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China to lease overseas farmland to solve food problem



In March 2004, an agreement was signed between southwest China's Chongqing Municipal government and the Lao government to cooperatively build a comprehensive agricultural park in Laos for Chinese enterprises to produce grain.

Leasing farmland overseas to produce grain has become a new way for China, a country with the world's greatest population but comparatively scarce soil resources, to solve its food supply problem, which has become a focus of the world.

With an investment of 4.98 million US dollars, the agricultural park plans to cover an area of 5,000 hectares and consists of a package of seven agricultural programs including crop planting, fishery and farm produce processing.

"Preferential policies in tax revenue and loans will be offered by the governments of both sides to attract enterprises to participate in the agricultural park project," said Wang Jiguang, deputy director of the Foreign Trade and Economic Committee of Chongqing.

"By 2006 when construction of all the projects are completed, the annual sales of the park will reach 7.71 million US dollars with an annual profit of 655,000 US dollars and an annual profit tax of 182,000 US dollars," said Wang.

According to Wang, who has a doctor's degree of economics in Chinese Academy of Social Sciences, Chongqing also plans to export 10,000 laborers for the project.

The project is not the first of its kind in China, Wang said. As early as 1996, the Suntime International Techno-Economic Cooperation (Group) Co. Ltd., a listed company in northwest China's Xinjiang Autonomous Region, invested 50,000 US dollars in Cuba in developing an area of 150 hectares to grow rice.

As a result of using improved rice varieties and advanced agricultural technology, the per hectare yield of the experimental land reaches as high as 4.8 tons, setting a record yield in Cuba.

The success of the experiment has encouraged more efforts to be made to produce grain overseas. In 1998, the Suntime Group invested 3.2 million US dollars in purchasing 1,050 hectares of farm land from the Mexican government.

After four harvests, the average per hectare rice yield reaches five tons, compared with 3.5 tons of the local farmers in Mexico.

"The two projects are successful examples of overseas farmland leasing which has not only brought handsome profits for the Chinese and overseas enterprises but also opened broader prospects for the development of China's agriculture overseas," said Liu Zhiyong, board chairman of the foreign economic company of the Suntime Group.

The dilemma for the development of China's agriculture is its abundance in labor force and farming technology and its shortage in farming land and water, said Lin Yifu, director of the China Center for Economic Research at Beijing University.

So leasing farming land overseas to grow grain has become one of the approaches for China to solve its food supply problem, Lin said.

"In China, the average per capita farming land is only 0.095 hectares, while Laos boasts a potential farming land area of eight million hectares, with only 800,000 hectares have been reclaimed," said Wang Jiguang.

Meanwhile, Laos produces high quality rice thanks to its tropical climate, but its undeveloped agriculture results in the country's close dependence on the import," said Wang. "So there remains a large potential consuming market of farm produce in Laos."

According to Wang, in the Chongqing-Laos agricultural park, the average per mu yield of hybrid rice seed can reach 200 kilograms, or 1,000 hectares of land producing 3,000 tons of high-quality rice.

The park grows about three million mu (200,000 hectares) of hybrid rice, about half of the total rice plantation in Laos, with its produce sold in Laos, China and other South East Asian countries, said Wang.

Through cooperating with countries with abundant water and soil resources and exporting labor force and advanced agricultural technology, China expects a win-win result for both sides, said Hong Guowei, a top official with the Chongqing municipal agricultural bureau.

It has been considered a miracle for China, a country with only seven percent of the world's farming land to feed a population of over 1.3 billion, covering 22 percent of the total population of the world.

In 1995, a report written by Lester R. Brawn, director of the World Watch Institute of the United States, called "Who Will Feed China: Wake up Call for a Small Planet", aroused a worldwide panic on the food supply for the huge population of China. But the high yield of China's farm produce in the following years dispersed the panic with strong evidences.

However, since 1998, the yield of China's grain produce presents a

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continuous downward trend. Only in 2003, the shortage of three main cereal varieties, wheat, corn and rice reached as much as over 20 billion kilograms as the reduction of the total yield is about 70 billion kilograms compared with the record produce in 1998.

To solve the grain problem of China, the Chinese government has taken a series of favorable measures such as reducing or relieving tax revenue, giving grain subsidy directly to farmers and building grain bases, and encouraging enterprises to produce grain overseas by leasing foreign farmland.

Source: Xinhua

