that there are also peculiarities observable in each of the sectors over time. The recent renewal of agricultural (aid) projects, for instance, is often seen as an outcome of bilateral resource diplomacy and the proactive lobbying of African governments.⁴⁷ As a result, there are 20 so-called agricultural demonstration centers being established across Africa, as announced at the 2009 high level summit of the Forum of China Africa Cooperation (FOCAC) in Sharm-El-Sheik.⁴⁸ In 2012, at the fifth FOCAC meeting, it was agreed that China would build more agricultural demonstration centers in the future.⁴⁹ These demon-

42 | Asche and Schueller (2008); Yi and Yong 2011, 7-8.

43 | Asche and Schueller (2008).

44 | Yi and Yong (2011), 7-8.

45 | Foster et al. (2008).

46 | Shengjin (1995).

47 | Brautigam (2009); Alden (2007).

48 | See Li (2010).

49 | FOCAC (2012).

stration centers were initiated “all at the request of local governments [...] for their own agricultural purposes,” with the aim of rehabilitating former aid projects. The estimated investment value is RMB 40-55 million per center.⁵⁰ Some of these centers have been listed in “land grab” databases.⁵¹ The other category of agricultural investment projects, so-called “commercial agricultural enterprises investing in land and agriculture in Africa,” is a rather recent one. The precursors, however, were again former agricultural aid projects that had been strategically re-orientated in the 1990s to run profitably and sustainably under market-oriented management.

Given the growing intensity and changing quality of China-Africa exchanges, how successful they will be remains to be seen. Looking at the time that passes from a company’s first relevant statement until project completion, particularly in the agricultural sector, there often seems to be a great difference between announced project deadlines and what has actually been implemented by the time that deadline arrives.⁵² This observation, which also holds true for many British land-consuming FDI projects,⁵³ is usually related to difficulties with administrative processes, funding problems, or other unexpected events. At the same time, it is hard to evaluate such projects given the lack of data on investment deadlines and the absence of follow-up reports on project outcomes. On a general note, statements made by representatives from various sectors suggest that it is possible to work profitably, but that it would be unrealistic to expect extremely high returns on investment. This is a feature to keep in mind when researching the projects of investment funds that promise above-average returns on their land-consuming investments in Sub-Saharan Africa.⁵⁴

What can be said about the roles of the 2007/2008 food, energy, and finance crises that the orthodox explanations rely on? Regarding the financial crisis, it has so far had an ambiguous impact on Chinese overseas investments. On the one hand, it allowed some companies to ‘go out’ and get ‘cheap bargains,’ profiting from price sensitivity and declining asset prices. At the same time, the

50 | Brautigam (12 January 2012). Also see Ekman (2010), 33-35; and Li (2010), who support this assessment.

51 | Projects that appear in “land grab” listings have entered the database via crowd-sourcing. This means they have been reported by NGOs or the media. This fact explains the relatively random (incomplete) listing of projects, such as the agricultural demonstration centers; and it warns to automatically equate a listed project with “land grabbing.” Instead, it is necessary to review the individual cases and evaluate what is happening.

52 | See Brautigam and Zhang (2013) for a review of major Chinese agricultural projects, their timelines, and actual implementation status.

53 | See Chapter 6.

54 | See example in Table 4-1.

global economic crisis presented a challenge for potential Chinese investors.⁵⁵ In 2009, the total value of approved non-financial OFDI projects declined by nearly two thirds (USD 3.7 billion) from the value of the previous year (USD 10 billion); however, it has since been recovering.⁵⁶ Regarding the food crisis, China was largely food self-sufficient as of 2007,⁵⁷ when the crisis hit. Finally, external energy dependency has been a government concern since the mid-1990s. It is not a recent phenomenon.

Land: Its Role and Use in the Investments

The multiplicity of investment sectors and their changing character over time raises questions with regard to the role played by land in these investments. The following section will therefore briefly outline the extent and use of land in these investments. It will also highlight the major strategies of access and aspects of land governance observed in the projects under study.

Extent

In a 2011 interview, Lu Shaye, the Director-General of the Department of African Affairs within the Chinese Ministry of Foreign Affairs from 2009 to 2014, stated that Chinese investments in agriculture are small in scale and do not enclose land, contrary to “western countries [which] have enclosed a total of 30 million hectares of land, equivalent to the half of France.”⁵⁸ This research’s assessment of projects (see Appendix A), as well as reports⁵⁹ on more recent projects mentioned in the “land grab” literature, indicates that the Chinese land-consuming projects in Sub-Saharan Africa seem to range from 100 ha to 100.000 ha, with the majority using less than 10.000 ha. This means that compared to Chinese land-consuming FDI in other regions (e.g., Latin America and Eastern Europe), but also in comparison with British land-consuming OFDI in Sub-Saharan Africa, the average size of Chinese land-consuming OFDI projects in Sub-Saharan Africa seems to be smaller. Then again, it is all a matter of perspective: when, for instance, the 100 ha project size is compared to the average farm size in major investor countries, such as China, where the average amount of land available to farmers is 0.47 ha (in 2005),⁶⁰ or seen against the background of the

55 | Rosen and Hanemann (2009), 1.

56 | Rosen and Hanemann (2009), 1.

57 | FAO (2009), 33-35.

58 | Gouraud (18 October 2011).

59 | Brautigam and Zhang (2013); ILC (2012); Smaller et al. (2012).

60 | Kahrl et al. (2005), 11.

land crisis⁶¹ and small-scale farming in the recipient countries, the amount of land claimed by some investments seems enormous.⁶²

Overall, it is impossible to assess the total extent of land used by Chinese overseas investments, partially due to the lack of comprehensive data, and partially due to the great discrepancy between the announced or envisioned size of a project and the actual land under operation. The discrepancy seems to be particularly characteristic of land-consuming projects in agriculture. To provide several examples: even though negotiations had been completed in 2006, and a Memorandum of Understanding (MoU) had been signed between the Chinese SOE Shaanxi Agricultural Group and the Ministry of Agriculture (Cameroon), the Chinese subsidiary in Cameroon, SINO CAM IKO, was operating only 100-150 ha of the announced 10,000 ha five years later (in 2011).⁶³ In fact, the company was only able to build a rice demonstration center on the land of a formerly Taiwanese-aided farm that had been closed when Cameroon decided to engage in diplomatic relations with China instead.⁶⁴ As of 2010, operations were still being held back by the Cameroonian government, which had not approved the further expansion of this and other projects, contrary to the original investment agreement in the form of the MoU.⁶⁵ Also, the Chipata Cotton Company (now the China Africa Cotton Company),⁶⁶ which is a subsidiary of Qingdao New Textiles Ltd., operating in Zambia since 2004, originally only had 2,500 contract farmers out of the envisioned 20,000.⁶⁷ And the Hebei Hanhe Investment Company, a state-owned provincial company that has started in Uganda in 2009, and is targeting the development of around

61 | The land crisis in Sub-Saharan Africa is characterized by the highly unequal distribution of land, insecure tenure relationships, and rising land use competition (amongst other problems) that the respective host governments have not been able to resolve since independence in spite of the fact that land reforms have been a core component of political programs.

62 | See, for instance, Eastwood et al. (2004); or Agriculture Council of America. (2014).

63 | Li 2010; and Brautigam and Zhang (2013), 1684-1685.

64 | Putzel et al. (2011), 31.

65 | Brautigam and Zhang (2013), 1685; and Putzel and Kabuyaya (2011), 31.

66 | It seems that Chipata Cotton Company experienced profitability problems, leading to its temporary closure in 2007. It changed its name and re-opened in 2008 with the financial support of the China-Africa Development Fund of the China Development Bank, which invests in African companies. See Schoneveld et al. (2014), 25-27; and China Development Bank (31 May 2012).

67 | Tschirley and Kabwe (2009); *Times of Zambia* (14 June 2004); Chinese Embassy in the Republic of Zambia (10 September 2013); Phiri (11 September 2013); Wang (30 June 2014); and China Development Bank (31 May 2012).

17,000 ha in 10 years, had a total of 173 ha under operation as of 2011, growing maize, vegetables, and trees.⁶⁸

These discrepancies point to the difficult and time-consuming nature of large-scale investment projects, particularly in the agricultural sector, where investors can run into political, ecological, social, and operative problems. At the same time, the discrepancy between the announced investment scales and the actual amount of land under operation underlines that in the near future an expansion of Chinese land-consuming investments in Sub-Saharan Africa is to be expected. This seems even more likely given the aforementioned (2011) policy turn and the new funds that were made available to Chinese agribusiness by the Ministries of Agriculture and Finance.⁶⁹

Use and Purpose

There exist two main types of land use in these investments: its use as a resource with particular qualities such as limestone or arable land, and its use as a productive space for industrial or modernization projects. One observation is that the purpose differs across regions, at least with regard to investments in agriculture. In the case of Latin America and Eastern Europe, reports indicate that Chinese land-consuming OFDI projects might be producing for export to China in order to “circumvent the Chicago commodities exchange and secure direct grain and oil supply.”⁷⁰ However, this does not seem applicable to most agricultural investment projects in African countries.⁷¹ Instead, most of the investment projects in SSA that this research project has looked at seem to produce products that are intended for local and/or regional consumption. In the area of food production in particular, there is no evidence that these projects are intended to meet Chinese food demands.⁷² However, the outputs of farming projects that produce biofuels or industrial crops such as cotton seem to be intended for export to international markets or China.⁷³ Moreover, some projects might affect food security not because they export food crops, but as a result of land-use competition, (*de facto*) ownership changes, and/or the diversion of food resources such as cassava to the production of biofuels.⁷⁴

68 | Wang (10 October 2011); and Aiddata.org (n.d.b).

69 | Macquarie University and Free University Amsterdam Project (15 May 2011).

70 | Rasmussen et al. (2011); Finance.jrj.com.cn (May 2011).

71 | Rasmussen et al. (2011); Finance.jrj.com.cn (May 2011).

72 | Brautigam (2009); Ekman (2010).

73 | One example is the Chipata Cotton Company. It exports the surplus cotton that exceeds the capacity of its ginning factory to international markets and China. Schoneveld et al. (2014), 25-27; and China Development Bank (31 May 2012).

74 | The latter case has been reported from Benin. See details and organogram in Nonfodji (2011).

At the same time, other factors that relate to the use of land have to be accounted for when assessing the utility derived from these investments. This clearly extends beyond the question of production for local or international consumption. In the case of the agricultural demonstration centers, for instance, these projects support the internationalization of Chinese agribusinesses, allow for economies of scale, and create new markets for their services in the form of proprietary seeds and machinery. In the case of infrastructure or mining projects, these projects often support Chinese efforts to access resources and/or promote exports. This means that in many cases, the additional utility derived from the use of land overseas perfectly matches China's official development objectives, as outlined in its OFDI policy, the country's 11th and 12th Five Year Plans,⁷⁵ and/or Africa-relevant policies. A closer assessment of the question of how these investments relate to the interests of influential Chinese actors and broader development agenda will be provided in Chapter 5, where the country's political economy, ideology, policy, and development trajectory are considered.

Strategies of Access

Land for agricultural investments is usually acquired through leasing contracts, contract farming schemes, or through joint ventures with domestic companies that have direct or indirect access to land. The method used depends on domestic legislation and context. Ordinarily, the suitability of the land area has been identified through exploratory visits. Interestingly, there are hardly any known cases in which Chinese investors or officials explicitly tried to request large-scale land leases.⁷⁶ One such case has been reported from Mozambique, where the Chinese government negotiated a resettlement project of Chinese farmers that was first proposed in 1997. However, the project negotiations never left parliament and were discontinued due to political sensitivities.⁷⁷ Another case is the ZTE biofuel project in the DRC, where the company negotiated at least 100,000 ha for palm oil plantations with the DRC Ministry of Agriculture in 2007.⁷⁸ As of 2013, the palm oil project had not been implemented. Instead, the company was farming 256 ha as previously mentioned. The fact that a case which has been widely reported as *the* "land grabbing" case—a Chinese company's acquisition of 2,800,000 ha of land for the production of biofuels⁷⁹—does not exist highlights the unsound quality of many "land grab" reports.⁸⁰

75 | Chinese Government (2006); Chinese Government (2011).

76 | Brautigam and Zhang (2013).

77 | Ekman (2010), 30-31.

78 | Brautigam and Zhang (2013), 1686.

79 | E.g., GTZ (2009), 66; GLP (2010), 24.

80 | For comparison of different reports and their use of data, also see Giovanetti and Ticci (2011), 44 (Table A 1).

In many cases, the recipient governments' agencies have offered land for agriculture to Chinese investors. In Cameroon, for instance, the government presented the Chinese businessman Wang Jianjun (who manages the SINO IKO CAM company) with a long-term land lease option for 10,000 ha for the production of hybrid rice.⁸¹ In Mozambique, several agricultural projects in the Zambezi valley, mostly in processing, were chosen and lobbied for by the Mozambique government.⁸² In Mali, the SUKALA S.A. project, which owns an approximately 5,000 ha sugarcane plantation, was requested by the Mali government. This last investment took the form of a debt-equity swap that led to a joint venture between the Chinese SOE CLETC and the Malian government. The arrangement gave the Chinese side indirect control due to its majority stake (70 %) in the project.⁸³ The proactive attraction of Chinese investors also seems to be the case with regard to the agricultural demonstration centers mentioned earlier.⁸⁴ To obtain this type of cooperation project the recipient country has to submit an application. The agricultural demonstration center in Tanzania, for instance, comprises between 62 ha and 300 ha (depending on the estimate), and is run by the Chongqing Seed Corporation, a Chinese municipal state-owned enterprise. The land is used both to produce a hybrid rice variant that has the Chinese company's identifiable intellectual property and to train others in its cultivation. Apart from the demonstration site, the center grows rice through centralized outgrower schemes with local farmers, and expects to modernize Tanzanian agricultural production.⁸⁵

The phenomenon of African governments offering land to investors for lease is far from unique to the Chinese case. An informal interview with two representatives of Saudi Arabia's Ministry of Agriculture in 2011,⁸⁶ as well as the very straightforward website announcements and, in some cases, overseas presence of Investment Promotion Agencies from host countries (e.g., Zambia), all reveal that this phenomenon seems to be common practice. At the same time, land lease processes remain tricky: the SINO CAM IKO project in Cameroon, for instance, was still awaiting approval of the land contract from the recipient government's presidential office, even though the China EXIM Bank had already transferred two thirds of the total (USD 62 million) announced in the signed

81 | Putzel et al. (2011), 31.

82 | Ekman (2010), 29-30.

83 | Diaz-Chavez et al (2010), 41; and Nolte and Voget-Kleschin (2013). 16-17.

84 | Li (2010).

85 | Tanzanian Affairs (1 January 2013); Brautigam and Tang (2012), 9-10; and China-Daily.com.cn (17 May 2008).

86 | Informal interview, Berlin, November (2011).

investment agreement.⁸⁷ In another case, reported by the China State Farm and Agribusiness Corporation, the Mauritanian government suddenly decided to raise the annual land rent by 20 %, which, together with other events, namely the fuel price rise and a host government induced price ceiling on agricultural products, led to a failure of the investment project (see Table 4-1).⁸⁸

*Table 4-1 – The Case of the China State Farm and Agribusiness Corporation (China.org.cn)*⁸⁹

The China State Farm and Agribusiness Corporation (CSFAC)

“Decades ago we were at the forefront of China’s campaign to reclaim wasteland. Now we apply our skills in African countries.”—Han Xiangshan, Vice President of the China State Farm and Agribusiness Corporation, and leader of its agricultural projects in Africa.

Currently, CSFAC operates on a total of 16,000 hectares in different countries in SSA, growing cash and food crops, and engaging in the whole range of agricultural production, processing and sales.

Success factors mentioned are (1) the political and policy support by African governments (e.g., preferential policies for expansion of the agricultural sector; tax exemptions on agricultural machinery and production material imports; tax rebates on fuel for agricultural use; reduction of annual land rent); (2) natural conditions such as the availability of fertile soil, favourable climate; (3) China’s capability to provide adequate agricultural technology, management, machinery and other inputs.

Yet, political and natural risks remain, together with varying market potential, ideology gaps and differences in work efficiency. Han Xianshan refers to a former CSFAC project in Mauretania [sic], which had to close after three years despite a successful process of reclamation, experimentation and cultivation on the rented farm. However, the government raised the annual land rent by 20 %, and together with the domestic fuel price inflation, the annual expenditure rose by USD 100,000. When the local government then put a price ceiling on agricultural products, the state farm project ran high losses, and had to close.”

For reasons of risk minimization and/or domestic legislation, most investment projects rely on indirect forms of access to farmland, including joint ventures, contract farming, and/or purchase agreements. If the data on the number of farmers under contract is correct, contract farming as a form of land access seems to be very common and must be affecting many rural households. Take, for example, the Malawi Cotton Company, a joint venture of the China-Africa

87 | See Khan and Baye 2008; Jansson (2009), 10; Brautigam and Zhang (2013), 1685; and Li (2010).

88 | China.org.cn (10 December 2003).

89 | China.org.cn (10 December 2003).

Development Fund⁹⁰ and the Qingdao Ruichang Cotton Cooperation. It is active in cotton production from farming to processing, and reportedly involves 110,000 rural households under a central farming contract scheme (“company + rural household”). This means that the farmers grow the cotton, whereas the company controls and provides inputs and reaps value-added margins by processing the harvest at the new spinning and ginning plant in Balaka for export to China.⁹¹ Through the scheme, the company was harvesting close to 40,000 tons of cotton as of 2011.⁹² In another project, a Chinese company appears to deliver fertilizer and other assistance to a peanut growing project in Senegal. There, the recipient country’s farmer association organizes the production of the peanuts on 100,000 ha. It is envisioned that 30 % of the yield will be shipped to China, while the rest will be processed at local factories.⁹³ Finally, there are projects which mix direct and indirect forms of access as a strategy to ensure sufficient supplies for plant operation in the context of supply scarcities. For instance, the SUCOBE Company in Benin, which is an affiliate of the Chinese SOE COMPLANT, relies on external harvests to complement its own agricultural output. In addition to sugar cane production on 4,800 ha of land, which the company is leasing for 99 years (renewable), it buys cassava from local farmers for its plant operation.⁹⁴ As a result, there has been a cassava price hike in Benin.⁹⁵

Aside from investments by agribusiness or mining corporations, the use of land usually plays out more indirectly in its function as a space where productive activities can take place. In the case of construction and infrastructure projects, for instance, the land is appropriated by the respective government and only of profit for Chinese companies in its use as a construction or rehabilitation site. And with regard to Chinese Special Economic Zones (SEZs), seven of which are currently operating across Africa, the land is leased and becomes the basis of a quasi-extraterritorial zone. Though special regulations apply within the zone, it remains under the control of the respective recipient government (see Table 4-2). China itself has used SEZs to serve as controlled areas of economic reform while retaining the old political system and it now seems to export its development experiences to countries that are officially striving to become emerging econo-

90 | See Chapter 5 for a more detailed description of this fund in the home country context.

91 | CDB (31 May 2012); and Chirombo (29 December 2009).

92 | See CDB (31 May 2012); and Chirombo (29 December 2009).

93 | Smaller et al. (2012), 16 (Note: While China imports significant amounts of peanuts from Senegal (e.g., China DSIC International Trade Co. Ltd 2014), this particular case has so far remained unconfirmed.)

94 | See Nonfodji (2011).

95 | Nonfodji (2011), 12.

mies.⁹⁶ In Mauritius, for instance, Chinese companies are establishing an SEZ which is intended to become a major manufacturing hub for Chinese light industrial products, medicines, textiles, and electronics. Built on an area of 200-500 ha, this SEZ is headed by Chinese companies, and it is expected to accommodate 40 Chinese companies and create 34,000 jobs, of which 8,000 shall go to Chinese contractors. It is claimed to generate USD 220 million through exports and attract an inflow of USD 750 million worth of investments.⁹⁷

Table 4-2 – Chinese Special Economic Zones in Africa (Brautigam and Tang 2011; Brautigam [February] 2011)

Nr.	Special Economic Zone
1	Chambishi, Zambia: copper and copper related industries.
2	Lusaka, Zambia: garments, food, appliances, tobacco and electronics. This zone is classified as a subzone of the Chambishi zone.
3	Jinfei, Mauritius: manufacturing (textiles, garments, machinery, high-tech), trade, tourism, and finance.
4	Ethiopia: electrical machinery, construction materials, steel, and metallurgy.
5	Ogun, Nigeria: construction materials, ceramics, ironware, furniture, wood processing, medicine, and computers.
6	Lekki, Nigeria: transportation equipment, textiles, home appliances, telecommunications, and light industry.
7	Suez, Egypt: petroleum equipment, electrical appliance, textile, and automobile manufacturers. (completed in October 2010)

Aspects of Governance

A closer look at issues of land governance also highlights the importance of taking note of agency in host countries. In most recipient countries, land is owned by the state. Key ministries or government agencies are involved in these investments, often depending on the land's function. Arable land, for instance, frequently falls within the competency of the respective Ministry of Agriculture, whereas land suitable for mining is overseen by the respective Ministry of Land and Resources. At the same time, investments often take place under the guidance of Investment Promotion Agencies. The negotiation and approval process has sometimes included parliamentary consultations, while in other cases the investment has been approved by a single office within a Ministry

96 | See, for instance, Konijin (2013), 3 (Box 3).

97 | Brautigam and Tang (2011). For a more detailed story of the JinFei Special Economic Zone, see Alves (2011).

vested with extensive powers to decide over land leases, as, for instance, a report about the Office du Niger in Mali underlines.⁹⁸

Many cases show an overlap of competencies, as well as an absence of effective governance structures, clear objectives, or a country-wide land-use or development plan. Often, the respective agencies do not know how much arable land is available in total and earmark territory for foreign investments based on assumptions which differ across agencies.⁹⁹ In some cases, the political elite seem divided on matters of land-consuming FDI.¹⁰⁰ From a more historical perspective that accounts for the context of the SSA land crisis in which these investments take place, these failures to effectively govern the land used by the investments are not surprising. Rather, they are closely related to the political economy of land in the respective host countries.¹⁰¹ In this regard, a reporter commenting on the weak governance structures in Angola concluded that the foreign investments were the outcome of “a global alliance between the well-connected in Angola and get-rich forces in China, Brazil and Portugal,” which in the case of Angola have come to form an alliance that is even “a threat to the former colonial forces in Europe and the speculators in Wall Street.”¹⁰²

Actors and Institutions

Obviously, on the recipient side, these investments involve various ministries and agencies from different levels of government, and that host country agency matters. Civil society groups and local community members remain largely on the sidelines in the ongoing negotiations. Being embedded in national development plans, some projects gain access to funding from national banks or multilateral programs, or are part of inter-governmental credit agreements or cooperation programs.

From the Chinese side, representatives of different levels of government and embassy personnel, as well as private or state-owned entrepreneurs

98 | See a detailed description of the Office du Niger, Mali, in Baxter and Mousseau (2011), 18-58.

99 | See, for instance, Baxter and Mousseau (2011), 1-3.

100 | The latter became obvious in the case of Ethiopia where Girma Woldegiorgis, the Prime Minister from 2001 to 2013, wrote a public letter to the then Minister of Agriculture, Mr. Tafera Derbew, to stop a USD 4.4 billion investment deal in the Western Region by an Indian company intending to grow pulses and edible oil crops for export to India. The deal was likely to negatively impact the region’s fragile microclimate, yet the Minister of Agriculture refused to react to the Prime Minister’s request. See, for instance, Ethiopian Review.com (2 February 2011).

101 | Mosley (2012); Besada and Goetz (2012).

102 | Campbell (1 December 2011).

(central, provincial, municipal), are involved in these investment projects (see Table 4-4). Among the more unique public actors are the SOEs that belong to the so-called state farm system¹⁰³ and are subordinate to the Ministry of Agriculture's State Farm Bureaus at the central or provincial level. In the past, these SOEs have been used as "a mechanism for leading the way and for gauging the effect of national agricultural/rural policies."¹⁰⁴ At the same time, they represented the 'first wave' of Chinese agribusiness going global.¹⁰⁵ As of 2014, these companies run the agricultural technology demonstration centers on a for-profit basis. In fact, the previously mentioned example of SINO CAM IKO in Cameroon belongs to this system. The company is a subsidiary of a provincially managed Chinese state farm (Shaanxi Land Reclamation) that is currently engaged in the rehabilitation and operation of such a center in Cameroon, in collaboration with IRAD,¹⁰⁶ a national agricultural research center. These kinds of state farms highlight the important linkages between processes of home country development ambitions, the international context, and "land deals."

Unfortunately, there is hardly any information about the wide range of Chinese private actors and their projects in Africa. Among the few that have been assessed in great detail is the China International Fund Limited (CIF), which was established in Hong Kong in 2003, and has since begun investing in various construction projects in Angola.¹⁰⁷ The fund, which has a bad reputation as a "murky Hong Kong real estate, construction and investment company," has no reported connection to the Chinese government. However, it has pretended to act on behalf of the Chinese government to gain access to certain projects in the past.¹⁰⁸ The company is also involved in a joint venture with a company named SPI that is the business arm of the Liberation Front of Mozambique Party (Frelimo). This mining and cement production project began in 2012 (see Table 4-3). On several occasions, the Chinese government has distanced itself

103 | Established in 1947, China's "state-owned farming system today has expanded considerably—a sharp contrast to the decline of state-owned enterprises in the urban sector." State farms are a vital element in China's agricultural system, "operating in 30 provinces [...], occupying 39 million hectares of land [...], employing over 3.5 million people, [...] and contributing to 3.4 % of the country's total output" (Zhang [2010], 365). For a detailed description, see Zhang (2010). Also, see WB (1998), 55.

104 | WB (1998), 55.

105 | Brautigam (2009), 255-257.

106 | IRAD is the abbreviation for Institut de Recherche Agricole pour le Développement. The Institute conducts multi-disciplinary research on how to improve agricultural production. Its history traces back to the year 1889; however, it has been reformed since (<http://iradcameroun.org/en>).

107 | See the company's website (<http://www.chinainternationalfund.com/>).

108 | Brautigam (2 June 2010).

from the fund's activities, hinting at the conflict of interests of the different actors involved in Chinese land-consuming OFDI activities (see Chapter 5).¹⁰⁹

Table 4-3 – Project Projections from the CIF's Website (CIF)¹¹⁰

Original Condition of the Construction Site	Future Condition of the Construction Site
	

In addition to such diverse individual interests that play a role in Chinese land-consuming OFDI, several institutions structure the political realm. The Chinese government has used the Forum of China Africa Cooperation (FOCAC), a high-level summit established in 2000 that is modeled after the French Summit,¹¹¹ to institutionalize relations with African countries and push for the implementation of projects on a bilateral basis. Similar forums, such as the Forum on Economic and Trade Cooperation between China and Portuguese Countries (FCECCPLP), have also been put in place for other regions in order to re-establish economic and political ties.¹¹²

Also, several financial institutions support these investments. Specifically, the two Chinese policy banks created in the 1990s, the China EXIM Bank and the China Development Bank (CDB), play an important role. For instance, the CDB supervises the newly created (in 2006) China-Africa Development Fund (CADFund), a stock equity fund that targets Chinese companies whose trade and economic activities will reach or take place in Africa.¹¹³ Further, the Chipata Cotton Company in Zambia (now the China Africa Cotton Company) received financial support—in the form of equity investment through the CADFund – in 2008 after its temporary closure due to financial problems the previous year.¹¹⁴

109 | Shih (18 January 2010).

110 | See CIF website (<http://www.chinainternationalfund.com/projects1.asp?Id=286>).

111 | On the role and constitution of annual Franco-African Summits since 1974, see Chafer (2002), 3.

112 | Jansson and Kiala (2009), 3.

113 | CADF (2014).

114 | Schoneveld et al. (2014), 25-27; and China Development Bank (31 May 2012).

Importantly, the regulations of the CADFund ensure that African companies are able to acquire funding only through a joint venture with a Chinese company.¹¹⁵

In many cases, however, investments take place without official funding. Some SOE subsidiaries seem to profit from preferential loan access through their headquarters, while other projects receive national bank credit in the recipient country or multilateral funding, in particular in the construction area. In addition, some projects profit from the tripartite cooperation structure of FAO projects under the “South South Cooperation” umbrella program on food security.¹¹⁶ Furthermore, in 2011, the Africa Development Bank (AfDB) signed a memorandum of understanding with the Agricultural Bank of China on “collaborative ventures in co-financing, technical cooperation for capacity building and knowledge partnership” in the areas of trade finance, infrastructure, agriculture and agribusiness, clean energy projects, energy conservation, non-traditional lending business (e.g., investment banking, consultancy, and advisory business), knowledge sharing and technical assistance, and, if necessary, other areas.¹¹⁷ Moreover, the company ZTE was accredited as a UN World Food Programme supplier for an experimental plot of 10 ha near Kinshasa, where it has been growing food since 2008 in cooperation with the DRC Ministry of Agriculture.¹¹⁸

With regard to investments that are part of aid projects, the choice of aid instruments is largely context specific. While grants and zero-interest loans are spread across the continent, concessional loans are linked to the receiving country’s capacity, which depends on its economic status, or the condition that the loan goes into a productive project whose generated income allows for repayment over time.¹¹⁹ Brautigam has shown that basically all SSA countries

115 | Basically, the fund differs from aid because it provides market based funds, and it differs from credit because it invests together with the enterprise, increasing the latter’s financial capacity. Since 2009, the CDB has an additional special fund for African SMEs, which will be made available on the basis of lending and tending. See CADFund website (<http://www.cadfund.com/en/>).

116 | Brautigam (2010), 31-33. Under the FAO Special Programme for Food Security, Chinese projects were implemented in Gabon, Sierra Leone, Caribbean Islands, Ethiopia, Bangladesh, and Ghana, among others. Projects have included the sending of agricultural technicians, training of local agricultural technicians, construction of agricultural schools, and building of general infrastructure, such as irrigation and road projects. In Angola, for example, over 120.000 farmers from 60 farming associations and cooperatives are benefiting from the construction of a dam and irrigation channel and training of agricultural technicians. See InSouth.org (2014).

117 | See AfDB (9 June 2011).

118 | ZTE Energy (n.d.b). The current status of this project remains unclear.

119 | Brautigam (2011b), 212. State Council (2011a).

that have diplomatic ties with Beijing (China) receive foreign aid to various degrees.¹²⁰ A precondition for diplomatic ties is adherence to the previously mentioned ‘one China principle.’ At the same time, there is no indication that resource rich countries, namely Nigeria and the DRC, are the recipients of larger amounts of aid.¹²¹

Table 4-4 – China in Africa: Actors involved in Land-Consuming OFDI (selected)

Actors Involved at Different Levels of Governance		Public	Private	Hybrid
INTERNATIONAL/ OTHER	International agents	<ul style="list-style-type: none"> • FAO South-South Cooperation Program • United Nations' World Food Program (WFP) Supplier Program • WB • AfDB 	<ul style="list-style-type: none"> • Earth Rights Institute (NGO) 	
CHINA AND HONG-KONG (HK)	National	<ul style="list-style-type: none"> • China EXIM Bank • SINOSURE • State Council • Ministry of Commerce • MoFTEC¹²² and MoL • Ministry of Agriculture • China Development Bank -(CAD-Fund) • SOEs from central state • SUCOBE (Benin) is a subsidiary of China National Complete Plant I/E Corporation (Group) (COM-PLANT) under supervision of State Council 	<ul style="list-style-type: none"> • “Snakeheads”¹²³ • Private owned enterprises (POEs) (only a few are known) • China Africa Cotton Company (listed at Hong Kong Stock Exchange) 	

120 | Brautigam (2011b), 212.

121 | See Gouraud (18 October 2011).

122 | The Ministry of Foreign Trade and Economic Cooperation (MoFTEC) preceded the Ministry of Commerce (MOFCOM).

123 | This term describes criminal organizations that smuggle people and drugs. See African Labour Research Network (2009), 27.

Actors Involved at Different Levels of Governance		Public	Private	Hybrid
CHINA AND HONG-KONG (HK)	Sub-national	<ul style="list-style-type: none"> • SOEs from provinces or municipality, • bureaucratic agents and agencies: • Chongqing Sino-Tanzania Agriculture Development Company, subsidiary of Chongqing Zhong Yi Seed Ltd. in Tanzania (outgrower scheme, hybrid rice) • Shaanxi Land Reclamation General Corporation (state-owned conglomerate) • Hebei Province Bureau of Foreign Trade Promotion • Shandong Province (Cement Factory) • Fuzhou Province Fishery Coop • Shaanxi State Farm (provincial actor), has a subsidiary (SINO IKO) in Cameroon • Guangdong Agribusiness Group 	<ul style="list-style-type: none"> • AOCABFE (umbrella organization)¹²⁴ • China International Investment (investor umbrella organization for 260 Chinese organizations) • ZTE Energy, subsidiary of ZTE corporation¹²⁵ • China International Fund (Hong Kong) • Farmers • Workers • Labor Export Companies • Daitong (POE) 	<ul style="list-style-type: none"> • Malawi Cotton Company (joint venture between CADFund and Qingdao Ruichang Cotton Company)
BILATERAL		<ul style="list-style-type: none"> • SUKALA (China-Mali) • Inter-provincial cooperation between Gaza Province (MOZ) and Hubei Province • CADFund office in Zambia • Friendship Farms 	China International Fund (HK) and Frelimo's investment arm, SPI-Gestão e Investimentos (JV on cement in MOZ)	<ul style="list-style-type: none"> • Viscount Energy Limited • Nigeria's Ebony State government • Zambia Development Agency • China LongPing High Tec Company

124 | AOCABFE stands for Association of Overseas Chinese Agricultural, Biological, and Food Engineers.

125 | Formerly a state owned enterprise, ZTE Corporation has been turned into a private company (shareholding). See testimony in front of the Permanent Select Committee on Intelligence of the US Congress by ZTE's Senior Vice President for North America and Europe, Zhu (2012); and the report by the Permanent Select Committee on Intelligence, Rogers and Ruppertsberger (2012).

Actors Involved at Different Levels of Governance		Public	Private	Hybrid
RECIPIENT COUNTRIES	National	<ul style="list-style-type: none"> Senegal National Bank Zambia Development Agency IRAD (Institute de Recherche Agricole pour le Developpement, Cameroon) (Cameroon) Office of the Prime Minister Inter-Ministerial Committee local authorities at Ndjoré Tanzanian government Mali National Assembly DRC Ministry of Agriculture 	<ul style="list-style-type: none"> African Finance Corporation (Nigeria) Nigerian Banks 	
	Subnational			<ul style="list-style-type: none"> Chief of Ndore (in Nigeria)

In order to further elaborate on the official perspective on land-consuming FDI in the recipient country context, the following section will briefly outline the stated goals of the investment projects on the project and country levels.

4. THE INVESTMENTS IN THE RECIPIENT CONTEXT: STATED GOALS AND MULTIFACETED REALITY

Host country agency and public policy are often ignored by orthodox explanations of land-consuming OFDI from an investor country perspective. Yet, overall, Chinese investments are embedded in the national (and international) development programs and rhetoric. Therefore, the next sections provide several examples that I have encountered during process tracing, focusing on the stated goals, development policies, and actual impact of Chinese land-consuming investments. The insights gained contribute to the exploration of alternative explanations of how (and why) Chinese OFDI projects take place, and they show that so-called pull and push factors coexist.

The stated goals of the investigated investments vary slightly across different levels of analysis. On the project level, the stated goal of many investments in both the agricultural and mining sectors is often to reduce imports and boost production of the respective product in order to promote food security and/or the industrialization goals of the recipient country. For instance, SINO CAM IKO in Cameroon envisioned reducing rice imports by increasing output

from 50.000 tons to 400.000 tons per year,¹²⁶ and the CIF-SPI joint venture in Mozambique (called CIF-MOZ) allegedly aims to increase cement production and thereby support industrialization and modernization plans through reduced cement prices.¹²⁷ In the case of Nigeria, VISCOUNT Energy, the “Chinese-supported Nigerian firm” active in the biofuels sector claims that the project is intended to improve domestic energy security.¹²⁸

On the recipient country level, many investment projects are embedded in national development plans that the respective government wishes to implement with the help and capital of foreign investors.¹²⁹ For instance, the detailed case study by Ekman on Chinese investments in Mozambique shows that the agricultural investment projects have been determined by the Mozambican government.¹³⁰ The same applies to other countries and projects. The previously mentioned VISCOUNT Energy project in Nigeria matches the Nigerian National Biofuel Development Policy.¹³¹ The ZTE Energy investment in the DRC (status unclear) would be part of a project to reconstitute a former agriculture cooperation farm (DAIPN); it would involve Chinese investors as well as the African Development Bank and other foreign companies.¹³² Moreover, the extension of the SUKALA S.A. project in Mali is part of the Malian government’s acclaimed goal to turn the country into an “agricultural powerhouse.”¹³³ Similarly, agricultural investments in Senegal are part of the Senegalese Growth Plan (“Grand Agricultural Offensive for Food and Abundance (GOANA)”) that has come about as a result of the food crisis. It favors foreign investors through free repatriation of profit, tax breaks, or the provision of public subsidies¹³⁴ and the SUCOBE project in Benin matches the government’s proclaimed goal of stepping up agricultural production and mechanization.¹³⁵

These project level statements and domestic development programs are matched by programs and institutions at the regional level, such as the African

126 | Khan and Baye (2008), 7, 15; Wikileaks (2010a).

127 | Cementchina.net (27 August 2010); Cementchina.net (31 May 2011); Duran (2012), 20-22.

128 | Rothkopf (2007), 336.

129 | See, for instance, Baxter and Mousseau (2011) on Mali; and Lavers (2011, 2012) on Ethiopia.

130 | Ekman (2010).

131 | Shaad and Wilson (2009), 10; Galadima et al. (2011), 22-24; and This Day (28 August 2006).

132 | Baende (29 March 2010); and Braeckmann (September 2009).

133 | Xue (2010). See also Baxter and Mousseau (2011), 19, 24; Ministry of Agriculture, Republic of Mali (2009), 14.

134 | See, for instance, Stads and Sène (2011), 3.

135 | See Nonfodji (2011).

Union Commission (AUC), the New Partnership for Africa's Development (NEPAD) Secretariat, or the African Development Bank (AfDB). These organizations have, for example, started an initiative for the development of infrastructure in Africa, which is framed as a prerequisite for economic development and growth on the continent.¹³⁶ They are also promoting FDI projects in agriculture to boost food security and improve drought resilience. In fact, the AfDB's regional strategy for 2012 refers explicitly to "the mobilization of resources from China, India, Brazil and Argentina" as a means to address related challenges through modernization.¹³⁷

Despite such claims about the developmental offerings of land-consuming FDI projects made by people and institutions involved in the relevant processes, empirical evidence underlines that for the host countries, as well as the home countries, the implications are ambiguous. For instance, from a social viewpoint, these investments are not necessarily a developmental success story: while they can create jobs and generate revenue, in many cases few jobs are generated, and these are characterized by poor labor relations and/or wage discrimination between Chinese and local labor.¹³⁸ Wages in some cases are reported to be below the domestic minimum wage, and in most cases, jobs are offered on a daily wage basis without social insurance. Employees earn about USD 1.5-2 per day.¹³⁹ Unfortunately, these unfavorable social conditions seem to be common to most foreign projects rather than being unique to Chinese ventures.¹⁴⁰ With regard to rural development, the large-scale implementation of central contract farming schemes seems unlikely to improve rural livelihoods given the weak legal environment, lack of risk insurance, and official corruption present in many host countries. Indeed, historical evidence about the developmental implications of such schemes suggests that they tend to reduce rather than strengthen the multiple positive impacts that agricultural work can have with regards to social, economic, political, or environmental aspects of society.¹⁴¹

Empirical (albeit anecdotal) evidence also suggests that the development policies in many recipient countries pose challenges for national economic development, for instance, by disadvantaging otherwise competitive indigenous enterprises that suffer from limited access to capital, technology, or global markets. The crowding out of such enterprises by these investments has been observed to a certain degree in the textile industry, though mainly through the

136 | See AfDB (2014).

137 | AfDB (8 February 2012).

138 | Baah and Jauch (2009), 330.

139 | Baah and Jauch (2009).

140 | See, for instance, Baah and Jauch (2009), 108.

141 | See, for instance, Smalley (2013); and IAASTD (2008).

intensified trade and import of textiles. Also, the strong presence of Chinese construction companies that manage to profit from government-facilitated ‘resource for infrastructure’ deals, seems to squeeze the operating space for local or regional firms.¹⁴² Plus, the influx of Chinese small-scale entrepreneurs, a side effect of intensifying Chinese-African trade and investment relations, has proved challenging for local shop owners. Another concern raised in the context of national economic development is the issue of financial debt. It is true that “barter exchange deals” consider issues such as the “manageability of debt,” often by requiring recipient country governments to repay it with the investment returns that are anticipated from the benefits of industrialization.¹⁴³ Yet, the high degree of corruption and poor governance record in most countries, together with the generally long period before repayment is due, provide valid reasons for concern over the sustainable management of debt.¹⁴⁴

Aside from these economic and social challenges, some reports highlight the negative environmental impacts of some large-scale farming projects, specifically regarding regional microclimates or water security. Take, for example, the SINO CAM IKO’s farming project in Cameroon that was mentioned above. In order to gain access to fertile ground in a moderate climate zone, the investor cut down trees, which might result in problematic changes to the regional microclimate. Another example is the sugar cane production project in Mali. A case study by the Oakland Institute mentions the problem of water diversion and the declining level of the Niger River as a project related challenge that is likely to intensify water insecurity and affect neighboring countries that depend on this river.¹⁴⁵ Also, Bosshard has pointed to the fact that key development finance institutions, such as the China EXIM Bank, have financed projects, including dam construction, for which the environmental pre-assessment did not meet international standards, yielding problematic results for the affected population and environment on the ground (Sudan).¹⁴⁶ Finally, the water-intensive character of Chinese agricultural projects in African countries has been highlighted as worrisome, since rice, sugar cane, and cotton rank among the ‘thirstiest’ crops.¹⁴⁷

Regarding the public perception about Chinese investments within recipient countries it is interesting to note that this does not seem to differ from that about Western countries, according to a study by Gadzala and Hanusch (in

142 | Brautigam (2011a), 7; Chen et al. (2009).

143 | See Brautigam (2011a), 7.

144 | Brautigam (2011a), 7-8.

145 | Baxter and Mousseau (2011), 15-26.

146 | Bosshard (2008), 3-5. Also, see Tan-Mullins et al. (2017).

147 | See Davis’ (2003) study on the water-intensity of the crops rice, wheat, cotton, and sugar cane.

2010).¹⁴⁸ These authors write that the “negative rhetoric emanating from much of the surrounding literature tells only part of the story, as African perceptions of China are found to be near equivalent to those held vis-à-vis Western countries.”¹⁴⁹ Nevertheless, the Chinese presence in African economies has become politicized and entered the political discourse during electoral campaigning in some countries as the case of Zambia highlights (see below).

In some cases, rising and vocal discontent has emerged among third parties affected by Chinese investments through increased competition. A cable by the US Embassy in Mali, for example, reported that the US company Schaffer had complained about the strong Chinese presence in the country.¹⁵⁰ This was likely in relation to the SUKALA S.A. (Sino-Mali joint venture) expansion plans, which pertain to areas of land that had originally been promised to Schaffer by the host government. According to statements made by Schaffer, the expansion is part of a broader strategy to prevent other companies from entering the sugar market, thereby preserving the joint venture’s quasi-monopoly position within this sector.¹⁵¹ In this context, it is interesting to note that since 2008 there has been a proliferation of Western funds set up by the development agencies of OECD countries to support Western agribusinesses in Sub-Saharan Africa.¹⁵² While difficult to prove, these funds seem to be inspired by the basic model of the China-Africa Development Fund, which was put in place by China in 2006. The Western funds are clearly aimed at strengthening the OECD economic presence on the continent. The impact of heightened competition through newcomers such as China is also well documented in the context of the Chipata Cotton Company in Zambia. Due to the company’s presence, the previous informal pricing regime led by quasi-monopolists from France and Britain has been challenged.¹⁵³

5. THE ISSUE OF LABOR

One phenomenon that has received widespread international attention is the issue of Chinese labor exports in these investments to SSA. The following section will provide a brief overview of the core issues to discern myths while deliberating on the dimension and background of this phenomenon. This step seems necessary for a meaningful understanding of the Chinese presence in

148 | Gadzala and Hanusch (2010).

149 | Gadzala and Hanusch (2010), 4.

150 | Wikileaks (2009a).

151 | Wikileaks (2009a).

152 | Miller et al. (2010), 146-165.

153 | Tschirley and Kabwe (2009).

SSA. Moreover, given the historical roles of migration and labor exports in political regime stability and social mobility, which were described in Chapter 3, this overview of the contemporary situation will provide valuable insights for comparison.

A study by Yoon Jung Park reveals that the number of Chinese migrants in Africa rose constantly over the 10-year period ending in 2012 and probably reached one million that year. It also reports that many of these migrants live in segregated communities:

In 2009, the Chinese population in Africa was estimated at between 580,000 to 820,000. Today, that number is likely closer to (or even over) 1 million, although exact counts are virtually impossible to ascertain due to the mobility of Chinese migrants as well as highly porous borders within Africa, high levels of corruption within some African government agencies, and inefficiencies within agencies tasked with immigration and border control.

While most Chinese in Africa are there only temporarily – as contract laborers and professionals – there are a growing number of Chinese migrants choosing to remain in Africa to explore greater economic opportunities. Recent research in southern Africa indicates that, although many Chinese migrants plan to eventually return to China, many in South Africa and Lesotho have already stayed years beyond their original plans.¹⁵⁴

While it appears that China has no grand strategy of labor export in place, several factors in the home country do encourage it. These include official propaganda portraying Africa as the continent of opportunity,¹⁵⁵ the absence of sufficient unemployment protection in China,¹⁵⁶ widespread corruption, development and climate change related land loss, the problematic *hukou* system¹⁵⁷ which discriminates against rural workers wishing to migrate to urban areas, lax migration controls, and the negotiation of work visas for Chinese staff overseas by the Chinese government. The confluence of all of these features in the Chinese context definitely creates an environment of high migration pressure. This could be seen as the silent promotion of labor export, so long as conditions back home do not improve significantly for the rural population.

154 | Park (4 January 2012); also see Park (2009).

155 | Park (4 January 2012).

156 | Lee (2000), executive summary.

157 | *Hukou* refers to a household registration system that restricts rural to urban migration. In its current form it “discriminate[s] against poor migrant workers in favor of the wealthy and educated.” For more details, see, for instance, Congressional-Executive Commission on China (2005), 1; also see Murphy and Tao (2006).

Moreover, Chinese companies continue to gain a competitive advantage over Northern competitors when using comparatively cheap but skilled Chinese labor.¹⁵⁸ One of the striking aspects of Chinese labor export is that it highlights the shortfalls of the country's economic development in view of social development. Research about Chinese construction projects shows that even in current times, (skilled) Chinese workers (in China) often do not earn significantly more than their African counterparts (in Africa) while working under harsh conditions and being denied basic social rights.¹⁵⁹ Brautigam argues that the use of Chinese workers in investments in agriculture is especially common in oil-rich countries with higher wage levels. In such places, Chinese labor provides companies with a competitive edge in contract bidding.¹⁶⁰ At the same time, the wages paid to Chinese staff in overseas projects can be higher than those paid in China, which explains why many workers decide to go overseas and work in projects in Africa to improve their family's welfare back home.

Overall, however, the cost competitiveness of skilled Chinese labor is only (a minor) one of several considerations that influence Chinese companies' choice of hiring Chinese rather than local staff. Equally important are cultural and social aspects. Hiring Chinese staff, particularly for managerial positions, allows the company to circumvent language barriers that arise from the lack of knowledge of foreign languages among Chinese technical experts, and makes it easier to implement Chinese work modes: "Using Chinese workers ensured fast communication within project teams and prompt completion of the work."¹⁶¹ A contributing factor seems to be the (alleged) lack of skilled African workers, particularly in the construction sector. The resultant rise of skilled African workers' wages close to the level of skilled Chinese workers' wages, together with the perception that skilled African labor is less productive, has also motivated Chinese companies to import slightly more costly Chinese workers in the implementation of projects.¹⁶²

Even though labor export is not a primary concern of the central government in China, the internationalization of the labor market is promoted for different reasons by different actors. The central government has endorsed it as a way for its companies to succeed in contract bidding by taking on the comparatively 'cheap (skilled) labor.' There are other voices, particularly at the provincial and municipal government levels (e.g., websites of provincial governments), that promote labor export as a way to address the social costs of the chosen development path, such as the problems of structural unemployment,

158 | See Alden (2007).

159 | Chen et al. (2009), 83-84.

160 | Brautigam (2011a), 7-8.

161 | Chen et al. (2009), 83.

162 | Chen et al. (2009), 83.

poverty, low social mobility, and land-loss-related displacement. In an interview in 2008, for instance, Li Ruguo, President of the China EXIM Bank, is quoted as saying that his Bank would assist 12 million workers who were to lose their land through modernization, industrialization, and urbanization to find work abroad.¹⁶³ Former President Hu Jintao has been quoted as saying that emigration was “a good way to lower demographic pressure, economic overheating, and pollution in mainland China.”¹⁶⁴ Also, as mentioned above, wages can be from 30 % to 400 % higher in Africa for skilled workers in managerial positions.¹⁶⁵

In practice, the increasing number of (un)skilled Chinese laborers, who often live in segregated communities, is perceived as a threat in recipient countries with high unemployment levels. The concerns of the host populations over these social aspects of Chinese investments have been politicized by some political actors during electoral campaigns, such as the former opposition leader and then elected President Michael Sata in Zambia (who was in office from 2011 until his death in October 2014). However, the case of Zambia also reveals that it might be too easy to blame these unfavorable conditions on foreign investors such as the Chinese. Undeniably, the previous Zambian governments actually abstained from governing whole sectors (e.g., cotton) and from negotiating local content requirements in the context of IFDI.¹⁶⁶ And the newly-elected President (and suddenly deceased), Michael Sata, has not undertaken reforms that will provide a better framework for the Zambian population to profit from these and other investments during his time in office.¹⁶⁷ Several case studies document that national policy and politics in recipient countries matter greatly in shaping how these investments take place. The labor report by Baah and Jauch, for instance, cites numerous incidents where the response by government agencies or trade unions improved conditions on the ground.¹⁶⁸ At the same time, the increasing risk awareness among Chinese government officials and the fear of huge investment losses overseas have led the government to offer CSR training to the corporate management staff of SOEs, and to implement the Equator Principles as evaluation criteria for public funding.¹⁶⁹

From the official angle, the global repercussion of this trend towards internationalizing the Chinese labor market and its specific characteristics (e.g., segregated overseas communities) have been downplayed and/or explained in

163 | Coonan (28 December 2008); Patton (7 April 2008); Murphy and Tao (2006).

164 | Sege and Beuret (2009), 5.

165 | Park (2009).

166 | Tschirley and Kabwe (2009).

167 | Spilsbury (2012/2013).

168 | Baah and Jauch (2009).

169 | Leung (2010).

the context of China's development trajectory. Lu Shaye, Director General of the Department of African Affairs within the Ministry of Foreign Affairs from 2009 to 2014, partially dismisses labor related problems of Chinese investments to Africa by arguing that it is all a matter of perspective.¹⁷⁰ His point is that the low wage levels associated with the investments in Africa are high when compared to wage levels in the same sectors in China. The overseas wage levels result from the fact that Chinese companies' competitive edge is their low cost. Moreover, the segregation of Chinese workers from local communities is due to "a problem of cultural gap and language barrier" that leads the workers to "[...] build up their own social circle."¹⁷¹ In his opinion, this trend is intensified by the fact that Chinese employees abroad work in harsh conditions to ensure a better life at home: "The Chinese employees work in tougher conditions than the employees of western companies. [...] They live a hard life, eat simple food and live in simple domiciles so that they can send home the money they earned to raise their families and improve their living conditions." Notably, all of this bears a strong resemblance to migratory patterns in the late 19th century.¹⁷² At the same time, the number of Chinese labor disputes has increased, reflecting "attempts by China-based labor export agents to get extra income from the Chinese workers."¹⁷³

6. CONCLUSION

This chapter has presented the main empirical characteristics of what is happening regarding Chinese land-consuming OFDI since 2000. The chapter has reported in great detail on agricultural projects. These were the most common in the "land grab" reports that served as a starting point of my research.¹⁷⁴ However, official data shows that agricultural investments only make up a minor share of total on Chinese (land-consuming) OFDI in SSA.

Importantly, the empirical findings point to the complexity of (f)actors at play and/or the different timelines involved. The following paragraphs will

170 | Gouraud (18 October 2011). Also see Buckley (2011) for an ethnographic description of the different perspectives involved in Chinese-Senegalese agricultural projects.

171 | Gouraud (18 October 2011).

172 | Gouraud (18 October 2011).

173 | Chen et al. (2009), 83.

174 | It is important to remember that the strong focus on Chinese agricultural projects that characterized early publications and project listings of the "land grab" debate is a result of two things: biased reporting; and the initial focus on *farmland* grabs. In the UK case, similar data problems led to an over-reporting of investments in biofuels. See Chapter 1 (Section 5).

summarize the core empirical findings for each of the categories that have guided this chapter (see Table 4-5). This implies a reduction of the complexity that has been characteristic of the main empirical traits identified, and it clearly means that certain features which are also part of Chinese land-consuming OFDI in SSA will be excluded. However, it is a necessary step to guide the reader and refresh the core results that the Chapter 5 will go on to explain.

The findings highlight that multiple actors are involved in Chinese land-consuming OFDI in SSA. However, they also show that public actors and agencies are predominant in (large-scale) Chinese land-consuming OFDI in SSA. SOEs, for example, run economic cooperation projects, regardless of the sector, and also search for profitable investment operations on their own. They are often involved—usually with a majority position—in joint ventures with host country companies or SOEs. Government officials of the home and host country are also active in these joint ventures, particularly in negotiating the terms of economic cooperation, which they frequently do at political forums (such as FOCAC) or through other (bilateral) exchange channels.

Importantly, these forms of state agency are composed of diverse “land grab” interests and strategies. Chinese official actors often pursue their own agenda rather than that of the central state. Moreover, Chinese SOEs rely on multiple institutions and financial sources (e.g., headquarters, host country national banks, and multilateral funding) in their operations, aside from Chinese development finance. They also apply mainstream managerial economics in their operations and are characterized by a profit orientation, even in cases where Chinese development finance is involved, or where resources are being exploited. The previous assessment also highlighted that Chinese land-consuming FDI projects are often pro-actively sought by African governments, and reflective of recipient countries’ development policies.

Most companies produce for domestic and regional markets in SSA, particularly in the agricultural sector. However, the latter makes up only a minor share of total Chinese OFDI activities of which land-consuming investments form a part. The majority of investments go into mining, manufacturing, and financial services. With regard to the role of land, this means that land is used as a natural resource, but also as a space to open up profitable business opportunities in construction, manufacturing, and/or through SEZs.

The timelines of most of these investment projects can be traced far back. While China is a newcomer to the role of capital exporter, it shares a long history of cooperating with and providing aid to many African countries. Several actors, such as construction companies, have previously run aid projects on the ground, and have more recently turned into successful contract bidders due to their experience and cost advantage. The multiple crises of 2007/2008 have not been critical for what has been happening since 2000. Instead, their role in

Chinese OFDI activities has been ambiguous—preventing as well as enabling Chinese overseas investments.

In the case of China, Section 5 addressed the issue of labor migration and related claims of strategic labor export. These claims have regularly appeared in the media and led to political tensions in host countries, many of which suffer from high unemployment. It showed that while the central government has no pro-active strategy in place to promote labor export, it also does not have a strategy to curb the phenomenon, nor are the origins of the pressure to work abroad adequately dealt with by the home government.

In conclusion, several tendencies of Chinese land-consuming OFDI seem noteworthy and demand an explanation that assesses them in the home country context. In particular, the empirical findings show that Chinese investment projects in SSA establish new markets, access and secure resources, engage in profitable business undertakings, internationalize the operations of particular companies, and/or strengthen and expand the home country's political ties and powerful economic presence in African countries.

Table 4-5 – Review of the Empirical Characteristics of Chinese OFDI¹⁷⁵

Category	Core Empirical Characteristics
Actors	Projects involve public actors from the recipient country and China; they are usually operated by Chinese SOEs, often in cooperation with host country SOEs; some actors have a long history on the continent (e.g., construction companies) because they began implementing Chinese aid projects in the 1950s; Chinese workers and experts are an integral part of Chinese investment projects: the experts are part of agricultural training centers that Chinese companies are rehabilitating and the workers are often employed by construction and energy companies in order to keep costs low.
Institutions	The main cooperation strategies are negotiated at FOCAC; regarding finances, companies rely on multiple sources, ranging from headquarter support and Chinese development finance to multilateral and host country funding.
Sectors	The majority of investments go into mining and manufacturing, followed by financial services; according to government data, agricultural investments make up only a minor share of total Chinese OFDI in SSA.
Timelines	Projects predate the 2007/2008 crises, often they can be traced back to Mao-Era cooperation with African countries; however, the way they are run has changed significantly over time; today, they are for-profit enterprises.
Role of land	Land is used as a natural resource, but also as a space in which to open profitable business opportunities (e.g., construction and manufacturing); in both cases, projects have a strong profit orientation, and are not necessarily producing for export to China.
Recipient context	Projects, particularly in the agricultural sector, have been requested by African host country governments; mostly, they seem to be the result of inter-governmental cooperation at different levels of government; the actors involved can have very different interests.

175 | This summary substantially reduces the complexity that has characterized the empirical findings of this chapter. However, it is intended to guide the reader by highlighting the core traits of Chinese investment projects that will be explained from a home country perspective in Chapter 5 and compared with British empirical characteristics in Chapter 8.