

The Belt and Road Initiative: Chinese Agribusiness Going Global

By [Grain](#)

Global Research, March 12, 2019

[GRAIN](#) 12 February 2019

Region: [Asia](#)

Theme: [Global Economy](#)

“Distance matters because time matters. And time matters because the faster commodities can be produced and exchanged, the greater the profits for individual firms. The answer? Mega infrastructure corridors.” - Nicholas Hildyard[1]

One of the world’s biggest e-commerce companies, Beijing-based JD.com, says it will soon be able to deliver fruit from anywhere in the world to the doorsteps of Chinese consumers within 48 hours. It takes highly integrated global infrastructure—connecting farms to warehouses to transportation to consumers—to achieve a goal like this. China’s new mega-infrastructure plan, the Belt and Road Initiative (BRI), will help make JD.com’s vision a reality. It will also increase the concentration of global food production and distribution, potentially pushing small-scale farmers, fisherfolk, forest peoples and rural communities further to the margins. There are also serious concerns that BRI could worsen land grabs, human rights abuses, indebtedness, and environmental and health impacts in target countries.

Also known as One Belt One Road (OBOR), BRI was launched by Chinese President Xi Jinping in 2013. The largest infrastructure project ever embarked upon in world history, BRI focuses on promoting manufacturing, trade and investment, as well as the physical and digital integration of international markets. BRI provides a framework for Chinese investment to enhance existing infrastructure as well as build new production sites and trade routes to better connect China with the rest of the world.

BRI envisions a land-based “belt” connecting China with Europe and a sea-based “road” crossing the Indian Ocean to Africa up through the Mediterranean and reaching over the Pacific as far as Oceania and Latin America (see map). The initiative currently involves some 90 countries and is expected to cost more than US\$1 trillion. Much of the funding comes from Chinese sources such as the China Development Bank and involves a combination of loans, bonds and equity investments. China also set up a special Silk Road Fund to finance BRI projects. International finance institutions such as the World Bank and the Asia Infrastructure Investment Bank, as well as private banks like HSBC, have also expressed support or established their own BRI focused funds.



Map of the BRI global infrastructure network. Source: Mercator Institute for China Studies, May 2018

Because of its vast geographic scale and massive investment, BRI could reconfigure large parts of Asia, Africa, Europe, and the seas in between, into production and distribution areas with warehouses, logistics terminals and export-import zones. BRI-associated projects have

already undermined thousands of people and hundreds of millions more are likely to be adversely affected to make way for BRI's planned roads, railways, seaports, dry ports and airports.

Many of BRI's projects are promoted as win-win ventures that will bring much needed jobs, capital and technology to local economies. In reality, they are likely to further concentrate power in the global food system and undermine national food security, local food producers and rural communities.

How BRI impacts agriculture

Food security has always been a major concern for the Chinese government. Until recently, this meant trying to achieve and maintain national self-sufficiency, with the task falling almost entirely to China's small-scale farmers. Now the government is shifting its approach, replacing peasant farms with large commercial agribusiness operations, investing in farm production abroad and opening up to more imports.[2]

China's foreign agricultural investment is increasingly led by the private sector.[3] Over the past ten years, Chinese companies have invested US\$43 billion in agricultural production outside China.[4] They have also gone on massive shopping sprees, buying up operations in global production chains like pork in the US and soybeans in Brazil, and gaining greater control over the global seed industry by taking on majority ownership of the Swiss-based seed giant Syngenta.

China is also a huge importer of soybeans, dairy, oilseeds, sugar and cereals. Its meat and dairy imports are surging, propelled in part by trade agreements with Australia and New Zealand. Given its reliance on the US for about 20% of its food imports, the new "trade war" launched by President Donald Trump against China has put pressure on Beijing to find new sources of food and livestock feed.

BRI is expected to boost China's outward investments in agribusiness as well as baseline infrastructure spending to facilitate greater agricultural trade. The annex table of agricultural projects under BRI gives a sense of what is unfolding in various countries.

Read the Selected list of BRI-related agricultural projects [here](#).

CPEC in Pakistan

Total agricultural trade between China and Pakistan reached US\$652 million in 2013.[5] The China-Pakistan Economic Corridor (CPEC), signed in April 2015 and worth US\$46 billion, aims to increase this. The project's goal is to connect southwest China to the port of Gwadar in Balochistan province through roads, railways and other infrastructure. Along the way it will open up new mines, mills and communication systems—not to mention military capabilities. Agriculture is central to the agenda.

The long-term plan is to replace traditional Pakistani farming with high-tech farming and marketing systems and a large-scale agroindustrial complex. Towards this end, CPEC outlines ten key areas for collaboration and nine special economic zones.[6] Projects include the construction of a fertiliser plant with an annual output of 800,000 tons; large-scale vegetable and grain processing plants in Asadabad, Islamabad, Lahore and Gwadar; and a meat processing plant in Sukkur. Hundreds of thousands of hectares of farmland will be needed for these projects, with many farmers likely displaced.

CPEC is also facilitating the expansion of hybrid wheat, replacing farmers' traditional wheat varieties to the benefit of Chinese agricultural input companies like Sinochem Group. The company has successfully grown Chinese hybrid wheat on a pilot area of 2,000 hectares in Pakistan and now plans to introduce it to other BRI countries like Uzbekistan and Bangladesh.[7] With wheat being one of Pakistan's main staples, local communities fear these developments will negatively impact small farmers and lead to Chinese control over the country's food supply, according to Roots for Equity.[8] CPEC is also bringing Chinese investment to the Pakistani dairy and seafood sectors for export to China, with cotton and rice also on the radar.[9]

BRI in Africa

East Africa is the first link in BRI's connection to Africa. China is building ports and sea infrastructure to upgrade the route from South Asia to Kenya and Tanzania and then up to the Mediterranean via Djibouti. Inland railways are also being built. East African food and farming are bound to be undermined. For instance, China pledged to combine BRI with the longstanding Forum on China-Africa Cooperation to boost African agricultural productivity and increase its agricultural imports from Africa.[10] China already has agro-industrial parks in Mozambique, Uganda, Zambia and other countries, and is now expanding its agro-industrial investments under the banner of the BRI.

As for West Africa, President Xi Jinping visited the region for the first time in July 2018 with the intention of connecting the region to BRI. The Diamniadio International Industrial Platform, a new Chinese-funded special economic zone outside of Dakar, has established Senegal as a springboard for Chinese industry throughout West Africa. Since Senegal is a member of the African Growth and Opportunity Act, China can manufacture and export goods from the special economic zone to the US market using Senegal's quota and duty-free privileges. The same holds for the EU market, where Senegalese goods can enter through the Everything But Arms trade arrangement.

Kazakhstan: Ground zero in Central Asia

Kazakhstan has been described as "ground zero" for China's agricultural ambitions in Central Asia. A massive dry port, 49% owned by Chinese companies, has been built in the town of Korghos on the border between China and Kazakhstan to facilitate food trade. A railroad and a highway are being constructed across the country to connect China with Europe. And a trade corridor has been constructed which links Kazakhstan to Southeast Asia through the Chinese port of Lianyungang in Jiangsu province. BRI's Silk Road fund alone has earmarked US\$2 billion for Kazakhstan, much of it connected to agriculture.

Chinese interests are eyeing Kazakhstan as a new source of wheat, sugar, meat and vegetable oil. Authorities and foreign investors in Kazakhstan view China as a lucrative market for farm exports, especially beef, wheat and dairy. Kazakhstan is already on its way to tripling wheat exports to China by 2020. The country has also just broken into China's soybean market and is building a new meat processing plant near the Chinese border focused on producing beef and lamb for the Chinese market.

In May 2016, the government of Kazakhstan announced that Chinese companies were proposing 19 new agroindustrial projects valued at US\$1.9 billion under the banner of BRI. One year later, seven agreements worth US\$160 million were signed at the Kazakh-Chinese Agriculture Investment Forum in Astana. With the exception of large-scale poultry and cattle

farms, the projects focus more on processing than on primary production.

COFCO, China's biggest food trader, is one of the Chinese players moving into Kazakhstan. COFCO has partnered with a Kazakhstani company to produce tomato paste for China and is starting to import beef from Kazakhstan through a freight train service opened in 2017. Another Chinese company, CITIC Construction, is investing in livestock production to generate beef for export to China. Meanwhile, Aiju Grain and Oil has started producing and exporting vegetable oil using farms that Aiju "either owns or invests in" in Kazakhstan. The list goes on, with Chinese companies partnering with Kazakhstani firms to venture into fruit and vegetable production, sugar processing, meat packing, oil processing, and flour and noodle manufacturing.

In 2016, protests erupted throughout Kazakhstan after the government announced it had revised a 2003 land law to extend the farmland lease period for foreigners from 10 to 25 years. As a result of the protests, the government postponed implementation of this measure until December 2021. Still, protests related to large-scale Chinese investments continue to rage, especially around labour issues.

Conflicts and controversies

There are a number of issues beginning to emerge from Chinese foreign investment in general, and BRI projects in particular. These revolve around debt and threats to national sovereignty, land grabbing, displacement, human rights abuses in conflict zones, environmental impacts, public health concerns and labour violations.



Poster for a Chinese high-speed train at the construction site for a bridge over the Mekong River near Luang Prabang, Laos. Photo: Adam Dean for The New York Times

Many BRI projects are financed by loans to recipient governments which can't pay them back. The government of Sri Lanka, for instance, agreed to allow China to build a new port on its southern shore, but when Colombo couldn't pay back the loan, the Chinese took over the port. Other BRI projects have led to similar concerns about debt repayment. In August 2018, Malaysia withdrew from a US\$22 billion BRI project fearing it would be unable to pay for it. Indonesia's President Jokowi is holding off on committing to BRI due to similar concerns.

Land is another controversial issue since BRI projects require large swaths of land on which to develop infrastructure and industrial zones. In Laos, for instance, a railway project (initiated before BRI but then placed under it) is grabbing the land of over 4,400 farming families, who are being displaced without compensation.[11] Many of the families have been waiting for compensation for more than two years and some have been forced to migrate to neighbouring countries to find work after losing their farms. A 2015 GRAIN report identified 61 land deals involving Chinese companies covering 3.3 million hectares in 31 countries.[12] It is unclear exactly how many of these deals are directly tied to BRI-associated projects, but BRI is certainly helping to increase China's control over the world's farmland.

BRI projects are also passing through conflict areas in several countries. The China-Pakistan Economic Corridor, for example, cuts through the disputed territory of Gilgit Baltistan, which is likely to exacerbate religious, geopolitical, military and land tensions between India and Pakistan. In Southeast Asia, planned trading networks between China and India include

areas of longstanding conflict such as the historical persecution and displacement of the Rohingyas and other ethnic minorities in Rakhine State, Myanmar.[13] Both China and India have proposed to set up a special economic zone in Rakhine State to link trade between South and Southeast Asia under the Bangladesh-China-India-Myanmar Economic Corridor. In addition, according to Community Care and Emergency Response and Rehabilitation Myanmar, numerous indigenous landholders who lived from agriculture were evicted when the persecution and expulsion of the Rohingya intensified in the area.

Another conflict area in Myanmar, Kachin State, has been targeted as a growing expansion area for banana plantations for export to China. Villagers in Myanmar report thousands of trucks coming in and out of the region transporting bananas. As a result, there have been growing protests against Chinese investments in Myanmar over the past year.

Finally, there are serious concerns about the public health, labour and environmental impacts of BRI projects. Chinese foreign agricultural investments in Southeast Asia have led to the increased use of chemical pesticides and fertilisers, causing health problems in communities.

This is especially well documented in the case of Chinese banana and rubber plantations in Laos and Myanmar. Water supplies are affected as water is polluted or diverted from communities to irrigate Chinese plantations. There are also reports of declining soil quality on Chinese plantations caused by input-heavy farming practices. Additionally, there are reports of forced labour being used on some Chinese plantations. [14]

Conclusion

More work is urgently needed to map out the reach and impacts of BRI-affiliated projects that are taking over farmland and resources with the aim of boosting agricultural production and trade with China. Not only are these projects having a negative impact on the livelihoods of small farmers and rural communities in target countries, they will also ultimately undermine peasant farmers in China by replacing them with industrial production and food imports. Instead of the large-scale industrial farming and expanded global trade that BRI envisions, we need to support the small farmers and resources involved in ecological food production for local markets.

Box 1. BRI accelerating climate disaster

BRI's model of infrastructure-driven economic growth is based on grabbing large areas of land and territory to convert to economic corridors. This necessarily involves the loss of forests, ecosystems, traditional livelihoods and biodiversity. What's more, all of BRI's projects are high carbon-emitting initiatives: from building new roads, railway lines and ports in the Pacific and Indian Oceans to creating oil and gas pipelines to Russia, Kazakhstan and Myanmar to setting up plantations, large-scale farms and processing zones across Asia and possibly Africa.

While it pledges to cut coal use at home, China is opening new mines and building several large-scale coal power plants abroad: in Pakistan alone, Chinese coal investments reach more than US\$10 billion.[15] According to *The Financial Times*, BRI energy projects focus "disproportionately" on fossil fuels: "If new energy infrastructure investments in BRI countries follow patterns similar to the average emissions intensity observed in these countries in the past, roughly three quarters of the global energy-related carbon budget

compatible with the Paris Agreement will be consumed by 2040.”[16]

An environmental assessment of BRI projects in Myanmar shows that forest degradation is another major risk from projects like the oil and gas pipeline from the Rakhine coastline up to China’s Yunnan province, the US\$10 billion Kyaukphyu Special Economic Zone, and associated roads and railways.[17] Widespread deforestation in Myanmar due to these projects could impact 24 million people, with farmers most affected. Deforestation has also been cited as a cause of the landslides and floods that occurred in Myanmar in 2015, which led to the salinisation of valuable rice paddy land.

Lastly, most of the agriculture projects being developed under BRI are industrial and export-oriented. The industrial food system is already responsible for up to half of global greenhouse gas emissions. [18] The World Bank says that emissions from agriculture and food could account for as much as 70% of the greenhouse gas emissions the world can emit while still having a likely chance of limiting dangerous global temperature rise. Given its focus on expanding industrial agriculture and food trade, BRI could potentially accelerate the world into climate disaster even faster than experts predict.

Box. 2 BRI and trade deals

Trade agreements are expected to play an important role in lending legal strength to BRI projects. This is particularly the case with agreements setting out legal protections for investors, common food safety standards, intellectual property rules and market access arrangements. China already has trade deals with a number of countries involved in BRI projects including Pakistan, Maldives, Georgia, the Southeast Asian ASEAN bloc and the Russia-led Eurasian Economic Union. It is also currently negotiating a massive regional trade deal (Regional Comprehensive Economic Partnership or RCEP) that includes India, as well as smaller bilateral pacts with key BRI partners like Sri Lanka and the Gulf States.

The agreement with the Eurasian Economic Union is significant because it directly links China with both Russia and Kazakhstan, major territories for BRI. It is, for the moment, a “light” agreement that open the door to formal cooperation without locking the countries into strong new commitments. But those openings could lead to stronger agreements about markets and investment down the line. RCEP could similarly upgrade China’s trade and investment opportunities in India and Southeast Asia, but it’s not clear whether and when consensus could be reached. In the coming years, we can expect China to push new trade deals with Pakistan and Bangladesh, among others.

*

Note to readers: please click the share buttons below. Forward this article to your email lists. Crosspost on your blog site, internet forums. etc.

Notes

[1] Nicholas Hildyard, “Extreme infrastructure: Infrastructure corridors in context”, Presentation at Eurodad International Conference, June 2017, http://www.thecornerhouse.org.uk/sites/thecornerhouse.org.uk/files/Extreme%20Infrastructure_0.pdf

[2] China Government Network, “Li Keqiang: Developing modern agriculture in an industrial way” (in

Chinese), Central Government Portal, 2015,
http://www.gov.cn/xinwen/2015-07/25/content_2902475.htm.

[3] Several large state-owned enterprises like Chongqing, COFCO and China National Agriculture Development Group Corporation, as well as provincial authorities, invest in farming abroad. A survey estimated that 47 Chinese companies rented or purchased a total of 983,000 hectares of land abroad. These included large state-owned companies like COFCO and China Agricultural Development Group, companies affiliated with provincial authorities like Chongqing Grain Group and Jilin Province Overseas Agriculture Investment Co., and 38 companies affiliated with provincial state farm systems. See: Gooch and Gale, USDA, "China's Foreign Agriculture Investments", Economic Information Bulletin No. 192, April 2018,
https://www.researchgate.net/publication/324984953_China's_Foreign_Agriculture_Investments

[4] American Enterprise Institute, "China global investment tracker", 2015,
<https://www.aei.org/china-global-investment-tracker/>

[5] Qiao Jinliang, "Broad prospects for agriculture co-op under "Belt and Road" initiative", China Economy Net, 2016, <https://farmlandgrab.org/25916>

[6] CPEC Special economic zones, <http://cpec.gov.pk/special-economic-zones-projects>

[7] Liu Zhihua, "Chinese hybrid wheat brings hope for farmers in Pakistan", Sinochem, 2018, <http://www.sinochem.com/english/s/1569-4966-121571.html>; China Seed, "China Seed Signs Hybrid Wheat Industrialization Cooperation Agreement with Pakistani Enterprise", Sinochem, 2018, <http://www.sinochem.com/english/s/1569-5518-18020.html>

[8] Askari Abbas, "Patenting agriculture: case of Chinese hybrid wheat seeds introduced under CPEC, Roots for Equity, 18 December 2018,
<https://rootsforequity.noblogs.org/patenting-agriculture-case-of-chinese-hybrid-wheat-seeds-introduced-under-cpec/>

[9] Khurram Husain, "CPEC moves into agriculture", *Dawn*, 18 October 2018,
<https://www.dawn.com/news/1441188>

[10] Ehizuelen Michael Mitchell Omoruyi, "FOCAC, BRI reshaping Sino-African cooperation", *China Africa Daily*, 14 Sep 2018, http://africa.chinadaily.com.cn/weekly/2018-09/14/content_36913139.htm

[11] Radio Free Asia, "Chinese railway project in Laos leaves farmers in the lurch", 10 January 2019,
<https://www.rfa.org/english/news/laos/lao-farmer-railway-01102019160842.html>

[12] GRAIN, "Corporations replace peasants as the 'vanguard' of China's new food security agenda", November 2015, <https://www.grain.org/e/5330>

[13] Ashrafuzzaman Khan, "The strategic importance of Rakhine State", *Straits Times*, 3 September

2018, <https://farmlandgrab.org/28403>

[14] See the excellent report by Mark Grimsditch, "Chinese agriculture in Southeast Asia: Investment, aid and trade in Cambodia, Laos and Myanmar", Heinrich Böll Foundation, June 2017: <https://th.boell.org/en/2017/06/22/chinese-agriculture-southeast-asia-investment-aid-and-trade-cambodia-laos-and-myanmar>

[15] CPEC energy priority projects, <http://cpec.gov.pk/energy>

[16] Mattia Romani, "China's Belt and Road Initiative puts Paris climate commitments at risk", *The Financial Times*, 14 December 2018, <https://www.ft.com/content/e925f9fa-ff99>

[17] Naw Betty Han, "Belt and Road road corridors put half of Myanmar's population at risk", *Myanmar Times*, 22 February 2018, <http://bilaterals.org/?belt-and-road-road-corridors-put>

[18] GRAIN, "Food sovereignty: five steps to cool the planet and feed its people", December 2014, <https://www.grain.org/e/5102>

Featured image: Farmers pack tomatoes in Guandao village, southwest China, during the 2014 spring harvest. Photo: Xinhua/Lu Boan

The original source of this article is [GRAIN](#)

Copyright © [Grain](#), [GRAIN](#), 2019

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Grain](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca
www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca