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# China overseas food push not realistic

BY NIU SHUPING

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(Reuters) - China's private firms are pushing to invest in farms overseas, but policy debates over whether this is in China's strategic interest have so far stopped the trend becoming an explicit government policy, a senior official said on Friday.

China ultimately has to rely on its own farmland to feed its huge population, Xie Guoli, deputy director of the agricultural trade promotion centre at the Ministry of Agriculture, said in an interview on Friday.

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"It is not realistic to grow grains overseas, particularly in Africa or South America. There are so many people starving in Africa, can you ship the grains back to China?" Xie said.

"The cost will be very high as well as the risk."

In recent years, Beijing has pushed resource firms to invest overseas to help supply a rapidly growing economy.

Oil and mining firms have been the most active investors, but private agricultural companies are slowly heeding the call.

"It is the government's policy to encourage all companies to go abroad, including agricultural firms, just like the mining and oil companies," Xie told Reuters.

"But as far as I know, the government is not working on any detailed plan to support such investment. It's too early, we need to wait and see how the investments mature."

China in 2006 signed agreements with some African countries to help raise grain production by using Chinese rice seeds and technology. It has similar agreements with Cuba and Venezuela.

"We have agreed to set up 14 demonstration farms in Africa and help countries improve grain production," Xie said.

China, the world's largest rice producer, has developed hybrid rice strains which can generate 60 percent higher yield than the world average.

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But while such programmes could help grow food for local sales, policy advisors are still debating whether the investments would help secure food supply for China, which faces shrinking arable land and increasingly polluted water.

The costs of shipping food back to China would be high, and the shipments would not be guaranteed import certificates or a market. China might find cheaper imports on the open market from traditional grain suppliers such as [Australia](#) or North America.

Owing to the sensitivity in most countries toward foreigners owning land, Chinese farms overseas could also be vulnerable to nationalisation or labour disputes, policy advisors worry.

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The Suntime International Co. has also set up a joint venture to grow 5,000 hectare of paddy rice in [Cuba](#).

But two large land-lease deals by Chinese companies in the Philippines were suspended indefinitely last September, after local farm groups said they violated the Philippines' constitution and food security.

Chongqing Seed Corp., based in southwest China, is one of those that has found overseas investment not without difficulty.

The company invested in small scale rice production in Nigeria and Laos, but has already given up on Laos.

"The system there doesn't have any leverage over farmers, so labour is not very efficient. But we can't send Chinese workers to plant there," deputy general manager Huang Zhonglun told Reuters.

"They charge a lot for land rent, and there's no irrigation infrastructure so we have to rely on the rainy season."

Chongqing Seed has now begun planting its rice variety on 300 hectares of a demonstration farm in Tanzania, as part of the Sino-African initiative.

"We hope our (overseas) production could be a choice for the country as our farmland is decreasing and the population is growing," said Huang.

"But not now. Shipping costs are too high."

(Editing by Lucy Homby and Daniel Magnowski)

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