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**Research Report**

## Chinese Agricultural Engagement in Zambia: A Grassroots Analysis

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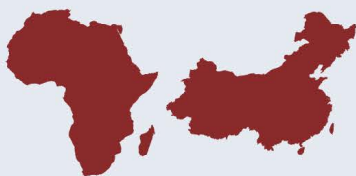
# POLICY BRIEF

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## CHINESE AGRICULTURAL ENGAGEMENTS IN ZAMBIA: A GRASSROOTS ANALYSIS

BY SOLANGE GUO CHATELARD AND JESSICA M. CHU

Recent focus on large-scale Chinese investments in African agriculture has fueled popular misperceptions of Chinese “land grabs” and has overshadowed another unexplored—and perhaps more significant—phenomenon: the rise of medium-scale private Chinese farmers and rural entrepreneurs. Despite growing research in the field, few reports thus far have examined what individual Chinese actors and investors are actually doing—or not doing—on the ground, or measured the implications of these activities for agricultural development. By examining the diverse scale and nature of Chinese agricultural investments in Zambia, and by situating these different forms of engagement within the broader context of the commercialization of agriculture, a complex picture of overlapping agricultural dynamics and interests is uncovered.

In recent years, “agriculture for development” policies in Zambia have encouraged a proliferation of new commercial agriculture projects with private and foreign capital, producing agricultural growth and surplus. Although this can be seen as much needed investment into rural Zambia, some have voiced concern that the foreign acquisition of farmland in Zambia is a form of “land grab.”

Since the late 2000s, investors in the Zambian countryside have included a notable number of Chinese agricultural entrepreneurs. Contrary to prevailing views, these projects are not driven by government initiatives from China, but instead are the result of private actions from individual migrants. While voluntary migration to rural parts of China remains a marginal phenomenon in the face of rapid urbanization, new opportunities in Zambia for farming are attracting a growing number of Chinese men and women in search of new horizons and alternative livelihoods.

**At the forefront of this movement are the “emergent farmers,” a group of new farmers who are considered to be the engine of Zambia’s recent agricultural growth.** They are neither smallholder farmers producing for subsistence like the majority of Zambia’s rural population, nor part of the historical foreign contingent of large commercial farmers in Zambia. Their distinct status derives from the relatively small and autonomous nature of their commercial enterprises.

Not only does this pattern counter conventional narratives about South-North migration in an era of accelerated globalization, but it is also a counter-narrative in emerging South-South discussions as migrants settle in rural “underdeveloped” areas rather than seeking employment in “modern” sectors such as services and manufacturing. Although the notion of Chinese state-led agricultural investments as “land grabs” is slowly being dispelled, there has been little systematic research on the details and dynamics of the arrival of private Chinese farmers in rural Zambia.

The research presented here aims to fill this gap by situating the group of Chinese farmers within the wider context of agricultural development, thus providing a framework to better understand Chinese investments in African agriculture and the potential future trajectories of Zambia’s agricultural growth.

## HISTORICAL CONTEXT

Since independence in 1964, Zambia’s agricultural policies have primarily relied on its abundance of land and natural water resources as the basis of its agricultural growth. However, despite Zambia’s rich natural endowments, decades of socialist agricultural programs failed to promote economic growth and stem the tide of economic decline at the end of the 20th century. Concerted efforts to liberalize agricultural markets began in 1991 with the collapse of the state’s one-party system.

With liberalization came an emphasis on the expansion of agricultural production through extensification, the cropping of further land, as well as an increased focus on foreign investment as a source of economic growth. The reorientation of a number of privatization and investment agencies into the Zambia Development Agency (ZDA) has provided a “one-stop shop” for investment promotion and facilitation. Key policies aimed to further promote and enable foreign investment, such as the 1995 Lands Act, which, for the first time since independence, formally permitted the acquisition of land by foreign entities through the holding of investment certificates. *Within this context, the Chinese have emerged as significant players in the Zambian agriculture sector.*

## CHINESE INVESTMENT IN ZAMBIA: STATE VS. PRIVATE INVESTMENT

The proliferation of Chinese rural entrepreneurs and migrant laborers in Zambia has attracted unparalleled media attention in recent years, accompanied by cries of “land grabbers” and neo-colonialism. However, contrary to prevailing views, China is not a major “land grabber” in Africa, nor are its companies producing food for export to the Chinese market. More importantly, China is no longer a unitary actor that acts solely in the name of the People’s Republic.

**The majority of Chinese agricultural investors in Zambia today are private individual or household entrepreneurs who fall largely outside of formal policy frameworks and have little connection to bilateral cooperation programs or national state-owned enterprises.** The Chinese government has supported agricultural cooperation with various African states since the 1960s using a variety of instruments including foreign aid, bilateral exchange and training programs, trade, and private investment, but their activities remain limited in budget, scale, and continental scope.

## RESEARCH METHODS

These research findings are based on extended ethnographic field research in Zambia conducted between 2008 and 2014, during which time interviews were conducted at 16 different Chinese farms (both state-owned and private), and 27 Zambian and non-Chinese foreign private farms.

**Currently, there are two Chinese state-owned farms and approximately 30 private Chinese farms operating in Zambia, all of which target growing domestic demand.** The largest Chinese commercial farm in Zambia is Jonken Farm, which spreads over 3,500 ha of land and is state-owned and operated by China National Agricultural Development Group Corporation (CNADC). However, agriculture is not a high priority area for the Chinese government, especially compared to other sectors such as mining and construction. Moreover, there are no signs that there will be significant state investment in the near future.

**Instead, the past decade has seen an increase in prospective private investors in Zambia's agricultural sector.** This interest has grown largely out of intensified competition in China and the emergence of promising new market opportunities in Africa.

**These new investors are a diverse and disparate group of enterprising men and women, many of who have limited agriculture or corporate experience.** They do not present serious competition to existing multinational corporations, which are generally more experienced, better integrated, operate on a larger scale, and have better access to resources than Chinese farming companies. Notwithstanding, Chinese companies demonstrate a deep drive to learn, imitate, and innovate. Investors and workers are proactive and motivated, and learn valuable lessons from their experiences in Zambia about how to start a business in a challenging environment.

**Thus far, there is no evidence to suggest that either private or state-sponsored Chinese agricultural investments in Zambia are geared towards export and boosting food security in China.** By commercial standards, Chinese farms are relative newcomers; they occupy relatively small portions of land and are still far from being able to compare in scale and capacity, or compete with larger or more experienced commercial and corporate farms in Zambia. Their lack of farming experience, technical expertise, and access to finance, combined with the challenges of operating in a new foreign environment—marked by high tariffs, red tape, unreliable electricity supply, and a lack of good lending and marketing policies—demonstrate that Chinese agricultural investments in Zambia reflect a growing desire and motivation to learn, rather than a mature program to export commercial techniques.

## **CHINESE AS “EMERGENT FARMERS”**

Small-scale farmers are usually defined as those who hold less than 5 ha of land, while large commercial farmers typically hold from 200 to 250 ha. The category of “middle farmers,” generally considered to be anything in between, provides the most heterogeneous group with regards to size

### **CHINESE FARMERS IN THE MEDIA**

*In recent years, a number of reports and film documentaries have focused on small-scale Chinese farmers in Zambia, especially chicken farmers. While media coverage helps illustrate the contrast between small private initiatives and large corporate state investment, stories and profiles are rarely contextualized within the broader framework of the rapid commercialization of agriculture in the host country, or portrayed in their full human dimension beyond the narrow identity of the enterprising farmer.*

*Recent productions and publications include:*

- **“Chinese Chicken Farmers in Zambia” (2010):** *Produced by Zambian journalist Kennedy Gondwe for BBC World News.*
- *A collaboration between BBC journalist Justin Rowlett and Gondwe produced at least three additional news pieces: “Chinese Sell ‘Tender’ Chickens in Zambia” (2011); “Chinese Chicken Farmers Rustle Zambian Feathers,” published by BBC News on February 11, 2011; and a chapter for his series “The Chinese are Coming,” about China’s growing influence around the world.*
- **“When China Met Africa” (2011):** *Directed by Marc Francis and Nick Francis, and focused on China’s growing engagement in Zambia.*
- **“King Cobra and the Dragon” (2011):** *Produced by Chatelard, and focused on Zambia’s delicate relationship with China and how it influenced the last presidential elections.*

of land holdings. In Zambian history, such middle-scale commercial farmers have been variously called “progressive farmers” or “emergent farmers,” and are sandwiched between large-scale corporate commercial farmers at the top and the country’s large majority of indigenous smallholder, subsistence farmers at the bottom of the agricultural pyramid.

**While the rise in the number of Chinese farmers has piqued interest, they represent only a small proportion of new agricultural investors in Zambia.** Based on their capacity and the size of their land holdings, these new Chinese investors fall into the “emergent farmer” category, and despite comprising a small portion of overall investment, they represent a dynamic and growing segment of the emerging farmers in Zambia.

### **Who are the Chinese emergent farmers?**

New access to land and a favorable investment climate created by liberalization reforms in the mid-1990s has spurred an increase in rural entrepreneurs from China setting up small private farms abroad. They are self-reliant, profit-seeking individuals and households from all across China who focus on small-scale production of crops, vegetables, and livestock for domestic markets.

**The Chinese emergent farmers are highly isolated actors with diverse geographic, linguistic, and socio-economic backgrounds.** Driven by a quest for profit, Chinese farmers are generally more integrated in local networks than in their own ethnic networks. Socially, they often stick to themselves and have very limited contact with other farmers from China.

### **THE ACCIDENTAL FARMER**

*Liang, in his late 40s, was a former factory owner from Fujian province with a calling for business. His younger accomplice, Cai, was a former soldier looking for a new start in life. Neither had a rural background or any experience in farming, yet both are now operating a profitable agricultural enterprise in Zambia.*

*In 2006, Liang met a local Zambian who was looking to sell his land. Compared to the volatility of trading, Liang decided that investing in fixed assets was a secure way of generating a steady income from the farm—which still had to be built—while offering a rich reserve of land that he could divide and sell in small plots if he needed the extra income. The plan was for Liang to invest capital and for Cai to invest labor. The total investment was several hundred thousand USD, two-thirds of which was for the title deed, and the other third for basic infrastructure.*

*Liang and Cai started the farm from scratch. As neither had prior experience in farming, they adopted a dynamic and proactive approach: they asked different stakeholders about agriculture, spent time on other farms, traveled to markets, and spoke to different people in the industry. Cai spent six months working on a neighboring farm to learn more about the business.*

*In 2008, Cai moved from Lusaka to the farm to begin clearing the land. He reaped his first harvest the following year in 2009: 70,000 – 80,000 cabbages, and about 20,000 cobs of maize. By 2009, he had cleared an additional 3 ha of land and reinvested the money made from the first harvest into the farm. By 2011, he began planting different crops, including green beans and white maize, while he continued to clear more land for cultivation. He also began to systematize the irrigation system and he bought new equipment to increase the performance and productivity of the farm.*

*Irregular governing structures and weak state administration enable farmers like Liang and Cai to retain flexible control over their modes of production and adapt to fluctuating market demands. At the same time, the failure of local governments to enforce basic property rights and laws can impede business growth. For example, in 2013, Liang and Cai still had not obtained the title deeds to the land. After nearly six years, Liang claimed that the lawyers were still working on processing their case with the local authorities.*

*Cai and a village elder, November 2008*



*Photo: Solange Guo Chatelard*

**Many new Chinese farmers involved in agriculture in Zambia today do not have farming backgrounds.** Most of these farmers are opportunity-seeking migrants rather than transnational peasants. They have little, if any, background in farming and many start from scratch by learning the art of farming in Zambia. Spurred on by the success of the first generation of farmers, new migrants have continued the trend of investing in agriculture.

**Few small private Chinese farms enjoy institutional support from either the public or the private sector.** They have largely gone into farming following individual, and often informal, initiatives and therefore do not benefit from the tax breaks, investment incentives, or banking services offered to foreign investors by formal Zambian policy frameworks. As commercial farmers, their primary objective is capital accumulation—to generate surplus, which can build savings and finance investment for further expansion and intensification of farm activities.

**Although small Chinese farmers are commercialized, their production levels and land holding sizes vary and are generally much smaller than large-scale commercial farmers.** Existing farms range from 2 ha to 250 ha, and up to 1,000 ha for larger operations. The overwhelming majority, however, hold less than 100 ha and operate on a low capital, labor-intensive basis, with low levels of mechanization.

### **Market Dynamics**

**Chinese farms vary in size, profitability, and corporate strategy, and each one is organized and governed by a fluid and rapidly changing set of intra-corporate relations.** No two farms operate under the same production or corporate regime, and no two Chinese investors and migrant laborers have the same aspirations.

**For many Chinese who move to Zambia to pursue new opportunities, life continues to be an economic struggle.** The Zambian economy can be unforgiving, particularly when trying to make and save money. The disarticulation of markets can hinder business growth as local governments often fail to enforce basic laws such as secure property rights, or prevent larger economic actors and/or stakeholders from pursuing Chinese investors for ransom. The Chinese rely heavily on local networks and local markets for their economic survival. From access to land and inputs, to reliable labor and markets, Chinese farmers are highly integrated into local value chains.

### **ZAMBIAN MARKETS REACT TO CHINESE EMERGENT FARMERS**

*Among the most popular markets in the Zambian capital of Lusaka are Soweto market, a bustling daily market sprawled around the central bus station, and the Tuesday market, a lively and popular weekly fruit and vegetable market in the Kabwata area. Regulated by individual and separate governing authorities, each marketplace has reacted differently to the recent arrival of Chinese producers and suppliers.*

*In Soweto, the arrival of Chinese chicken farmers has been welcomed by local customers and traders who buy at lower rates than the usual market price, but criticized by local producers who struggle to keep up with the sudden competition brought about by the economies of scale used by Chinese farmers. In the Tuesday market, primarily attended by traders who get their supplies from local farms around the capital, the increasing Chinese competition is seen as a threat to their livelihoods.*

*Both markets have imposed measures to protect local vendors. In Soweto, Chinese chicken farmers are only allowed to trade from 2:00 am to 8:00 am in the morning, at which point they have to clear the premises to let local farmers sell their chicken. In the Tuesday market, Chinese producers have been prohibited from selling local fruit and vegetables such as tomatoes, onions, and potatoes, and restricted to only trading goods that Zambians do not produce, such as Chinese cabbage, spinach, mushrooms, and tofu.*

*These measures have triggered a new set of market dynamics in both places for customers, producers, and competitors, demonstrating that Zambians react to and carry out organized responses to new actors in the market.*

**Thus far, Chinese farmers have most frequently occupied state land as opposed to the traditional land used by a large portion of Zambia's subsistence farmers.** In many cases migrants are offered land either as payment from or as part of a joint-venture with local title-holders. Alternatively, they may sub-lease small parcels of land from private landlords, preferring to renew their tenancy agreement rather than go through the complicated and lengthy procedure of transferring title deeds.

**Chinese producers generally rely on a variety of sales outlets, from personal networks and local food markets, to larger private clients such as restaurants, agribusinesses, and commercial chains.** The arrival of Chinese farmers has transformed both the pattern and content of local business, and has forced market authorities to develop innovative measures to protect local economic actors while still ensuring the growth of market activity.

## LESSONS AND RECOMMENDATIONS

Reports of Chinese “land grabs” are being increasingly disputed and refuted. As more research uncovers the complex dynamics of Chinese agricultural interests in Africa, this increased understanding provides a number of important lessons for the global community.

- The marked increase in Chinese agricultural investment in Zambia should be viewed within the **greater wave of increased investor interest in agriculture** that has swept the sector in Zambia.
- Chinese investors are part of the **growth in “emergent farmers.”** Chinese entrepreneurs enter the farming sector because it is a low capital, labor-intensive, low-mechanized sector in which profits can be made quickly.
- Differentiating between **types of investment**, such as between state-owned enterprises and private entrepreneurs, is an important step toward understanding their impacts on local communities. Chinese agricultural entrepreneurs are more embedded in local markets than in ethnic migrant networks. As a result, their activity and production are better monitored through formal state and market regulation.
- To better understand the impact of Chinese agricultural investment, **migration dynamics**—and the opportunities that result—must be considered. Chinese agricultural investors have filled a niche that was created by the gap between large-scale agribusiness and unsupported small-scale farmers.
- In order to moderate the impact of Chinese agricultural investment, and in order to ensure that such investment positively affects rural communities, there must be greater emphasis placed on **supporting government institutions in recording and regulating investments**, including those that facilitate investment, such as the Zambia Development Agency, and regulatory bodies such as the Zambia Environmental Management Agency.
- Lastly, how can the lessons of the successes of Chinese investors be used to help **promote growth** for Zambian entrepreneurs? This remains an important question for future research on the role and impact of medium-scale farmers, and on understanding how the growth of small farmers can be encouraged.

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