FOREIGN INTEREST IN LARGE LAND ACQUISITIONS IN AFRICA began to hit the headlines in 2007 and 2008. China, a net food importer since 2004, was seen as one of the chief players in this rush for land. Mozambique has often been cited in support of the widespread conclusion that the Chinese government is directly seeking land in Africa for China’s own food security.\(^1\) This briefing shows that the much-circulated picture of Chinese agricultural activities in Mozambique is closer to fiction than fact. That the conventional wisdom on Mozambique can be so far from reality calls into question the picture in other African countries as well.

Worries about the developmental impact of large-scale land investment are well-founded. Large land transfers are bound to raise alarms, and more so if the land is communally owned or occupied by subsistence farmers, or in a food-deficit region. Furthermore, many believe that Chinese companies will not simply invest in a search for profit, but will act primarily to advance Beijing’s national security goals.\(^2\) Chinese foreign investment in land evokes fears of loss of national control, hence the parallels that are frequently drawn with neo-colonialism.

\(^1\) We focus only on the agricultural (food and cash crop) sector, not forestry activities.

Beginning in 2008, multiple reports emerged stating that Beijing and Maputo had (1) signed agreements in 2006 or 2007 to import tens of thousands of Chinese farmers into Mozambique to produce rice for China; (2) that local outrage had scuttled these plans; but (3) that the Chinese government had still pledged to invest US$800 million to modernize Mozambique’s rice sector to supply the Chinese market.³ This three-part story was circulated globally, cited often, and, as noted below, became fundamental to analyses of Chinese engagement in agriculture in Africa more generally.

Intrigued by these reports and their implications, we travelled to Mozambique, separately, in 2009, 2010, and 2012.⁴ Our field interviews and archival research turned up no evidence to support these three claims (and others). Although we did find a handful of Chinese agricultural aid activities and investments, these were far from a concerted effort by ‘Beijing’ to turn a passive Mozambique into a long-distance supplier of rice. What we found was a far different story: an assertive Mozambican government and private sector engaging with multiple Chinese actors to further Mozambique’s own agricultural goals.

Reports of Chinese ‘land grabbing’ in Mozambique

The numerous media articles outlining the story of China as a land grabber in Mozambique did not rely on any field reporting, and, as far as we can see, all were based on the information provided in two short articles written in 2007 and 2008 by a single researcher. A Swiss website published the first article in August 2007. It claimed that ‘in 2006. Beijing and Maputo signed a memorandum of understanding’ (MOU) for a ‘huge Zambezi river valley agricultural project’ that would allow ‘as many as 20,000 Chinese settlers’ to grow rice for export to China.⁵

Then, in May 2008, the Africa Policy Forum of the Center for Strategic and International Studies (CSIS) published a second article on China’s agricultural engagement in Mozambique, stating that ‘Beijing’ was ‘aggressively seeking large land leases in Mozambique’, and that an
MOU had been signed ‘in June 2007’ allowing ‘an initial 3,000 Chinese settlers’ and perhaps ‘up to 10,000’ to run farms in Mozambique.6 ‘Local outrage’ over this plan allegedly caused it to be cancelled. A new claim also surfaced here: ‘In early 2008, the Chinese government pledged to invest $800 million in modernizing Mozambican agriculture.’ The CSIS article concluded: ‘One thing seems to be certain: China is committed to transforming Mozambique into one of its main food suppliers, particularly for rice.’7

It is not clear whether these two articles refer to one or two alleged agreements to import Chinese farmers: the different years and the discrepancy in the number of ‘Chinese settlers’ create some confusion. None of the references provided in these two articles gave specific evidence for the claims. There were no references to interviews in Mozambique or fieldwork, or links to local news articles that would corroborate the statements. Without having gone through peer review or fact checking, these two short reports became source material for numerous other studies. Thus by October 2009 the story could be summarized confidently:

According to [the CSIS study], the Chinese government has been investing in infrastructure development, policy reform, research, extension and training to develop rice production in Mozambique for export to China since 2006. Eximbank has already provided a loan of US$2bn and pledged an additional US$800m for these works, though more is expected. Some 10,000 Chinese settlers will be involved.8

In an April 2009 policy brief on ‘Land grabbing by foreign investors in developing countries’, researchers at the International Food Policy Research Institute (IFPRI) cited the CSIS article, writing that ‘Mozambicans have resisted the settlement of thousands of Chinese agricultural workers on leased lands – a situation that would limit the involvement of local labor in the new agricultural investments.’9 A month later, this sentence was repeated almost verbatim in the South African newspaper, the Mail and Guardian: ‘Mozambicans, for example, have resisted the settlement of thousands of Chinese agricultural workers on leased

7. Ibid.
8. GRAIN, ‘Seized!’. The $2 billion from China Eximbank referred to an MOU signed in 2006 between the China Eximbank and the government of Mozambique expressing Chinese interest in financing the $2.3 billion Mpanda-Nkua hydropower project, on the condition that a Chinese company won the tender. Later, after a Brazilian company won the tender, the Chinese offer to finance the project expired without being used.
land.’ Later that year, the German development agency GTZ included the story in a list of ‘land grabs’, noting that it was ‘discontinued due to political opposition’.11

A major FAO/IFAD/IIED report on land grabbing written in 2009 also cited the CSIS article, but raised doubts about it. IIED Researchers conducted fieldwork in Mozambique, but were unable to confirm reports that China was negotiating for land in Mozambique (and elsewhere) as part of a food security strategy, concluding that ‘the accuracy of these reports is hard to verify’.12 In commenting on the ‘common external perception’ that China was seeking ‘to acquire land abroad as part of a national food security strategy’, the researchers also concluded that ‘the evidence for this is highly questionable’.13

We agree. In fact, in Mozambique, we found no evidence at all for these claims. Specifically, in dozens of interviews and archival searches of Portuguese-, English-, and Chinese-language news media, we found no direct reports of any agreement signed in 2006 or 2007 between the Chinese government or Chinese state-owned companies and the Mozambican government to import thousands of Chinese farmers into Mozambique, or anyone who had heard of this alleged plan. We also failed to find or confirm any stories about local outrage leading to cancellation of any planned Chinese farming project. We found no sign that the Chinese had ever pledged to invest US$800 million in any agricultural investment or programme. What we did find was a series of agricultural aid projects responding to Mozambican requests, and a growing number of Chinese companies exploring investment opportunities, encouraged by the Mozambican government, and challenged not by Mozambican citizen outrage, but by technical difficulties and animal pests.

**Realities of Chinese agricultural engagement in Mozambique**

Chinese engagement in agriculture in Mozambique stretches over more than thirty years, and began with Chinese foreign aid. Soon after independence in 1975, a rotating group of at least 120 Chinese agricultural experts from the province of Sichuan arrived to assist Mozambique to develop 230 hectares (ha) of the 7,000 ha Moamba state farm, located

12. Lorenzo Cotula, Sonja Vermeulen, Rebeca Leonard, and James Keeley, ‘Land grab or development opportunity?’ (Food and Agriculture Organization (FAO), International Institute for Environment and Development (IIED), and International Fund for Agricultural Development (IFAD), 2009), p. 55. This study noted interest in agricultural investment in Mozambique by a Chinese company, COFCO. We discuss this below.
about 90 km north-west of Maputo, and the Matama farm (3,000 ha) in Niassa Province. In the mid-1980s, the Chinese donated farm machinery and sent a 26-person agricultural team, again from Sichuan, to assist with communal agricultural projects in Maputo’s urban ‘Green Zone’ programme, but were driven out by the civil war.14

Chinese companies began coming to Africa to invest in agriculture in the mid-1980s.15 After Mozambique’s civil war ended in 1992, the two countries began to explore joint ventures in agriculture, at Mozambique’s request.16

Mozambican leaders told Chinese ambassador Shao Guanfu late last year that they wanted China to largely invest in the agricultural development in the southern African country…Groups of experts have come from China to investigate the situation of farming, shrimp raising and sugar cane planting in Mozambique. They all believed that the conditions for cooperation are fairly good.17

In a 2010 interview, a Mozambican politician recalled discussions with Chinese interests over a land lease around 1997.18 However, by 2000, Mozambique had received only one Chinese agricultural investment: Anshan Grain and Oil Export Import Company, which secured 20 ha of land near Maputo and invested $500,000 in the Zhongan (‘Mozambique’) vegetable farm. It was no longer functioning in 2004.19

Chinese companies continued to explore agricultural investment in Mozambique. Between 2000 and 2011, nine additional companies had investment proposals approved, for a total of US$10.1 million (Table 1). Of these, the two most substantial were the proposal by China Grains and Oils Group Corporation (CGOG) to invest $6 million, and the $1.5 million venture proposed by Hubei Liangfeng, a Chinese provincial firm. In addition, the Chinese government agreed to provide aid finance for an agro-technology demonstration centre in Mozambique, one of twenty that it had pledged to build in African countries between 2006 and 2012.

The largest project in this group was in part the initiative of a Mozambican businessman, Zaidi Ali, who joined with China Grains and

18. Interview, former Minister of Finance, 27 January 2010, Maputo, Mozambique.
Oils Group (CGOG) in 2005 in a venture to produce and process soybeans in Sofala Province, where he had access to land. The venture was abandoned after a pilot project demonstrated that the land was inappropriate for soybeans. The machinery imported by CGOG was not suitable for Mozambican conditions, and the venture had difficulty securing work permits for the skilled technicians they wished to bring in from China.

Another project mixed assistance and business. In 2004, Mozambique requested Chinese assistance with developing its rice sector. A delegation from Hubei Province arrived in 2005 to do a feasibility study, and later agreed to set up a demonstration farm in Gaza Province, while Gaza Province promised to donate 1,000 hectares of land. Hubei State Farm Agribusiness Corporation, a provincially owned company, set up a subsidiary, Hubei Lianfeng (‘United Harvest’), to carry out the project. The head of Hubei Lianfeng came to Mozambique, and selected a piece of land in the Limpopo River Irrigation Zone near Xai Xai City, the capital of Gaza Province, about 260 km from the national capital, Maputo. In 2007, Hubei Lianfeng pledged to invest $1.2 million in the project (Table 1).

Chinese ‘friendship farms’ can be found in other African countries – Zambia, for example. For production-oriented projects, the ‘friendship’ name implies that the project has its origins in a political request by the host government, and that it is seen as important politically. The team building the Mozambique Hubei–Gaza Friendship Model Farm described part of their task as ‘political’ (building friendship). As part of the political task, they intended to focus on growing grain and vegetables, to help solve Mozambique’s food supply constraints. A political task does not exclude business interests, however. And indeed, the farm’s team leader told a Chinese journalist, ‘Originally this farm was set up in the context of China–Africa Friendship Cooperation. There was not so much economic interest involved … [yet] although Lianfeng was established for

20. Personal communication, Philippe Asanzi, PhD candidate, Stellenbosch University, South Africa, 19 and 21 March 2012. CGOG, a trader of edible oils and grains, is one of China’s major state-owned companies. In 2006, it merged with China National Cereals, Oils and Foodstuffs Corporation (COFCO), China’s largest food importer and exporter.
a specific state purpose, we are still an enterprise.26 They were prepared to experiment with soybeans, rapeseed, tobacco (all of which have ready markets in China), and even organic vegetables for the European market.

Hubei Lianfeng’s project was far from a secret arrangement. For three years (2008–2011), the project was partly financed by the Bill and Melinda Gates Foundation, and served as a test site for the Gates Foundation’s ‘Green Super Rice’ programme.27 It was also fairly small: as of July 2011 the Friendship Farm had only 100 ha of irrigated rice under cultivation. A joint venture formed that year with Xiangyang Wanbao Group (a private Chinese company) was expected to boost the farm’s output of soybeans, vegetables and other cash crops, with a goal of eventually expanding the farm to at least 6,667 ha.28 By December 2011, thirteen Chinese agricultural experts were employed at the farm, and another 40 Chinese workers were engaged in constructing and maintaining the irrigation system, which by then had reached 200 ha.29

<table>
<thead>
<tr>
<th>Chinese company</th>
<th>Year</th>
<th>Province</th>
<th>Approved investment (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>União dos Trabalhadores de África*</td>
<td>2003</td>
<td>Sofala</td>
<td>1,000,000</td>
</tr>
<tr>
<td>China Grains &amp; Oils Group (CGOG)</td>
<td>2005</td>
<td>Sofala</td>
<td>6,000,000</td>
</tr>
<tr>
<td>Xin Jian Companhia</td>
<td>2006</td>
<td>Zambézia</td>
<td>200,000</td>
</tr>
<tr>
<td>Biworld International (flowers)</td>
<td>2006</td>
<td>Tete</td>
<td>200,000</td>
</tr>
<tr>
<td>Hubei Lianfeng</td>
<td>2007</td>
<td>Gaza</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Wen Chen Liao (Taiwanese)**</td>
<td>2009</td>
<td>Sofala</td>
<td>60,000</td>
</tr>
<tr>
<td>Luambala Jatropha</td>
<td>2010</td>
<td>Niassa</td>
<td>200,000</td>
</tr>
<tr>
<td>Sunway (Xinwei?)***</td>
<td>2010</td>
<td>Nampula</td>
<td>500,000</td>
</tr>
<tr>
<td>Chamei Agrícola</td>
<td>2011</td>
<td>Zambézia</td>
<td>750,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>10,110,000</strong></td>
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</tbody>
</table>


Notes: This list shows approved investments, but not necessarily actual investments. *Appears to be timber/forestry rather than agricultural investor. **Wen Chen Liao is from Taiwan. His farm in Sofala has 600 ha. Personal communication, Philippe Asanzi, Stellenbosch, March 2012. ***Xinwei’s project is for production and industrial processing of peanuts and sesame. We believe this project is probably the same as the Sunway project.

26. Ibid.
29. Interview, Sérgio Viera, former head of GPZ Mozambique, 24 February 2012.
Hubei Lianfeng was also involved in building the Chinese agro-technology demonstration centre for Mozambique at Umbeluzi, in Boane District, Maputo Province. China’s Ministry of Commerce (MOFCOM) held a tender in October 2007. Hubei Lianfeng submitted a bid for the Mozambique centre, which won them the contract to build the RMB 55 million centre, one of 20 that China’s aid program is building in Africa.

China’s government also provided export credits for three agro-processing factories. Mozambique was unable to secure Chinese financing for the $2.3 billion Mpanda Nkua hydropower project, but after extensive lobbying by Mozambican officials, China Eximbank provided a $50 million line of export finance. Part of this (about $30 million) was tied to the import of Chinese machinery for three factories (rice, other cereals, and cotton) planned by the Mozambican state-owned Office for the Promotion of the Zambezi Valley (Gabinette do Promocão do Zambezi Vale, or GPZ). In 2011, Chinese companies expanded their presence in Mozambique, but not in rice. Shandong Province’s leading groundnut-processing company – Shandong Xinwei Grain and Oil Food Corp – launched Xinwei International Mozambique Co. Ltd. in Nampula Province (Table 1). The company hired 130 Mozambicans, and began mechanized cultivation of 140 ha in January 2011, planting groundnuts and maize, with plans to expand to sesame and mung beans. A Chinese cotton company has set up operations in Mozambique (and Malawi), buying cotton from contract farmers and processing the cotton locally.

Finally, a joint venture, Zamcorp, was formed between the GPZ, private Mozambican interests, a Portuguese businessman (and former speaker of Parliament), and Stanley Ho, a billionaire gambling magnate from Macao, Portugal’s former Chinese colony. Set up in 2006 to attract Chinese investment into the Zambezi Valley, Zamcorp had attracted no projects as of November 2011.

Feeding frenzy

How did this list of relatively modest projects and the chain of evidence laid out here morph into the claim that ‘Beijing’ was planning to build a huge agricultural colony in Mozambique? It appears that the original

30. Centre for Chinese Studies, ‘Evaluating China’s FOCAC commitments to Africa and mapping the way ahead’ (Stellenbosch, South Africa, January 2010), p. 73.
31. This figure has often been erroneously reported as US$55 million.
32. Office of District Food Bureau, ‘Harvest for our district’s first African agricultural development project’ [Woqu Shouge Feizhou Nongye Kaifa Xiangmu Huode Feishou] (Donggang District, Rizhao City, Shandong Province, 8 August 2011). They leased a total of 7,500 ha.
33. Ana Christina Alves, ‘Chinese banking interests in Mozambique’ (South Africa Institute of International Affairs, Policy Briefing 37, November 2011), p. 3.
reports did not rely on actual investigation or field visits, but were based on rumours transmitted to the author via Mozambican contacts – rumours arising perhaps from Zamcorp, CGOG, Hubei Lianfeng and the very real but more modest projects under discussion – and supplemented by Internet sources. Further, none of the websites, think-tanks, or journalists that repeated these rumours thought to fact-check them, or query a number of erroneous statements that should have raised flags. And none questioned statements about Chinese intentions that were widely accepted in the West.

For example, the article published on the CSIS website stated that China’s goal in Mozambique was ‘[boost] rice production from 100,000 to 500,000 tons a year’, and concluded that ‘Mozambique’s increased rice production is clearly destined for export to the Chinese market, since the staple accounts for just a tiny fraction of the Mozambican diet’. In fact, Mozambicans consume over 500,000 mt of rice annually; the country imported 382,300 mt of milled rice in 2006. ‘Rice is considered a strategic crop in Mozambique,’ noted the International Rice Research Institute (IRRI), ‘where it is expected to contribute to ensuring food security in the country.’ As the chain of evidence we provide above should make clear, increasing rice production was Mozambique’s goal.

The CSIS article said that China’s removal ‘of import tariffs for 400 Mozambican agricultural products, including rice, will further facilitate food exports to China’. In fact, Beijing pledged in 2006 to lift tariffs on more than 400 products from Africa’s lowest-income countries, which include Mozambique, not from Mozambique alone. The list includes mainly manufactured items, and rice is not on the list. Despite a growing demand for food, China continues to be a net exporter of rice; experts expect its rice exports to increase from 435,000 mt to 739,000 mt over the next several years.

Other mistakes and conspiracy-oriented interpretations include a statement that China was constructing ‘numerous irrigation and canal networks in the [Zambezi] valley’, and another that Chinese companies’ general interest in building transport infrastructure in Mozambique was ‘clearly designed to maximize production and facilitate the rapid export of

34. Horta, ‘Agricultural colony’.
36. Horta, ‘Agricultural colony’.
38. Freeman, Holslag, and Weil, ‘China’s foreign farming’.
foodstuffs to China’.\textsuperscript{39} In fact, we found no evidence of Chinese irrigation networks or canals in the Zambezi Valley, and would point out that Chinese interest in building infrastructure is a common theme across Africa, as Chinese construction companies have become major players in the sector.\textsuperscript{40} Finally, the report claimed that China had sent 100 Chinese agricultural experts to Mozambique.\textsuperscript{41} No evidence was provided for this; we found no trace of this, and suggest that the author perhaps misread a Chinese pledge to provide 100 agricultural experts to Africa.

We fully agree with analyses pointing out the social, political, and environmental risks of land transfers in poorly governed countries with large subsistence farmer populations. However, we argue that, in some key cases, the devil may turn out not to be in the details. Rather than reacting passively to China’s ‘aggressive’ search for land, Mozambican policy makers actively solicited Chinese support for a home-grown strategy to become self-sufficient in rice production and, eventually, develop a surplus for export. The strategy focused on improved seeds, inputs, research and extension, and private investment. Mozambique identified four rice production clusters: Xai-Xai (where Hubei Lianfeng invested), Beira (where CGOG hoped to invest), Quelimane, and Nampula.\textsuperscript{42} Mozambican leaders sought assistance from a number of international partners to boost their efforts to grow more rice: the International Rice Research Institute, the Bill and Melinda Gates Foundation, Japan, and Ireland, among others.

It matters which narrative is backed by evidence: is the Chinese government trying to implement a grand plan to obtain large swathes of African land for China’s own food security? Or are Chinese corporations, often rather reluctantly, investigating investment opportunities that are being eagerly put before them by African governments and potential private sector partners? For development agencies and foreign ministries negotiating with their Chinese counterparts, it is important to know the difference. We argue that, at least in Mozambique, the evidence supports the latter interpretation. Strategies of engagement with China will benefit from less sensationalism, and a more evidence-based understanding of Chinese intentions in Africa.

\textsuperscript{39} Horta, ‘Agricultural colony’.
\textsuperscript{40} Vivien Foster, William Butterfield, Chuan Chen, and Nataliya Pushak, ‘Building bridges: China’s growing role as infrastructure financier for sub-Saharan Africa’ (World Bank, Washington, 2008).
\textsuperscript{41} Horta, ‘Agricultural colony’.
\textsuperscript{42} IRRI, ‘Rice in Mozambique’; CARD, ‘Mozambique rice statistics’.