China’s Farmland Rush in Benin: Toward a Win-Win Economic Model of Cooperation?

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Abstract

The early seventies saw the re-establishment of diplomatic relations between the People's Republic of China and the Republic of Benin after the breakdown of these relations in 1966. China's role in Benin has ever since been growing through mutual agreements on trade and technological cooperation. In recent years, the rush on farmland in Africa by foreign and national investors has altered China's role. China became worldwide the leading country in the international rush on farmland. In Benin, as in other countries, China has acquired considerable amounts of farmland for the production of fuel crops. This paper aims at analysing the Chinese market socialism strategies in face of the neo-liberal actors' strategies deployed in Benin in the context of the rush on farmland. How do the Chinese market socialism's strategies differ from the neo-liberal actors' ones? What are the socioeconomic consequences of these strategies for the agrarian community in Benin? And finally to what extent can the Chinese' approach in this case of the rush on farmland constitute a win-win situation in Benin?

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The rush on farmland in the global south for the cultivation of agro-fuels plants instigates a heated debate over the threat this new development constitutes for food security since the growth of these plants requires vast area of arable land (Gallagher 2008, Holt-Giménez 2007). Actors engaged in the debate are split in the camp of advocates of investments in farmland for agro-fuels production and the camp of those one who see the agro-fuels plants' cultivation as causing competition with food crops and therefore forming a threat to food security. In this debate, the Proponents of investments in farmland advance multiple arguments. The World Bank sees the possibility of equitable, win-win outcomes under the conditions that investors engaged in farmland deals respect certain *code of conduct* and the *Principles for Responsible Agricultural Investment* (RAI) (World Bank 2007, World Bank 2010). Some sustains that there are in the global south vast tracts of land that are either "idle" (Cotula et. Al. 2009) or underused so that the land deals constitute an investment opportunity to develop the economy of host countries. Others argue that investments in lands will resolve the everlasting problem of rural poverty by creating jobs and by developing infrastructure. Another group of land investment encourages small-scale farmers to locally produce agro-fuel energy and so doing to develop local economy through the transformation of "idle", "non-productive" lands into productive agro-fuel agriculture (Scoones 2010). Against this stand, are the voices of academics, intellectuals, social movements and some civil societies who argue that the farmland rush leads to the dispossession of small farmers and threaten food security and as such the *Code of Conduct* or the RAI of the World Bank cannot fend off these consequences of the rush on arable land. These opponents of corporate agro-fuels investments in farmland maintain that the *Code of Conduct* and the RAI of the World Bank are problematic. They tend not just to reinforce but also to extend the current system of industrial agro-food and energy patterns of production and consumption. Pertaining to the application of this *Code of Conduct,* the blatant lack of necessary mechanisms for its reinforcement in countries where the land deals take place is to be deplored. Besides in many of these countries the governance capacity is weak and most importantly the devices of control are simply inexistent (Scoones 2010, Borras S. Jr. & Franco, J. 2010, Institute for Food First 2010, GRAIN 2010).

Benin is one such a country in sub-Saharan Africa which also is subject to the above mentioned heated debate and where both pro's and con's of the land deals operate. Among the proponents are state structures who see possibilities for investments in farmland as promoting local development and therefore adopted policies that encourage multinational corporate to invest in farmland and create another category of actors who intervene as intermediaries between corporate investors and small farmers and owners of plots of land. The major opponent in Benin is the civil society represented by the national union of peasants, *Synergies Paysanne* further called *Synpa* which vividly opposes the ongoing rush. On the other side of the fuelled debate between the pros and the cons, is the category of actors in the form of corporate investors that in the shadow and noiselessly conclude land deals with local state apparatus. For analytical purposes they can be classified in neo-liberal and Chinese market socialism actors operating in Benin. The endeavour in this paper consists in analysing how the Chinese market socialism oriented investors go about the land deals in comparison to the neo-liberal investors. Benin and China had developed historical links in the struggle against Western imperialism and like China Benin also had adopted the communist regime after its independence. Although ideologically both countries has grown apart, nowadays China likes to recall the historical links that tie it to Benin and should justify the current cooperative economic development between both countries. In this context this paper sets to research in how far Chinese farmland rush in Benin constitutes a win-win situation of an economic cooperation model. Attempting to answer this question, the farmland deals environment in which Chinese investors navigate will be explored. This environment encompasses other neo-liberal investors, local farmers and the civil society at large. However prior to assessing the Chinese model of economic cooperation, the Chinese strategies of the land deals will be compared with the neo-liberal investors' ones.

Benin has been chosen as site of this research project for its vegetation and its historical links with China. Since Benin landscape is essentially composed of savannah, it responds best to the European Union and United State's environmental standards for bio-fuel which set embargo on bio-fuels produced through the conversion of forest or wetlands into cultivable areas for energy crops. Further this study draws for the most part on empirical data collected during two different fieldworks in Benin conducted between May 2010 and January 2011. The first fieldwork served essentially to spot governmental structures that promote investments in farmland. The endeavour during the second fieldwork was made to collect data on the various perspectives of the pros and cons of the farmland rush among the agrarian community of Djidja and ongoing land deals between both market socialist and neo-liberal investors on the one hand and the governmental structures on the other. To assess Chinese engagement in farmland deal in Benin, a critical comparative approach has been adopted. An analytical comparison has been drawn between Chinese and the neo-liberal investors approaches in order to unravel how the Chinese strategies obscure the local public opinion about its engagement in Benin development and so doing attract positive public opinion about its actions.

Three Perspectives on Farmland Rush in Benin

The Governmental View

The politics in Benin embraced a view on development that aims at making of the country a prosperous and economically competitive, well governed and unified welfare state by 2025. To achieve this goal energy is considered a crucial socio-economic development factor that has to be available at low price. The agro-fuel programme of Benin, they sustain, presents the double advantages that it will offer an outcome for cheap energy while creating an opportunity of development. Accordingly investments in agro-fuel will increase economic activities in rural areas and thereby boost rural income and reduce rural exodus. Ultimately the programme will reduce the dependence of Benin on import of fossil fuel. The country indeed imports the quasi totality of its consumption of fossil fuel and electricity (Badarou and Kouletio 2009, Satoguina 2006). The consumption of biomass energy in the form of firewood is currently the highest followed by fossil fuel and electricity. Thus the politics set themselves the double objectives to reduce the great dependency on import of both fossil fuel and electricity and to promote the national consumption of agro-fuel. They believe that the combined consumption of agro-fuel and electricity responds best to the economic development of the country. There out were born on the one hand the needs to speed up the use of electricity through extension and the upgrading of the electricity network but most importantly on the other hand the necessity to promote the agro-fuel programme. This programme is conceived of as the most important solution to the economic development of the country. According to its advocates next to contributing to the development of rural areas, it will curb deforestation since the current intensive use of firewood will be for a great part substituted for domestic consumption of ethanol. Thus incentives are planned to encourage the domestic use of agro-fuel. Some policy measures will ease the access to bio-fuels for households and small and medium enterprises while some others will promote the consumption of bio-fuel in the transport and in engines of agricultural machines for farmers. The international market is also targeted specifically the European market made possible because of the Accords of Cotonou, Benin signed in 2000 and which exempt to some extent the signatory countries from Africa, the Caribbean and the Pacific from export tax on ethanol and vegetal oil for bio-diesel production. The national agro-fuel programme hence nourishes the hope to supply from 2011 to 2020 1% to 2% of European demand of bio-fuel estimated to amount approximately 42.5 to 170 million litres of agro-fuel. These national and international ambitions for agro-fuels require vast areas of arable land and important financial inputs. The needed arable land to realize the targets for both national and international production of agro-fuels is estimated to amount between 90,605 and 471,795 hectares which are according to the promoters of the agro-fuel programme less than 10 percent of the national arable land estimated to amount in total 8,300,000 hectares "available" which is 70 percent of the total national cultivable land.[1] Strong in their conviction that the national agro-fuel programme constitutes the outcome of economic development of Benin, the politics established governmental structures to attract international investors for the production of agro-fuel energy. The main constituents of the programme are ethanol and bio-diesel produced on the basis of existing food crops and oleaginous plants. Jatropha and castor bean (Ricinus communis) are the preferred raw materials retained by the promoters for the production of bio-diesel. Ethanol on the contrary is planned to be produced on the basis of sugar cane, sweet sorghum and cassava. Sorghum and cassava are food crops widely consumed in the diet of the people of Benin however the politics, promoters of the agro-fuels programme sustain that their project will not constitute a threat for the national food security. To summarize, the politics in Benin are confident in the agro-fuel programme as becoming a major factor of economic development and thus reducing poverty while having positive impacts on food crops and environment.

The Peasants' Union Synergie Paysanne on the National Farmland Rush

The major opponent to the farmland rush for agro-fuel production in Benin is the peasant union *Synergie Paysanne* shortened as *Synpa.* It is a social movement entirely funded by the French Non Governmental Organization CCFD[2] which supports the union not just financial but also technically through its many partners. *Synpa* is the most important activist movement in the West African sub-region resisting the rush on farmland and genetically modified organism agriculture. Their work stretches over the borders of Benin to the neighbouring countries through information campaigns and workshops. They organize yearly training sections for both national and adjoining

[1] Figures of the Direction Générale de l'Énergie
[2] Comité Catholique contre la Faim et pour le Développent.
http://ccfd-terresolidaire.org/ewb_pages/t/the-ccfd-vocation.php

countries' farmers that aim at enhancing their traditional farming techniques and promoting the modernisation of agriculture. *Synpa* also functions as the most important centre of information dissemination. Anyone interested in the land issues appeal to them whether it be the national or international news media or the academia. The land access and food sovereignty issues are the key elements at the core of the struggle to which *Synpa* is devoted.

Synergie Paysanne's in the struggle against the land rush in Benin

Already in 2004, the union had decided to devise a law that govern rural land access and that counter the negative consequences of land commoditisation. This law resulting from a consensus and accepted by all concerned parties reconciles both traditional customary and modern laws on rural land and was promulgated in 2007 as the law of *16 October 2007*. Nevertheless the Millennium Challenge Account for Benin (MCA-B) promoted by foreign economic forces like the World Bank was set in to amend the law of *16 October 2007* to better fit the commoditisation of land and to encourage the farmland rush. The MCA-B's chief goal is to facilitate access to land mainly for businesses through the promotion of private property laws, re-allotment and digitalization of data on land. In this perspective incentive policies are adopted to encourage landowners to register their land and to establish the certificate of ownership while at the same time these policies oblige them to consent to the re-allotment of their land to fit the wishes of investors seeking to invest in vast area of land. Digitalization of land further facilitates access to land by coupling information on land to its owner. Thus the farmland in Benin has been mapped out by the American company Steward International to reflect detailed information on land quality, its resources, and presence of water and so on. Any investor interested in a given piece of land in Benin can remotely access landowners' information and every data linked to the land and then concludes at wish a deal with the owner. At this point it is important to notice that not the whole country has been mapped out and digitalized but only 300 villages spread over 40 rural districts from south to north of Benin had been selected to be computerized. The subject villages have been chosen on the basis of criteria fitting the needs of future investors in land. These selection criteria concern among others qualities of the farmlands such as the fitness of the soil to agricultural purposes and the presence of water recourses. The moves of the MCA-B had multiple consequences. Clear signs of increase in land deals have been noticed in some of the selected villages in the south of Benin for the MCA-B project. Pertaining to the law of *16 October 2007* the conciliation reached between traditional customary and modern rural laws is threatened of being undone and most importantly these moves of the MCA-B will lead to the facts that rural communities will lose pasture lands and livelihoods drawn from the multiple uses of land and its vegetation.

As alert as *Synpa* is, it adopted without hesitation a plan of actions. On the field it tries and makes people aware of the impacts of MCA-B project of land privatisation. From march 2010 in various rural districts and boroughs the movement set monitoring committees up consisting of the mayor, head of boroughs, head of local authorities and three peasants not necessary members of the union but elected by the peasant community. The committees operate at two levels. In rural areas they ensure compliance with the *16 October 2007* law and the maintenance of the land registry while at the same time they monitor the land deals being carried out. In the boroughs, the monitoring committees pass information on the land acquisitions to the union;

they investigate the uses made of the land sold before and after the transactions, the reasons of sale and the type of resources the land contains. At the level of the union itself, *Synpa* organizes workshops on the *16 October 2007* law, the processes guiding the MCA-B land access project in the attempt to analyse and understand their implications for access to land and the agrarian community at large. Their analyses reveal two crucial points. The *16 October 2007* law in its nature contains a gap making concentration of vast areas of land possible for investors. This lacuna is reinforced by the re-allotment principle of the MCA-B project. To counter these legal shortcomings, *Synpa* appealed to the national government through the proposal of a decree that aims to tackle land concentration in few hands and land speculations. On the one hand the decree stipulates that only national individuals are eligible to acquire land until a maximum of 50 hectares throughout the territory of Benin. Also national associations or groups of individual may acquire until a maximum of 100 hectares. Anything above these limits have to be leased and may never becomes private property. For the 30 years following the signature of the decree non-nationals are only allow to lease land but not acquire it. They cannot become owner of land in Benin. Besides these provisions information on investments in rural land must be made available. On the other hand to counter speculations, the decree specifies that an owner of a piece of land of 2 hectares and larger is obliged to develop that land either by himself or by a third party. It is considered defaulting to leave lands undeveloped for 5 years so that anyone has legally the right to exploit it under the condition of asking the permission of the town hall. To make these measures concrete, *Synpa* is trying hard to have the decree be adopted by the National Assembly. Besides it advocates continuous investigations of the land deals and maximum information spreading on the law of *16 October 2007*.

Djidja: the Pros and the Cons

The name Djidja[3] designates the town, the rural district (*commune*) and the administrative subdivision (*arrondissement*) of the department of Zou and is situated south west of Benin about 160 kilometres from the economic capital Cotonou on the Atlantic Ocean. The rural district of Djidja is composed of 79 villages divided over 12 *arrondissements.* It covers an area of 2184 square kilometers and as of 2002 had 84,590 inhabitants. The quasi totality of the district is agriculture-based implying that 90% of its population depends on farming and resources from the savannah constituting the most part of its vegetation. Three types of vegetal coverage distinguish the rural district of Djidja. Although the soil of the area covered with palm grove is considerably degraded, the population practices food crops farming which is supplemented with small scale animal husbandry and resources generated from the palm grove. Equally on both the shrub land and the wooded savannah areas subsistence farming is the most important activity though less on the wooded savannah where large animal farming and rearing of small ruminants is practiced. It is in this geographical context that the rush on farmland is unfolding. In both national and international news media, the department of Zou is portrayed as the region of Benin the most gnawed by the gangrene of land rush. The rural district of Djidja where this research was for the most part conducted is located in the above mentioned department. Within this locality in spite of their divergent views the inhabitants feel strongly concerned about the growing ongoing land deals. The perspectives of the

[3] Djidja: http://www.djidja.communedubenin.org/

opponents of the land rush, though not homogeneous, are best reflected by the views of a former head of the community. Straight forward put, this old man, just like most of the young people of Djidja, wishes hard that the land deals could be undone. He feels bitter about the selling out of the collective farmland and his role herein. He argued to have been forced by the current chief of village to co-sign the deeds of sale. Parallel to these "official" land deals are those one concluded between national land speculators and villagers impostors who disguise themselves as persons with authority to sell the land. Both this former head of community as the current chief of village have agreed on the fact that the farmland in their village is practically sold out. The opponents of the land rush underlined various impacts of the wild land sales on their community, The young people who want to start a carrier in agriculture can no longer get a piece of the communal farmland that usually is attributed to it by the chief of the community because these farmlands are practically sold out**.** There are barely communal lands left over**.** As a result youngsters who now have nothing to do hang around in the village or migrate to the cities**.** Another impact concerns parents with children. They found themselves obliged to send their children to work as domestic servants locally called *bonne* for well off family members for some money. Actually this is not a new phenomenon. Particularly girls and women of any age work as domestic servant for wealthier families. There is even an ongoing international debate not to be discussed in this paper and that considers being child work those children working as domestic servants. In the same line another debate focuses on the mistreatment persons working as servant are subject to. Thus these old habits of children working as servant become once again common thing as consequence of the land rush in Djidja. Against the perspectives of those ones who disagree with the ongoing selling, is the viewpoint of the current head of the community who occupies this position for 19 years now. Invested with the status his position bestowed him with, he has every right on the community land together with its flora and fauna. As such he is also the only one in the village that can attribute a piece of land to village members willing to engage in an agricultural carrier. He sustained that about 10 years ago he sold few hectares of the communal farmland for 20000 CFA about 32 Euro to build the little house we sat in at the moment we were talking. The house is actually a single room of about 24 square metres equipped with three benches and one wooden long chair on which he sat. Five years ago when the rush on land started in his village, he continued, he could sell hundreds of hectares this time for more money to pay the seasonal rituals. According to him a chief of community has to perform rituals to ask the gods and departed ancestors to protect the community. These rituals are thought of as necessary by the community and in the past the village members contributed to their costs. As the young people migrate to cities, the contribution to the rituals' costs fell down dramatically so that the rush on farmland in Djidja becomes an attractive opportunity to finance the rituals' expenditures. From his position of chief of the community faced with financial problems to maintain tradition, the sale out of the community farmland is justified. Similar arguments were recorded by Pascal Rousset (Rousset 2010) who conducted research in the village of Mougnon also in the rural district of Djidja. Different villagers interviewed sustained to have sold their land in order to pay for customary rituals. The research conducted in the village of Djidja for the purposes of this paper revealed two types of groups based on the use made of the money generated by the selling of the lands. The first group concerns consumerism of modern goods most importantly those motorcycles made in China. I saw in town that such a motorcycle costs around 250,000 CFA the equivalent of about 400 Euros. To the modern goods consumers in this village owning a motorcycle enhance the social status. Within this group is to be recognized the younger people who want to lead easy life by not exercising a profession but by living with the money earned as indirect intermediary to direct intermediaries of investors in land. The other group concerns persons occupying important position like the head of the community. This chief needed financial resources to keep the tradition alive so that the selling of the farmland became the solution to the financial needs. Confronted with the question of the ways to finance future customary rituals considered the fact that there is barely farmland over to sell, the head of community left us unsatisfied by stating that he was thankful for the advice. What advice? Insisting on the question in various other ways did not help eliciting a detailed answer from him suggesting he had had his share and the youth can deal with the future burden of financing customary rituals considering his advanced age. In summary the opponents of the land rush in Djidja would like to see the land deals unmade while the advocates see a mean of fulfilling customary obligations or gaining status and doing justice to consumerism tendency in the Veblen (Veblen 2008[1899]) sense.

The Practices of Farmland Rush

The Major Players

The land rush in Benin engages a mixed group of actors. A part of the political elites conceive of the double roles the production of agro-fuels can play in developing the national economy. On the one hand the promotion of the national use of ethanol and bio-diesel aims at reducing the great dependence of the country on imported fossil fuel and electricity. Benin depends indeed for the quasi totality of its energetic needs upon the regional and the world markets. On the other hand the national agro-fuel programme is for its advocates the road to economic development and social welfare that has to be taken by grabbing the opportunity of the international demand in agro-fuel. In the line of this perspective governmental structures were set up to attract investors from all over the world. Essentially for the realization of the national agro-fuel programme collaboration is sought with Western and Chinese actors as providers of financial resources for the development of ethanol and bio-diesel projects. The activities of these higher placed politico-economic actors triggered the hatching of speculators in farmland both individuals and corporations that are either nationals of Benin or expatriates from the West, Middle East and the African continent itself. They constitute for the most part the connecting link between the politico-economic actors and the rural communities. According to Synpa very few of this group of actors acquire the land in order to exploit large scale farming. However with an eye on future profit, most of the speculators acquire hundreds of hectares of arable lands that they let lie fallow and then resell them to multinational corporate investors in search of hundreds of thousands hectares of farmland to cultivate agro-fuel plants. They strong presence of these land speculators in the rural areas pushes far away in the background the bigger players hungry for vast areas of farmland. So far that one tends to forget them as initiators of the ongoing farmland rush. At the same time this omnipresence of the speculators highlights the harms endured by the small farm holders and the rural community at large. These are the harms to their rights, interests and welfare. The four groups of actors mainly the politico-economic actors in cooperation with corporate investors, the speculators and the rural community identified in the research guides the further thread of this analysis. In the following sections the practices of farmland rush by the corporate investors that for analytical purposes have been divided into neo-liberal actors embodied in western capitalist investors and market socialism actors embodied in the Chinese corporate investors will be dissected and their strategies will be compared in order to highlight their similarities and differences. This analysis will allow to wonder over the chances of success of Benin national agro-fuel programme. Next the issue will be addressed in how far the market socialism approach in the context of farmland rush in Benin can be considered a win-win situation of economic collaboration. The choice has been made to assess the win-win situation of the market socialism approach in Benin because of the recent endeavour of this type of actors to get their hands on natural resources across the world.

A Neoliberal Approach

The study of a neo-liberal approach to the land rush in Benin for the purposes of ethanol and electricity production rests on a model concept of offer proposed to the state of Benin by a Western multinational. Urged by confidentiality reasons only the figures will be real, corresponding to those one quoted in the agreement proposal. However the name of the corporate organization involved will not be revealed rather a substitute will be used instead. That said Colethanol, a subsidiary of G-group, plans the production of ethanol and electricity in Benin. For these purposes the operational and legal details are covered in the multinational's proposal which is not always unequivocal as for the parts concerning her. The project has two phases comprising the realisation of two plants each. The one plant is to produce between 2,780,000 and 3,475,000 litres ethanol per day using as feedstock sugarcane. The ethanol plant will be provided in electricity by the second one which has to produce 90 Megawatts of electricity. Both the ethanol and electricity plants must operate continuously. It is a self-contained, closed circuit and thus an independent system for the production of ethanol. For the system to be complete, Colethanol plans to rent 100,000 hectares of shrub land in the savannah for the cultivation of the needed sugarcane and this for a period of 99 years at the price of *$0.05* per hectare (a nickel per hectare [my emphasis]) per year. The prerequisite that the land be shrub land lies in the fact that the European Union and the United State lay exportation embargo on agro-fuel produced through destruction of forest so that savannah regions are favoured. One cannot help and wonder why the savannah has to be overburdened. Not negligible parts of the Sub Sahara African savannah also known as *harsh lands* are said be regions of *extreme environmental uncertainty* for which it is argued for a complete repair (Scott 1979) . Next to this pre-condition the land has to be accessible to main axes either road or sea route to facilitate exportation of the ethanol to Europe, North America and Asia. The state of Benin has its share of contribution to bring to the closed system of ethanol production by Colethanol. This includes not just tax exemption on the construction, operation and maintenance of both the ethanol and electricity plants, as well as on materials and services acquired on the local markets but also is needed a financial aid from the government and / or any international body on the construction of the plants, the development of the sugarcane field and the training of employees. Further is *required* [Colethanol's emphasis] an exemption from taxes on net profits for six years starting from the first year the company becomes profitable and after depreciation and demanded repayment of any investment have been done. Finally Benin has to favour a national market for the marketing of produced ethanol and its derivatives by Colethanol. Both government and local communities must be incited to use ethanol in public and private vehicles. For this purpose, every single gas station in the country must offer at least one pomp of the mixture ethanol-gasoline and / or ethanol-diesel. On top of all that if Colethanol does not get exemption from import tax and other subventions on ethanol in its country of origin, only half product will be produced in Benin and be exported to a South American country where the just mentioned privileges are being applied and where Colethanol is already established. In this land deal offer for ethanol production the legal aspects are not neglected. Colethanol is covered and freed of any responsibility in the case of force majeure caused by nature or political unrest. However if any disagreement between the state of Benin and Colethanol has raised and cannot be resolved in a friendly way within a given period of time the *International Center for Settlement of Investment Disputes* will be preferred over the jurisdiction of Benin. At this stage let us recall the major points of Benin national agro-fuel programme. Energy at affordable price for the people is considered pivotal for the socio-economic development of the country. Thus the programme is said to be at the one hand the way to bring cheap energy on the national market and to speed up access to electricity to a wider portion of the population on the other hand it constitutes the opportunity that leads to socio-economic development by causing an increase of economic activities in rural areas and by reducing rural exodus to the cities. Also the goal of the programme is to reduce Benin dependence on imported energy. Taking into account Benin agro-fuel programme, one cannot help but wonder if the agreement proposal of Colethanol contributes indeed in any way to the reduction of Benin dependence on imported energy and promotes rural development. As we have seen earlier Colethanol production of electricity is solely destined to its own use but not to provide Benin market and the production of ethanol is first planned to be exported towards Asia and western countries. Colethanol's offer makes it is thus strongly questionable if the road to socio-economic development through Benin national agro-fuel programme which is promoted by the politics can be successful in leading to the goals set in the national programme. For analytical purposes, a distinction has been made between Western and Chinese approaches to the Benin land rush. Here the Western approach has been illustrated by Colethanol offer to Benin. It now time to look into how Chinese investors go about the land rush.

The Chinese Approach

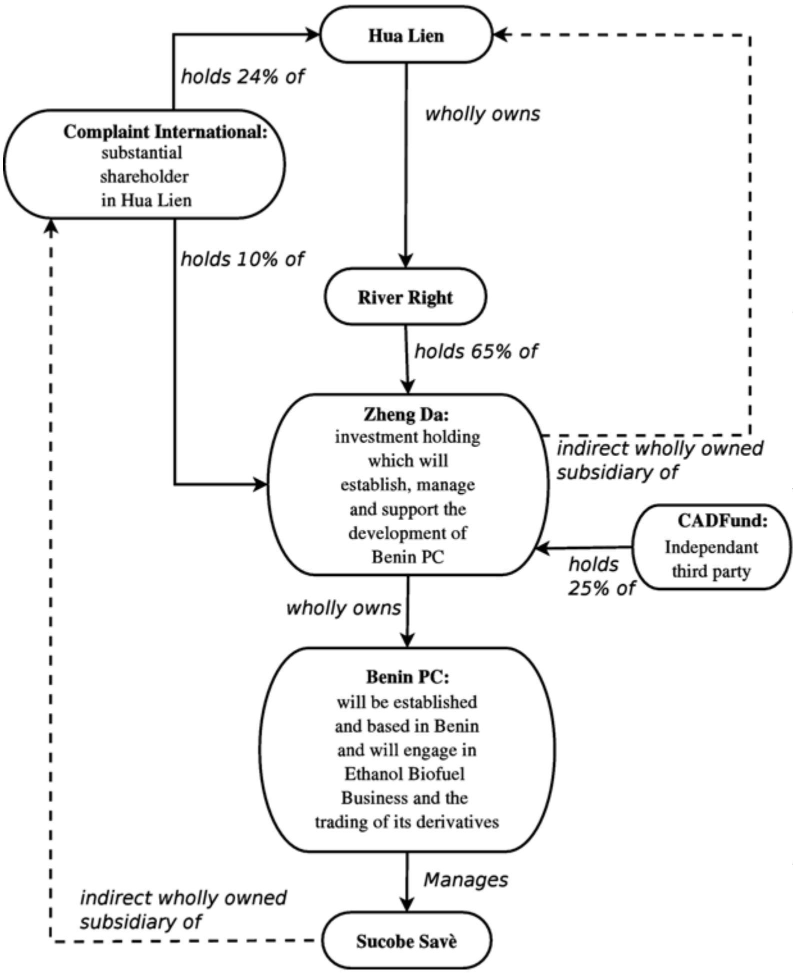
An insight in the Chinese land rush in Benin rests on the one side on interviews with the director of Benin's ago-fuel programme and the head of biomass department and on the other side Complant International's dealings in Benin. Complant International (CI) is a fully owned subsidiary of Complant International Transportation CO. LTD, an affiliate of the corporate holding Complant, a Chinese state-owned firm. Complant International believes she most importantly contributes to building friendly *and cooperative bilateral* linkages between China and developing countries in Asia, Latin America and Africa through her hundreds of varying size factory projects. These plants projects, the firm argues, brought her *high praise* from both the host governments and their people. In this case study, the Chinese farmland rush unfolds around the sugar factory Sucobe situated in Savè, a rural district lying some 200 kilometres north east of Cotonou the economic capital of Benin on the Atlantic coast. Sucobe is the former *Société Sucrière de Savè* (SSS) set up in the mid eighties and jointly owned by the states of Nigeria and Benin. In the closing years of last century, the sugar factory on the edge of bankruptcy had been taken over by the Mauritian firm *Groupe Mon Loisir*. The takeover was agreed upon under the terms of a tenant management agreement which excludes the ownership of the land being part to the factory. However at the dawn of this century it was the turn of Complant International (CI), the Chinese state owned firm, to take the sugar factory over under the same tenant management contract and to change its name from *Société Sucrière de Savè* to *Sucobe*. Under the agreement the estate of 4800 hectares may be used to cultivate sugarcane for the production and export of sugar. CI lived up to the contract and in 2004 exported 6300 tons of sugar to Europe. Nevertheless as the agro-fuel fever broke out, CI expressed the desire to renegotiate the tenant management contract of the sugar factory in order to produce ethanol on the basis of both sugarcane grown on the land that is part of the factory and from cassava coming from local farmers. Major aspects of the negotiations relate to the treatment of employees and the changing of the original goal of the sugar factory from producing sugar for exportation to producing ethanol also destined for export. CI is attempting to force through the legal acceptation of wage discrimination between Chinese workers and national employees. The firm indeed requires that employees from Chinese origin regardless of their position be paid more than other national workers despising any existing laws which define the relationship between employers and employees in Benin. Such a requirement is not so surprising considered that CI was earlier criticized in the local media for mistreating her staff. Of the over two thousands native employees working for Sucobe only few hundreds is working on the basis of a temporary contract while the majority is occasional workers. None of these two categories of employees ever has been paid as workers or supervisors rather they all are subjected to arbitrary pittance. The move of CI in the negotiations with the state of Benin suggests an attempt to legalize the woeful working conditions. Pertaining to the new goals pursued by CI for the sugar factory, the terms of the land use have to change and Benin government must design policies to support the broadening of the feedstock for ethanol production. Thus while Colethanol was prepared to pay a nickle per hectare per year for the land to lease, CI in the new agreement has her heart sets on the thousands of hectares of farmland for free use and this during a period of 99 years. The yearly output of ethanol is planned to amount 50 millions liters and be produced from sugarcane grown on the land belonging to the plant and cassava coming from local farmers. The inclusion of cassava in the feedstock for ethanol production itself is not particularly in contradiction with Benin national agro-fuel programme which also promotes cassava as one of the raw materials. Hence in accordance with CI's desire for the national government's incentives to encourage farmers to produce cassava for ethanol agro-fuel, Benin is inclined to put policies in place that will incite local farmers to divert part of their cassava harvest from feeding the population to providing the future ethanol plant with agro-fuel feedstock. Nevertheless the meaning of the tuber in the local diet cannot be ignored. The tuber of cassava is foremost rich in starch and very poor in minerals and vitamins yet it has become a predominant constituent in the nutrition patterns of sub Saharan Africa and specifically for the people of Benin but most importantly it is also very affordable for the poorest. Cassava is thus consumed in various ways such as cooked, fried or transformed in *tapioca* or *gari*. The latter form locally called *gari* is of paramount importance for the poorest and is nicknamed among this group of people *Du Courage* which means to them that when one does not have anything to eat a bit of *gary* keeps one going on with whatever it may be. *Gari* is thus an appetite suppressant which usually is reachable for the wallet of the poorest. The impact of diverting the use of cassava is best illustrated by Chinese entrepreneurs who in the rural area of Lokossa situated some 84 kilometres north west of Cotonou travelled farms with their pick ups in search of cassava that they bought in large quantities from local farmers for the production of the Chinese alcoholic beverage called in Benin *Taco Taco*. The years following this enterprise beginning in 2006 have seen the price of cassava and accordingly the price of *gari* rocketed rending gari almost unaffordable for the poorest. Although the negotiations between CI and the state of Benin are still on going and are expected to be concluded by the end of the year 2011, the head of the department of biomass anticipates already that either way**,** CI will be the one best off in the ongoing deal because either CI gets it all that is the factory with its 4800 hectares of farmland for free use, local farmers to cultivate manioc for the sugar plant's needs and cheap local labour or the tenant management contract continues as it is now for the reason that Benin is in the obligation to renew the tenant management contract should the negotiations fail. The major reason for this situation, the head of biomass further argues, is the construction of the present tenant management agreement together with the national agro-fuel programme that would force Benin to accept the deal. The weak position of Benin in the deal is further highlighted by an announcement dating back from 22 November 2010 and coming from the Hong Kong Stock Exchange (HKEx). The public statement reveals that thousands of kilometres away from the negotiations scene in Benin, the fate of the sugar plant of Savè now bound with the lot of three other sugar factories in Africa is about to be sealed in a joint venture agreement. *Sucobe* in Benin, *Complant Magbass Sugar Complex Company Limited* in Sierra Leone and *Sucrerie Cote Ouest de Complant de Madagascar* together with *Sucrerie de Complant de Madagascar* both in Madagascar are the object of negotiations in the ongoing joint venture (JV) processes between Hua Lien on the one side and CADFund, Complant River Right and Zheng Da[4] on the other side. The HKEx announcement asserts that Zheng Da will be used *as the vehicle to carry on the Ethanol Biofuel Business in Benin*. . To understand the implications of this JV for the sugar plant in Benin, the connections between the parties of the JV have first to be grasped. In the first place, Hua Lien a business in the tannery industry intended to buy from CI three out of the four above mentioned sugar plants in Africa including Sucobe in Benin. Nevertheless confronted by the HKEx with the question why not to acquire the established African sugar plants instead of setting a new JV up, Hua Lien believes the JV to be the way to construct its own refinery plant in order to make use of the People Republic of China's (PRC) technological expertise in the production ethanol based on cassava as raw material. Thus Hua Lien is confident in that the JV

> Would avail the Company [Hua Lien and its subsidiaries] of an opportunity to further develop its business in Africa taking advantage of the PRC government's policy in Africa under the current global political and economic conditions. (Hong Kong Stock Exchange, 22 November 2010).

How Hua Lien is then connected to the other parties in the JV adventure? CADFund *is an investment fund set up in the PRC with a view to encouraging and providing support to PRC enterprises in their initiatives and developments in Africa* (ibid.:21).

[4] Complant International Sugar Industries Co., Ltd incorporated in the Caymans Islands and is substantial shareholder in Hua Lien International Holding. CADFund is the China-Africa Development Fund and River Right incorporated in the British Virgin Island and wholly owned by Hua Lien International Holding. Since its incorporation in 2009 the sole business activity River Right carried out was the incorporation and the holding of share in Zheng Da.

In this JV CADFund is the only independent party meaning that she holds no share either in CI or in Hua Lien and River Right. CI however is a substantial shareholder in Hua Lien because CI owns a quarter of the company through the holding of 24% of her shares. As such CI has important interests in Hua Lien. As for River Right, she is wholly owned by Hua Lien and in this construction she fences Hua Lien off from Zheng Da the joint venture company which she incorporated in September 2010 a year after she had self been incorporated by Hua Lien. All three major parties which are CADFund, Hua Lien and CI owns a part of Zheng Da which is intended to functions *as a vehicle to establish Benin PC in Benin to engage in the Ethanol Biofuel Business and the trading of related products* (ibid.: 20). Zheng Da in this construction



of the JV as illustrated in the figure alongside fences CADFund, River Right and CI off from Benin PC and thereby from the sugar factory Sucobe in Savè, Benin. Out of this JV construction follows a weaker position for the sugar plant in Benin. On the one side in the direct negotiation with CI, Benin, through its head of biomass department recognizes its weak negotiation position. On the other hand the construction of the intended JV which results in the joint venture company Zheng Da cuts the Benin sugar plant off from any direct interaction with CI while linking the fate of the factory to the one of the joint venture company. An eventual collapse of Zheng Da would lead to the loss of only 10% of CI's share in the joint venture company while such a collapse could mean the economic strangle of the sugar factory in Savè, Benin with all the unforeseeable socio-economic consequences. in short Benin's negotiation position is double affected by the construction of tenant management agreement of the sugar plant in Savè and this in relation to the national agro-fuel programme and the construction of the joint venture company Zheng Da which cuts Benin off from the initial negotiator represented by CI.

From the just given review is to be noticed that neo-liberal and Chinese approaches to the farmland rush in Benin shed light on the essential difference between both strategies. The major difference between the neo- liberal approach to the farmland rush in Benin and the Chinese one lies in the fact that the neo-liberal's strategy concentrates upon getting vast areas of agricultural land which in advance satisfy the embargo requirements of the European Union and the United States while the Chinese approach focuses on sugar factories with their vast farmlands usually destined for cultivating feedstock for the production of sugar in the Global South. With this move, the Chinese approach ward off constraints of the western embargo and at the same time weakens eventual arguments against any disrespect of this embargo. A conclusion to this section is set to look into the chances and obstacles to the Benin agro-fuel programme.

The Benin National Agro-Fuel Programme: a Road to Economic Development? Chances and Obstacles

The initiators of Benin national agro-fuel programme consider as major obstacle the question of land. Since the state of Benin owns a limited amount of farmland, they believe that identifying owners of agricultural land through cadastral registration will facilitate access to the large area of farmland they need. In this sense their goal meets the aim of the Millennium Challenge Account for Benin also eager to enable farmland commoditisation. Another important hindrance is the financing of the national agro-fuel programme. The promoters believe that possibilities for national investments in agro-fuel projects are limited so that only foreign investments can offer an outcome. Nevertheless besides the above mentioned land ownership and the foreign investments issues, tensions within state structures are not to be overlooked. A decree passed by the state top apparatus indeed displaces the execution of the national agro-fuel programme from its initial promoters to newly created committees which are placed under the supervision of the presidency. This reshuffling created tension between various departments and actors involved in the national programme and lead to delays of planned agro-fuel projects and undermined Benin competitiveness on the international market. The promoters of Benin national agro-fuel programme realize they have to be good enough to acquire the 1 to 2% international market share they strive to win. Accordingly the chance of success of their programme depends for a great part on their ability to handle internal discordances. At this stage and considered the three different views on the farmland rush in Benin that have been scrutinized in conjunction with neo-liberal and Chinese strategies to this rush, the endeavour is set to evaluate a *win-win* situation to Benin farmland rush. This evaluation is proceeded by contrasting the views of the Union of peasant *Synpa* and the position of the Benin national agro-fuel programme promoters on their understanding of a *win-win* model of cooperation against the terms of the negotiations of both neo-liberal and Chinese parties.

Toward a Win-Win Situation?

The peasant union *Synpa*'s view of a win-win situation rests most importantly on access to land and means for practicing agriculture for small farm holders and credit facilities for them as the union believes that the land rush threatens among others the local agriculture, the future position of small farmers and food security. Access to land must be secured by laws which reconcile both traditional and modern laws while countering private land accumulation. Hence government's policies must be put in place to ease access to land and to modernize agriculture through a reasonable mechanisation of farming per sector meaning that some sectors require heavy mechanisation and some other not so that mechanisation must be adapted to each sector. These policies should thus aim at developing local knowledge and agricultural technology so that the country becomes and remains independent from foreign investments. Next the government's policies must implement credit facilities that allow farmers to acquire means of producing crops. Currently at the national level every existing micro finance facilities that are both from local government and foreign investment are credits of usurious rate of around 24%. They are investment credits for machinery for which payment begins three months after the date the credits are accorded. This period is too short for a peasant to grow and sell a crop in order to make money to start paying the instalments of the loan. Hence a win-win situation, according to *Synpa* will imply a new way of farming which has to make two types of investment available mainly investment in machinery spread over a number of years and an investment for seeds, labour, fertilizer and other in the form of investment credits of at least one year. The union's perspective of a win-win situation excludes any foreign interference as investors in the farming sector. Against this viewpoint, the Benin national agro-fuel programme adopts on the contrary a perspective of a win-win model of cooperation with foreign investors. Does the Chinese approach offer this win-win situation? Just like *Synpa* the promoters of the national agro-fuel programme believe in the regulation of access to land with that subtle difference that the securitisation of land access will ease the identification of land owners so that they can be included in agro-fuel projects as associates who would not just produce crops for the agro-fuel plants but be shareholders and participate in the development of new varieties of agro-fuel crops. The national agro-fuel programme indeed aspires to master the technology of developing new agro-fuel crops and to keep the control over it. In that sense investors in agro-fuel in Benin must be open for technology transfer. Pertaining to those who are not associate farmers producing crops for the projects they must be employed in these projects. According to promoters of the national programme the projects will so doing contribute to reducing poverty in the concerned rural areas. Further the production chain of agro-fuel must be implemented throughout the country and produce fuel that fulfils international norms. Taking into account the three perspectives on farmland rush in Benin especially the ones of the government, Synpa and Djidja community one wonders to what extent the Chinese approach to farmland rush in Benin is a win-win form of cooperation. To the community of Djidja the answer to the question is straight forward which is that the land deals should simply be undone. *Synpa* however seek to counter land accumulation and limit land ownership to the nationals of Benin while promoting small scale mechanized farming development. So we are left with Benin national agro-fuel programme to provide us with insight to how far Chinese approach could be stamped as being one of a win-win economic model of cooperation. A win-win situation for the promoters of Benin national agro-fuel programme must include three major points which are notably technology transfer, association of farmers as partner in agro-fuel projects and employment of rural communities. Pertaining to the first point the negotiation between the government of Benin and the sugar factory Sucobe taken over by the Chinese reveals no intention of technology transfer between the Chinese and the promoters of the national programme. The association of farmer to the Chinese ethanol project in Savè is limited to the farmers producing cassava to the sugar plant while the rural communities of Savè are employed under employment conditions that seek to implement wage discrimination between Chinese employees and the national ones at the expense of these latter. Hence the Chinese win-win model of economic cooperation is limited to offering contractual and occasional employment to the rural communities in Savè.

Conclusion

Appreciating the extent to which Chinese approach to the farmland rush in Benin can constitute a win-win situation clearly remains an open question. Accordingly the assessment of a win-win model of economic cooperation had to resort on the experiences of actors undergoing land rush pressures. This analytical approach revealed diverging perspectives of actors' conception of such a win-win situation. To the union of peasants *Synpa* a win-win situation is the one in which small farming is modernized and land accumulation is limited while to the national agro-fuel promoters such situation engages landowners as partners of agro-fuel projects, reduces poverty in rural areas through the creation of jobs and finally leads to technological transfer between foreign investors and Benin. Neither the neo-liberal approach to the land rush nor the Chinese's one lead to a balanced win-win situation. On the one hand the neo-liberal closed and self-sufficient system can be easily replicated and therefore enabling it to be displaced from one host country to the other. So doing, such a system does not give enough time to the host countries to profit from this peculiar construction. On the other hand the Chinese practices of land rush in Benin respond to the above mentioned actors' expectation of a win-win situation to the extent that it creates jobs subject to wage discrimination between Chinese and national employees. For a balanced win-win situation to be possible account has to be taken of the power asymmetries between parties in this particular case between Chinese investors and Benin national agro-fuel promoters. The effects of this power imbalance are highlighted by the above described situation wherein the promoters of the national agro-fuel programme are aware of the factors which would constitute a win-win situation according to their perspective but they were unable to force them through in their negotiations with the Chinese exactly due to their lack of power be it economic or political. Therefore future endeavour to research the role of power imbalance in the negotiations of win-win situations among parties in the context of farmland rush will offer a broader insight in the processes which steer the current global land grab.

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