

China in Mozambique's agriculture sector: implications and challenges

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Recently, one of the areas that have been considered as a priority for cooperation between China and African countries is the agriculture. In many occasions, China, – the second-biggest commercial partner of Africa –, has reiterated its commitment to help African countries to develop their agriculture in order to reduce food shortages and poverty.

However, the interest of China in African agriculture has raised many concerns, especially after the world food crisis of 2007-2008. The fact that China lacks land for agricultural practice is seen by its critiques as a motivating factor for its interest on agriculture in Africa. In this context, one must question what is really going on. Is China helping to develop its agriculture in Africa? And, if so, what type of agriculture is being developed? Is China helping Mozambique to find a solution for this sector?

This article, therefore, seeks to discuss the agricultural cooperation between Mozambique and China and understand its importance. In this regard, the article will confine itself to two main objectives firstly; analyze the strategies pursued by China on agricultural cooperation with Africa. To this end, the analysis will take as its starting point the first Forum of China-Africa Cooperation (FOCAC), held in Beijing in October 2000, which is without doubt the main political event that marked the beginning of a new era of relations between Africa and China. Secondly, the article draws some preliminary thinking on aid and investment from China in the Mozambican agricultural sector.

From Beijing to Beijing: looking for the better future for the African agriculture?

If in the first and second Fora on China-Africa Cooperation (FOCAC), held in Beijing in October 2000, and in Addis Ababa in 2003, the agriculture was been recognized as one of the priority areas in which China and Africa should cooperate, it was the FOCAC of November 2006, also held in Beijing, which outlined the principles and bases of the actual cooperation in agriculture between the two sides. Indeed, it was this FOCAC which clearly outlined the current lines of Chinese policy towards Africa.

At the FOCAC 2006, China promised a series of measures to catalyze the African agricultural sector namely that:

- 1) Between 2007 and 2009 will send 100 Chinese experts in agricultural technology,
- 2) Will build 10 centers for research and transfer of agricultural technology;
- 3) Will encourage and assist Chinese companies to invest in African agriculture and become more involved in the development of infrastructure and agricultural industries;
- 4) Will train and develop of human resources working in the African agricultural sector
- 5) In collaboration with FAO, will put into practice, a special program of food security (FOCAC: November 16, 2006).

The Chinese commitment to helping the development in the agricultural sector in Africa was further strengthened at the summit in Sharm El Sheikh in November 2009 where in a three-year plan (2009-2012), this country reiterated the promise of more aid to African agriculture. Here are the key points of this plan:

- 1) To send fifty teams of experts in agricultural technology;
- 2) To train 2000 African agricultural technicians;
- 3) In addition to continuing to support those already built, to increase from ten to twenty the number of centers of agricultural research and technology transfer;
- 4) And to implement special program of cooperation with Africa in collaboration with FAO, which had already been decided at the summit in Beijing in 2006. For this program, China would contribute with 30 million U.S. dollars. (FOCAC, November 12, 2009).

Apart from this we can mention the achievement of two meetings between China and African governments geared especially to discuss the best ways to develop agriculture in Africa: These meetings were held in Bamako in April 2010 and in Beijing in August 2010.

What assessment can be made after the first FOCAC?

- 1) Between 2004 and 2010, China sent more than 900 agricultural experts to Africa, which trained 4200 African agricultural experts and established 14 demonstration centers of agricultural technologies in the same number of countries including Mozambique, Sudan, Tanzania, Ethiopia, Cameroon, Congo-Brazzaville, Zimbabwe, Rwanda, Benin, Togo, Zambia, Liberia, South Africa and Uganda also signed cooperation agreements in the agricultural area with 14 African countries.
- 2) Agriculture was erected in one of the priority areas of the Development Fund for Africa-China (China-Africa Development Fund, CAD Fund). Established in March 2007 by the Chinese government through China Development Bank (CDB) as a result of the promises the Chinese government at the FOCAC 2006, endowed of 5 billion dollars, this fund is intended to help Chinese companies researching in Africa.
- 3) By the end of 2008 it was estimated that there were 72 Chinese farms in Africa that had invested about 134 million U.S. dollars (FOCAC: November 16, 2006; FOCAC, June 29, 2010).

Despite these measures, the level of bilateral cooperation, they reiterated interest in encouraging Chinese companies (private or state) to invest in African agriculture, the Chinese investment in this sector is still quite insignificant.

In 2007, Chinese investment in agriculture accounted for only 1% of total foreign investments of China (Brautigam 2009:255). The same trend continued in 2008 (Bethel 2008).

Despite the willingness and the assistance granted to Chinese companies, many of them fear in investing in agriculture due to poor quality of infrastructure (Brautigam 2009:696).

By the end of 2008, China State Farm Agribusiness Corporation (CFAC), considered as pioneer in this sector in Africa, was operating throughout Africa, 11 projects, most of whom were very old, i.e. before the first FOCAC (ibid).

As can be noted, the Chinese investment in African agriculture is still insignificant. In this continent, Chinese investment is in oil, gas, mineral resources and infra-structures.

China in Mozambique agriculture: still waiting for promises

Mozambique and China cooperates in agriculture sector since the early days of the country's independence. Nonetheless, for the purpose of this article, we will begin the study with the 2002 Memorandum of Understanding (MoU) in agriculture signed between the two sides when the former Prime Minister of Mozambique, Pascoal Mocumbi, visited China. This memorandum, which was valid for a period of five years (2002-2007), provided cooperation in different areas of agriculture.

Based on this, what can be said of relations between Mozambique and China in the agricultural sector? Will it be different from those the other African countries?

In agriculture, cooperation between the two countries can be summarized in three projects: Establishment of an agricultural technology center in Boane, southern Mozambique. Estimated at \$ 55 million, the Agricultural Technology Center is being established with technical help from the government of Hubei province and is the first among the 14 centers that China provides in Africa.

China is also keen to help Mozambique increase its rice production. In 2006, a delegation from the Institute of Hunan Hybrid Rice visited Mozambique in order to study the possibilities of developing this variety of corn. In addition, in 2010 a group of Mozambican technicians (along with technicians from East Timor, Angola and Guinea-Bissau) was formed in production techniques of hybrid rice in Hunan.

In this sense, the project of rice production in Xai-Xai, Gaza province, which has resulted in a bilateral agreement between Gaza and Hubei provinces, is the most prominent project. The Project has a budgeted of 1. 200 000 U.S. dollars and the current rice production is carried out in an area of only 300 hectares, but it provides for its extension to 10 000 hectares.

Also under this project, there is an idea of production of horticultural in Moamba, in Maputo province. This experimental project aims to increase the rice production in Mozambique, which will move from around one tone per hectare to 10 tons per hectare.

The table below shows the evolution of the production of Hubei Lianfeng Company during the first three years (2007-2010).

Hubei Lianfeng Company Evolution's Rice Production

Campaign	Area (Hectare)	productivity (Ton/Hectare)	Production (Toneladas)
2007/2008	20	9	180
2008/2009	30	9	270
2009/2010	40	9.5	380

Source: Direcção Provincial de Agricultura de Gaza (2010)

Another highlight is the concessional lending of \$ 50 million allocated by the Chinese government to Mozambique through the Eximbank of China to be used in agricultural projects in the Zambezi Valley.

30 million of this fund, which is under the management of the Office of the Zambezi Development Plan (GPZ), will be used in building three factories in agro-processing of agricultural products in the provinces of Tete and Zambezia. The remaining 20 million will be used to import equipment from China.

In this regard, the investment of Chinese companies (private and state) in Mozambican agriculture between 2000 and 2009 is represented by five Chinese companies that have invested in Mozambican agriculture, totaling 8.5 million dollars¹.

Chinese investement in Mozambique agriculture sector (2000-2009)

Firm	Year	Province	IDE (USD)	Total	Jobs planned
União dos Trabalhadores de África	2003	Sofala	1 000 000	1 000 000	150
China Grains & Oils Group Corporation Africa	2005	Sofala	5 500 000	6 000 000	150
Xin Jian Companhia	2006	Zambézia	195 000'	200 000	200
Hubei Lianfeng Mozambique	2007	Gaza	1200 000	1 200 000	6
Wen Chen Liao	2009	Sofala	60 000	60 000	60

Source: CPI (2010a)

¹ Between 1990 and 2000, i.e. before the first FOCAC, the only notable case is the investment of \$ 500,000 of Zhong An Mozambique.

As can be seen, notwithstanding the assistance from the Chinese government as well as investment companies in this country, in the Mozambican agricultural sector it is still quite insignificant, especially when compared with the amounts invested by the government and Chinese enterprises in other areas, particularly in the industry. As a way of illustration, according to the data from the Investment Promotion Centre (CPI), between 2000 and 2009, Chinese businessmen have invested about one hundred and fifteen million dollars in this sector (CPI, 2010).

How to explain this?

The reasons are the same as I mentioned in relation to the rest of Africa: the interests of these countries are focused on other sectors namely, mining, energy and construction; weakness or lack of infrastructure in rural Africa that could serve as a support to agriculture means that many companies are afraid to just make up a total loss.

Land grabbing in Mozambique?

However, similarly to what has been raised about China in other African countries, stories concerning the hoarding of land by Chinese investors in Mozambique are common. The most spectacular occurred in 2008, when researcher Loro Horta published news saying that the governments of Mozambique and China had signed an agreement to transform the Zambezi Valley in the first Chinese agriculture "colony" in Africa (Horta 2008).

According to Horta, the Chinese who were interested in producing rice, initially, early in 3000 would send farmers (that number would rise later to 10 000) for the provinces of Zambezia and Tete provinces in order to produce rice that would exclusively be for consumption in China.

Horta argues further that this was part of a Chinese plan to modernize the Mozambican agricultural sector estimated at 800 million U.S. dollars in order to increase Mozambique rice production in five years, from the current 100 000 tons of rice to 500,000 tons. The Chinese granting of funds for major projects in Mozambique, such as the construction of the Catembe Bridge and, the Mpanda Nkhuwa Dam, the story goes, depended on the granting of land to the Chinese.

However, this news was immediately denied by the government, claiming that "in Mozambique, the land is not being sold or leased (RTP, 13th May 2008)," "which as we can imagine does not fully correspond to the truth."

For Brautigam & Xialong (2009:697-698); Brautigam (2010), there is no evidence of this; this is a part of one of the various myths created around the Chinese presence in Africa.

The claim was immediately denied - largely due to sensitivity of this issue - and so far there is no sign of this is happening. The truth is that the China is currently financing projects for the development of agriculture in the Zambezi Valley.

Also it's normal to find information indicating that the Asian countries including China, are heavily investing in Mozambican agriculture, which also does not correspond to the reality.

In brief, this is what can be said in terms of cooperation between Mozambique and China in agriculture.

Conclusion

As can be seen while agriculture has been defined by China as a priority in its cooperation with Africa, investments of this country on this continent, particularly in Mozambique are more focused in other areas.

The Chinese intention to help and/or to invest in African agriculture is still a mirage. Convincing companies to invest in these countries Mozambican agricultural sector is therefore the first major challenge for Mozambique.

Another challenge is to convince and attract agricultural enterprises in these countries to invest in food crops, not only in cash crops and biofuels. Some studies show that, with the exception of sugar, the greater investment in agriculture in Mozambique has focused on non-food products.

According to Castel-Branco (2010:39), between 1990 and 2008, investment intentions in this sector accounted for only 13% of all private investment approved, with the highlight of 80% of 13% being concentrated in only four products: sugar, tobacco, cotton and exploitation timber. A strong investment in infrastructure in rural areas is crucial to attracting investments in agriculture.

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