

Political Economy of Land Grabbing inside China Involving Foreign Investors

ABSTRACT *China tends to be a dominant figure in the literature on global land grabbing. It is either cast as a major land grabber in distant places such as Africa, or as a key player in crop booms elsewhere because it provides for massive market demand, such as for soya from South America. These are all quite important issues and are well covered in the literature. However, the crop booms inside China that involve transnational capital and investors—and have provoked conflict around land politics—have been overlooked. Spotlighting the issue of land grabbing inside China reminds us that capital accumulation is principally interested in geographies and settings where it can generate profit – regardless of nationalities, boundaries, structural, or institutional conditions. This paper hopes to contribute towards a more refined picture of global land grabbing.*

Key words: land grabbing, China, foreign investment, boom crop

Introduction

China is a highly visible player in the contemporary global land rush, with land-based investments in distinct regions around the world, from Southeast Asia to Africa to Latin America.¹ The literature tends to treat such large-scale land acquisitions by Chinese firms as actions dominated, or at least facilitated, by the Chinese government as part of its “going out” policy to achieve domestic food security—or to put it more directly, to seek “new rice bowls”.² However, some scholars have pointed out that China’s role in land grabbing might be overstated and misunderstood, particularly in Africa.³ In reality, many of these projects do not go beyond the stage of official announcements, rather they are suspended or terminated due to outright social resistance in the host country or due to various other economic, political, or legal issues.

Meanwhile, China is taking the lead in importing some key agro-products. According to FAO data, China was responsible for 63.6 per cent of global soybean exports, and 51 per cent of the world’s oilseed trade in 2013.⁴ For China, agro-products are imported to fulfil the ever-increasing domestic demands of its large population—not only for food, but also for feed and fuel, given the flexibility of certain crops.⁵ While, for the main exporting countries/regions (e.g. South America), producing a large quantity of given crops for export is usually associated with crop booms and changes in land-use, land control, and production mode, which have significant impacts on local population.⁶

In short, the global land grabbing literature largely frames China’s role as either a key ‘grabber’ or as a main site for agro-products consumption—but never as a destination for transnational large-scale land deals. Where studies mention land grabs inside China, the research is limited to domestic land investors.⁷ This set of literature misses the fact that there are indeed land deals or grabs inside China that involve foreign investors.

Industrial tree plantations (ITPs) and sugarcane are two of the booming sectors in southern China.⁸ In the Guangxi Province, two foreign companies, namely, Stora Enso from Finland and APP from Indonesia, have controlled large tracts of land for the development of the ITP sector. By 2015, the ITPs owned by these two companies had expanded to some 200,000 hectares (ha) of land (see Table 1) – affecting thousands of village households, and provoking widespread conflict among villagers, state farms, and the foreign companies. Why China? This is a question for the foreign investors. Why foreign land investors? This is a question for the Chinese state and land owners. How did the foreign companies gain access to land? This is a question for both sides. To answer these questions, this paper uses the Stora Enso and APP cases to analyse the drivers and mechanisms of foreign land investments in Guangxi in the ITP sector.⁹ The remainder of this paper is organised as follows: The next section discusses the key features of contemporary land grabbing; the third section presents and examines

empirical issues in relation to two foreign investors and Chinese policies (why China? Why foreign investors?); the fourth section focuses on the land system in China; and based on this, the fifth section explores the mechanisms of foreign investors' land access (how their access to land is gained?).

Understanding contemporary land grabbing

Diverse forms of land grabbing appear in the current literature, including 'green grabbing' – land transactions for environmental ends;¹⁰ mining – land grabbing for underground mineral resources;¹¹ and 'water grabbing' – land grabbing focused on an area's water resources.¹² No matter the target, all of these land grabs essentially constitute 'control grabbing', as defined by Borras et al.:

Contemporary land grabbing is the capturing of control of relatively vast tracts of land and other natural resources through a variety of mechanisms and forms that involve large scale capital that often shifts resource use orientation into extractive character...¹³

This definition highlights political issue of control of land and land related resources. To understand the dynamics of land control, the role of land grabbers and domestic operators in 'host' countries should both be carefully examined. On the one hand, as dominant players, investors seek to gain control over land from others (either the state, the collective, or individuals) and are driven by both global and domestic forces, including 'food security, energy/fuel security, climate change mitigation strategies, and demands for natural resources by new centres of capital'.¹⁴ Based on their demands and a series of corresponding political-social-economic considerations, the investors actively make decisions on recipient countries/regions, the scope, and the process of their investment. For example, when a capitalist's land acquisition is for offshore food production, he or she will prioritise those countries/regions where the cost of production, reproduction and circulation are relatively low in order to benefit from land access. In this sense, analysis of the investors and their motivations is key to understanding the dynamics of a land grab.

On the other hand, as Hall reminds us, 'actors and structures in recipient states' should never be neglected.¹⁵ This is due to the fact that they have a critical role in fostering, facilitating and impeding the process of land control. More specifically, original land-use, land ownership and institutional settings around land in the recipient countries/regions not only determine which and how much land is available for investors, but also indicate how investors are able to gain access to land. Meanwhile, the dynamics of state, state policies, and political reactions from below are also (re)shaping the trajectory of land grabbing.¹⁶ For this reason, the previous land system in China, particularly in Guangxi, and the role of the state and the affected villagers will be discussed alongside the analysis of foreign companies' land access,

Foreign investors and the drivers of foreign land investments in Guangxi

Stora Enso and APP have received much public attention as main landholdings, although they are not the only two existing foreign companies that are involved in land-based investments in China.¹⁷ Both investors are worldwide paper-pulp giants with large production and sales portfolios. Specifically, Stora Enso specialises in producing and global sales of a series of tree-based products, including consumer board, packaging solutions, biomaterials, wood products and paper.¹⁸ Stora Enso has mills/factories in South America (Brazil and Uruguay), the United States, Europe, Russia and Asia (China and Pakistan), either through joint ventures or as single owner.¹⁹ It owns around 4 million ha of tree plantations in Sweden, Finland, Uruguay, Brazil, Estonia, Romania, Latvia, Russia, China and Laos, either through purchase or lease.²⁰ APP is a subsidiary of Sinar Mas Group, and it focuses on pulp and paper production targeted at the global market.²¹ Its production sites are concentrated in Indonesia and China, with 9 mills and 2,600,000 ha tree plantations in Indonesia and over 20 mills and 300,000 ha plantations in China.²²

APP and Stora Enso were originally motivated to enter the Chinese market because of the huge demands for paper-pulp products in China that were due to the country's fast urbanisation rate and remarkable population growth.²³ Later, both companies became involved in the 'Plantation-Pulp-Paper integration' (*Linjiangzhi Yitihua*) project. As shown in Table 1, APP started its land investments in Guangxi in 1995 and Stora Enso started its land acquisitions in Guangxi in 2002. Both these companies have obtained incredibly large tracts of land. As shown in Table 1, the number of ITPs controlled by Stora Enso had reached 82.26 thousand ha by 2015, while APP controlled around 100 thousand ha. At the same time, the capital involved in their integration projects (including building for pulp mills) is extensive, with 12.8 billion Yuan in the Stora Enso case and 40 billion Yuan in the APP case.

TABLE 1 Two Main Foreign Investors

Name	Nationality of the company	Starting year	Investment (billion Yuan) ²⁴	Scale (1000 ha)		
				State land	Collective-owned land	Total area
Stora Enso	Finland	2002	12.8	53.18	33.08	86.26
APP	Indonesia	1995	40.0	0	106.67	106.67

Source: Stora Enso's Annual Report 2015; and Liu Yang. 2016. APP Guangxi Plantation-Pulp-Paper Integration Project, 2010, accessed on 7 July 2016, <http://finance.people.com.cn/GB/67723/67730/12680269.html>.

Motivations of foreign companies

Why did these two paper-pulp companies choose to invest in the land-based ITP sector in China? Although the staff of both companies claimed that the ITP sector is not profitable,²⁵ in practice, their investments can reap benefits in at least three ways. First, constructing human-made forests is championed as reforestation, which is used by the investors as a strategic response to public criticism on their negative environmental impacts. Second, as paper-pulp corporations, direct control over the ITP sector can secure their sufficient and stable supply of raw materials. Third, because of the multiple end uses of the outputs, control over the outputs can bring additional profits.

(1) A response to public criticism

Paper-pulp companies have always been criticised by the public worldwide, including China, for their extractive activities and for polluting the environment. Japan's Oji Paper Company was opposed by a large-scale protest in China's Qidong city in 2012 for its planned water discharge project.²⁶ APP itself was criticised and opposed by GreenPeace and other NGOs for illegal logging and destruction of natural forests in Indonesia and in the Yunnan and Hainan provinces of China.²⁷

To respond to these criticisms, APP and Stora Enso coincidentally use the same discourse of building tree plantations:

'Use our paper, we plant more trees' --APP logo²⁸

'Plant trees and forests to benefit nature, make pulp and paper to benefit people' --APP-China²⁹

'The forest and forestry industry are part of the solution to the climate problem' -- Stora Enso³⁰

These clearly show that both companies intended to claim that the tree plantation programme is a testament to their social responsibility commitments, and that such activity is eco-friendly rather than extractive. According to this carefully constructed business logic, the promotion of ITPs not only reduces the use of nature, but also repairs it. Thus, foreign land investments can be viewed as an adapted version of 'green grabbing': on one side, 'moral weight of a discursively-constructed global green agenda legitimises the appropriation of land and resources';³¹ and on the other, the touted 'green' land-based investments, in turn, legitimise the accumulation of investors in the host country. However, as I

witnessed in the field, affected villagers roundly criticise ITPs as having significant negative environmental impacts due to the sector's high demand for water and nutrition.

(2)Control of raw material

Meanwhile, for these paper-pulp companies, control over ITPs also means control over the raw materials of their products. As explained by an employee of one foreign company:

If a pulp plant has been built up, (the supply of raw materials from our existing ITPs) will not be enough. (We will) need more (trees) at that time. The original plan was to build over 2 million mu (ITPs in Guangxi).³² Now it seems to be very difficult (to realise). Even if we want to purchase (the trees), it will still depend on whether others (who own the trees) want to sell. Then the price will become very high.³³

This implies that the land-based investments might not be aimed at extracting profits directly from the ITP sector. Instead, they are aimed at gaining control over raw materials for paper/paperboard production. As White et al. summarised: 'the purpose of the great majority of corporate land grabs is to establish agricultural production (or other forms of extraction such as mining) on a large scale, and to guarantee access to its products.'³⁴

As shown in Figure 1, China's imported volume of pulp has been increasing since 1980, and reached about 16 million tonnes in 2013, accounting for a large part of the total pulp consumed domestically.³⁵ The increasing dependence upon pulp imports shows a great demand for raw materials of paper-pulp production, namely, wood chips made from trees.

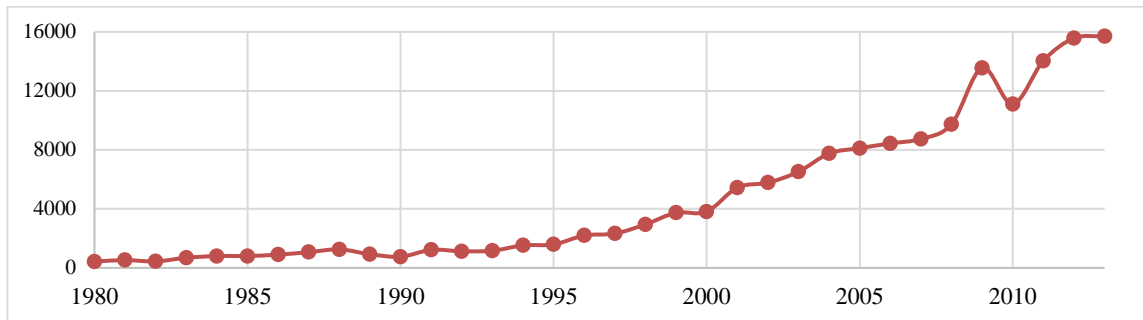


FIGURE 1 Chinese import volumes of pulp for paper (1000 tonnes)

Source: FAOSTAT, accessed on 23rd February 2015, <http://faostat3.fao.org/download/F/FO/E>

The increasingly wide gap between demand and supply of pulp implies a potential surge in the value of ITPs,³⁶ which can be denoted by a rapid increase in the price of eucalyptus trees from 200 Yuan per m³ in 2000 to 850 Yuan per m³ in 2015.³⁷

Therefore, for these international paper-pulp companies, while investments in the ITP sector might not be profitable in the short run, expansion of the value chain can secure the stable supply of raw materials, which will reduce cost and unpredictable risks in the long run.

(3)Additional gains from multiple uses of the ITP sector

Moreover, control of ITPs can bring additional economic gains because only small branches are usually consumed during paper production. It was observed that both of the foreign investors sell eucalyptus tree trunks, especially those with diameters over 8 cm, to timber processing mills for the production of wood-based panels, which have recently become more profitable due to a huge domestic market demand caused by the rise of real estate sector. According to one villager who was hired by APP to transport eucalyptus trees, APP sells part of their timber products this way: 'big ones are carried to Wuming (a timber processing industrial park in Wuming County of Guangxi); small ones are peeled and transported to the factory in Qinzhou.'³⁸ Similarly, Stora Enso also sells their wide girthed timbers publicly on a

Chinese online platform.³⁹ Although there is no data available to assess whether benefits of such sales have reduced or even surpassed the cost of these companies' land-based investments, selling surplus outputs indicates that the control of ITPs provides opportunities for investors to maximise their profits through simultaneous and selective benefit from the multiple uses of eucalyptus trees. Furthermore, this implies possible flexing use of the crop, which enables the investors to reduce risk and uncertainty in volatile markets.⁴⁰

In short, the three main reasons for foreign companies' land investment in China are to gain social legitimacy, to access raw materials, and to control multiple uses. The first two points are related to the maintenance of their profitable paper-pulp business in China, and the last one is to extract as much as profit as they can. So, it is clear that the original and essential driver is profit, as is the case with other investments by capitalists. However, motivation alone is not enough for foreign investors to be able to enter China and access land. Why does the Chinese government allow these foreign investors to enter China and gain control over land? To answer this question, it is vital to explore the role of the Chinese state in attracting Foreign Direct Investments (FDIs).

Attracting foreign direct investments: the role of the state from central to local level

At the central level, as part of the 'reform and opening-up' (*Gaige Kaifang*), intertwined with the "going out" policy, 'bringing in' (*yin jinlai*) strategy was introduced in the late 1970s. Under the 1979 *Law on Joint Ventures Using Chinese and Foreign Investment*, FDIs were initially legalised in special economic zones. In the 1980s and 1990s, foreign investments in China were officially promoted when foreign enterprises were granted management autonomy, tax incentives and some other benefits by an array of laws and policies.⁴¹ After China joined the World Trade Organisation (WTO) in 2001, a series of long-run geographic restrictions was removed, leading to the Chinese market's further opening-up to foreign investors.⁴²

Echoing central policy, the provincial government of Guangxi also laid out policies to encourage FDIs. According to these policies, foreign investors, especially those engaged in sectors encouraged by the government (including forestry), are entitled to further tax relief and priority in accessing information, loans and other resources.⁴³ Thus foreign corporations as Stora Enso and APP are legitimised and encouraged to invest in Guangxi.

However, whether or not foreign corporations can gain access to land is more directly linked with the role of local governments. This is due to the fact that under the decentralisation system, local governments, especially those at the county and township levels, have been granted the power to reallocate resources, such as land and subsidised fertilizers.⁴⁴

At the local level, county and township governments tend to attract FDIs to generate revenues, especially after 'policy converted local states into financially independent entities that had the unprecedented right to dispose of the revenue they retained.'⁴⁵ Such tendencies were further strengthened when the revenues obtained by the local governments were significantly reduced after the introduction of 'Tax for fee' reform in 2002.

Meanwhile, local governments always use land as a key instrument to attract FDIs. According to Wu and Heerink, sizable rural land areas have been expropriated to host foreign investors since 1998, mainly for the construction of industrial parks.⁴⁶ This falls in line with the demand for land access of foreign companies such as Stora Enso and APP.

To summarise, the state, especially at the local level, is motivated to bring in FDIs with a set of preferential policies, including subsidies, tax reduction, and facilitation of land access. However, to realise foreign land-based investments, certain mechanisms are required to change control over rural land in China, with emphasis on previous land-use and land property rights prior to transactions.

Land system in Guangxi

As shown in Table 1, most of Stora Enso's controlled land (99.94 per cent) is forestland, with 51.38 thousand ha (62 per cent) owned by the state and 33.08 thousand ha (38 per cent) controlled by collectives (property rights). While for APP, all of its ITPs in Guangxi are built on collective-owned forestland.⁴⁷

In Guangxi, state forest farms own 10 per cent of the forestland, while the remaining 90 per cent is owned collectively (see Table 2). State-owned forestland and collective-owned forestland have different trajectories of land use and land control.

TABLE 2 Property rights of forestland in Guangxi (in 2010)

Types	Area (10000 ha)	Percentage
State owned	148,88	9,28%
Collective owned	1456,11	90,72%
Total	1604,99	100,00%

Source: author elaboration from 12th Five-year Plan of the Development of Eucalyptus in Guangxi (2010-2015)

State-owned forestland was originally allotted from communes to build state-owned forest farms in the 1950s and 1960s. As the forestland in Southern China is mainly for commercial use, according to the national plan,⁴⁸ forestland plots were mainly used to plant acacia trees and pine trees before the rise of eucalyptus trees in the 2000s, 'to fulfil the huge domestic demand for timber'.⁴⁹ Collective-owned forestland tells a different story. The land use for most of the forestland was originally 'waste' or 'underused'. Specifically, from 1950s-1970s, large areas of forestland were destroyed for food production. Those less hilly and rocky forestland plots (around 700,000 ha) were used for grain and sugarcane cultivation, leaving other non-arable forestland plots as 'waste'.⁵⁰ Later, even under state-led reforestation movements,⁵¹ these forestland plots mostly remained degraded with several pine trees and/or acacia trees planted haphazardly.

The degradation of collective-owned forestland resulted mainly from the low economic incentives of forestland investment and villagers' shortage of financial capital. At the same time, pine and acacia trees have low and slow economic returns because of their long growth cycle (more than 15 years). Consequently, before the rise of eucalyptus trees, there were very few economic incentives that made it possible for villagers to invest in forestland. On the other hand, villagers' economic status impeded their ventures. As explained by one of the villagers in Guangxi, 'in the past, we were very poor here. We did not have money to plant (trees). What can we do? When bosses came, (is it possible) that we did not (let them) to develop? (We) contracted the mountain, all the mountains were contracted to them.'⁵²

However, this does not imply that these 'waste' forestland plots were not used by villagers. In one village I visited where Stora Enso and APP acquired large-scale collective-owned forestland, many villagers told me that they used to 'live on cutting firewood'.⁵³ It implies that these land-based investments tend to have significant impact on villagers' livelihoods.

With regard to land property rights, the ownership of collective-owned forestland is rather ambiguous.⁵⁴ In the 1980s, when farmland was equally contracted to rural households under the Household Responsibility System (HRS) reform, most of the collective-owned forestland in Guangxi, especially those 'waste' land plots, remained at the hand of collectives.

While, in practice, these undistributed forestland plots had been customarily 'owned' by a few villagers. In most villages, it is commonly agreed that 'those who clear empty land (forestland), own

the land'.⁵⁵ In other words, once someone in the village reclaimed a piece of forestland, this land plot is then believed to be 'owned' by his/her household. These households usually possessed rich labour resources, extra money for the venture, and sometimes, even special social networks for better information access (e.g. village leaders or their relatives and friends).

To formally distribute and clarify the user rights of collective forestland, Guangxi started forestland reform in 2008,⁵⁶ although most of the land plots were already being used or occupied by several internal villagers and external investors before the reform.

So, the social relations around the land that was later transferred to foreign investors are complex: some are state owned; some are owned collectively but already customarily "owned" by someone; some are for commercial use; some are 'waste'/'underused' but actually used by someone. This implies that foreign companies required particular strategies to gain control over land.

Mechanisms of land access

First, Chinese law stipulates that since APP and Stora Enso are foreign investors, the companies are required to set up joint ventures involving domestic capital in order to gain access to land in China. As a result, 12 per cent of Stora Enso Guangxi's shares are held by two state-owned entities (Guangxi Forestry Group Co Ltd and Beihai Forestry Investment and Development Company).⁵⁷

Additionally, according to the *Land Administration Law of the PRC*, no one can buy or sell land. Thus, in order to acquire land, these two international companies have to lease from, or cooperate with, landowners. Under the land system in Guangxi, APP and Stora Enso have four main channels to gain control over land, namely, 1) leasing land from state-owned farms; 2) leasing land from rural collectives; 3) leasing land from middlemen; and 4) cooperating with individuals.

Leasing from state-owned farms

As key projects to attract state-promoted FDIs, the two foreign companies were offered an opportunity to contract forestland owned by state-owned farms through *Guangxi Forestry Group*, a company set up by the Guangxi Forest Department.⁵⁸

Through this channel, more than 60% of Stora Enso's forestland was transferred from 8 state-owned forest farms. Also, APP was permitted to contract 44.67 thousand ha forestland from 5 state-owned farms.⁵⁹ But due to the unfavourable geographic conditions of the land, APP is not going to settle the transaction.⁶⁰

Foreign companies prefer to use this channel because land that is owned by state-owned farms is usually large-scale and contiguous—and with less complicated social relations. These features mean that the land acquisitions operating within this channel are more convenient and have fewer potential conflicts.

However, this channel is not entirely conflict free. Some state-owned farms expressed complaints:

The 50-year duration for land lease is too long. Our land leased from outside only has a term of 30 years... When Stora Enso leased the forestland, the price was only few hundred Yuan per mu including the price of seedlings. Now the benefits are seven or eight times (more). (The benefit) could be over 10 thousand Yuan per mu. It (Stora Enso) does not want (to lease) the land with any conflicts. The land lease is the requirement from the government. It (the investment of Stora Enso) is the investment introduced by the provincial government.If (we) can (choose) not to lease the land to Stora Enso, (we) certainly are not willing to give (the land) to them.⁶¹

Meanwhile, change of land control results in a land shortage of state-owned farms as they have leased out large-scale forestland. Consequentially, these state-owned farms also started to contract land from outside (mainly from rural collectives) in order to compensate for their land loss.

Leasing from rural collectives

Apart from leasing forestland from state-owned farms, another vital approach is to lease land from collectives through negotiations with village leaders/elites. Similar to the previous channel, such land leases are not without state intervention. A village cadre from a county in Guangxi illustrated this well: ‘in the past, the government helped to build connection (between the foreign companies and the village)’.⁶²

This is also a favourable option for foreign investors to hold, because collective-owned forestland is relatively contiguous. However, as previously mentioned, before the entrance of Stora Enso and APP, collective-owned forestland might already be used and/or customarily occupied by a few villagers. Hence, due to such ambiguous ownership of forestland, foreign companies’ land access tends to provoke conflicts.⁶³

Two other key triggers for conflicts via this channel are the illegally signed agreements and the low land rent, in addition to land ownership. The illegal land contracts might be due to the manipulation of a few local elites, as observed by Ping and Nielsen,⁶⁴ or the carelessness of the villagers, as pointed out by an employee of a foreign company.⁶⁵ In some cases, these leases could lead to loss of collective land without compensation, and even without the villagers noticing, which provoked conflicts.⁶⁶ However, in a few cases, because of the illegality that took place during the signing of land contracts, the villagers were rightfully able to have support in getting higher land rent or in getting some land back, as was the case in one village I visited in Guangxi. Land rent is always low, far below the current value of forestland that has increased due to the rise of the ITP sector. According to an official from the Guangxi Forestry Department, forestland rent has increased more than 10 times in Guangxi from the time that land leasing started—so “there are huge conflicts”⁶⁷.

After these land leases, the villagers in question lost their control over the forestland they should have priority to contract⁶⁸. Thus, except for those who have the financial capital to lease land from other villages, most villagers lost a possible opportunity to expand their livelihoods with the rise of the ITP sector. As a village leader in Guangxi explained with regret, ‘at that time, (we) did not know (the price) of the tree is so high. If (we) knew, (we) would distribute the forestland to each household to plant trees by ourselves’.⁶⁹

Leasing from middlemen

Before foreign companies entered Guangxi, part of the forestland had already been contracted to several individuals (both local villagers and investors from outside) based on the social relations and financial capital they possessed.⁷⁰ So, to get access to those land plots, foreign companies needed to subcontract the land from intermediaries (known as ‘big boss’ by villagers).

Such land access is not free from state intervention, as an official from a county explained:

I used to contract some forestland. Because I work in the government, the county (government) mobilised (the officials to take the lead to lease forestland under reforestation movement). Some friends and I together contracted around 4000 mu forestland. Now all (of the forestland) have been given to them (the foreign companies). It is really a loss. But (it is) mobilised (by the government)... every county government has tasks (related to the quantity of land leased to the foreign companies).⁷¹

However, this is a less preferred channel for corporations. Although foreign companies can access large-scale land areas with fewer contacts through intermediaries, the land rent is usually higher compared to direct leasing. As an employee of one foreign company complained:

We want (to get the land from the collective). But we have our plans, and we have some norms. We are surely slower and less flexible than those individuals. They (the individuals) are very fast. They get a lot of land from collectives. (Negotiating with individuals) is not what we want... we have no way. ...They contract from villagers, (with the land rent) at 10,

50 or 100 Yuan per mu. While, we contracted with them (at the price) from 100 to 150 Yuan per mu.⁷²

In addition, investors are disconnected from original land holders/users when acquiring land via this channel. This tends to increase potential conflicts with the affected villagers, especially when the middlemen obtained land through improper means (e.g. coercion) as illustrated by Ping and Nielsen.⁷³

Cooperating with individuals

When the landholders, usually the big ones (called 'Da hu' by villagers), are not willing to lease their land to international companies, the foreign companies (mainly APP), chose to cooperate with these landholders in some cases: landowners plant eucalyptus trees using seedlings, chemical inputs and technologies offered by foreign companies, and the profits are negotiated and divided.⁷⁴

Again, this is not a channel that is independent of state involvement. According to a report from *Economy & Nation Weekly*, the government of Qinzhou City used to require the forestry department of each county to facilitate APP's land access. Following the call, an official in the forestry department of Pubei County (a county of Qinzhou City) represented APP during the signing of cooperation agreements with villagers in the name of the forest department of Pubei County.⁷⁵

This is the least favourable channel for corporations. With such an approach, foreign corporations do not gain direct control of the land, and take more risks (e.g. crop failures or 'side selling' problems).⁷⁶ Moreover, such land access has provoked a myriad of conflicts with villagers. In the case of Pubei County mentioned above, some villagers had not received any payment after two rounds of logging. So those villagers turned down APP's further logging attempts.⁷⁷

Besides the four main channels illustrated above, there are a few other means that Stora Enso and APP use to acquire land (e.g. taking over plantations from individual planters⁷⁸ and leasing land from small landholders). But these are less common and usually occur at a much smaller scale.

However, such change in land control is not static or linear. In practice, some forestland plots are subcontracted by foreign companies to other domestic investors due to frequent typhoons, arson and tree theft. (For example, the ITPs owned by APP in one village of Guangxi were sub-leased to a Chinese entrepreneur, according to my interviews in March 2016.) Meanwhile, some forestland was returned to rural collectives or villagers as a response to related conflicts with affected villagers. To understand these dynamics of land control, the role of the state and of affected villagers in (re)shaping the trajectory of land grabbing should be highlighted.

Generally, foreign companies' land access in Guangxi is more or less facilitated by state actors (especially at the local level): part of their forestland is directly leased from state-owned forest farms; some land plots are subcontracted from officials, their relatives and friends by mobilisation of the state; and some land contracts with rural collectives/individual landholders are based on social networks brokered by local governments. However, such is not the case in all counties across Guangxi. Some county governments are not so enthusiastic, especially when there is no direct revenue generation.⁷⁹

Within such changes in land control, villagers are not simply victims. Some of them were incorporated under different terms: a few villagers became land brokers and facilitated foreign companies' land access; other villagers directly transferred their land holdings to foreign companies in exchange for land rent (via leasing) or partial profits under agreements (via cooperation); and yet some other affected villagers are employed by foreign companies to work in ITPs, although those jobs are usually temporal and seasonal. In this sense, the actions of these villagers essentially promoted the land acquisitions of foreign land investors.

Nevertheless, in the instances where villagers embraced these land investments, some are resisting with tactics including litigation, arson, sabotage, and land encroachment. These conflicts have triggered outcomes ranging from unpaid/underpaid land rent to negative environmental impacts of ITPs.⁸⁰ The resistance, in turn, has a role in (re)shaping foreign land acquisitions.

Faced with resistance from below, both APP and Stora Enso have become cautious about their land access strategies in Guangxi. APP has nearly halted its land acquisition in Guangxi since 2008.⁸¹ Stora Enso reduced the amount of land it controls from 90.2 ha in 2014 to 86.3 ha in 2016, after having started correcting and revising its land leasing contracts in 2009.⁸²

Moreover, in response to the resistance, the provincial government began putting brakes on the rapid and massive expansion of eucalyptus tree plantations.⁸³ Some county governments in Guangxi even issued policies to stop planting eucalyptus trees and have plans to completely remove the ITPs,⁸⁴ which will inevitably affect further expansion of the foreign companies' ITPs.

Conclusion

Foreign companies have indeed gained control over land inside China. Corporations' land investments are driven by the profits that they are able to obtain in China either directly from the ITP sector or from its downstream pulp-paper sector. Such companies have been able to acquire land from state-owned farms, rural collectives, and landholders, and are facilitated by domestic actors, including both state actors and a few villagers.

This paper shows an alternative geographic trajectory of global land grabbing by linking these findings to the global land rush: China, which is cast as either a major land grabber in distant places, or as a key context for crop booms elsewhere, can likewise be a host country for large-scale foreign land investments. Land grabs can take place in any region, even in a traditional 'grabber' country like China, as long as profits are available for capitalists. This insight is also echoed in van der Ploeg, Franco and Borras's work on land grabbing within the Europe Union and Borras et al's research on crop booms in China.⁸⁵ As Karl Marx argued: '[t]he restless never-ending process of profit-making alone is what he (capitalist) aims at.'⁸⁶ The logic of capitalism is to maximise profit. Thus, investors will go wherever they can profit, whether at home or abroad, through whatever channel they can use to gain control over land.

Acknowledgments: BRICS Initiatives for Critical Agrarian Studies (BICAS) with funds from Ford Foundation Beijing has supported part of my fieldwork in southern China. I am grateful to their support. I would also like to acknowledge the extremely critical but very constructive comments from anonymous reviewers that helped improved the quality of this paper. Any remaining errors are mine alone.

Notes

¹ See GRAIN, "The 2008 land grab ", Cotula, "The international political economy " and McKay et al., "China and Latin America" .

² Horta, "Food security in Africa" and Zoomers, "Globalisation and the foreignisation " .

³ Hofman and Ho, "China's 'Developmental Outsourcing'" and Brautigam and Zhang, "Green Dreams: Myth and Reality"

⁴ Author's calculation based on FAO data, accessed on 13th May 2017, <http://www.fao.org/faostat/en/#data/TP> .

⁵ For the analysis of flexing of soybeans and palm oil in China, see Oliveira and Schneider, "The politics of flexing soybeans.", and Alonso-Fradejas et al, "Inquiring into the political economy.".

⁶ Borras and Franco, "Global Land Grabbing"; and Hall, "Land grabs, land control".

⁷ See Siciliano, “ Rural-Urban Migration ”.

⁸ In this paper, different from the definitions of others (e.g. Overbeek, Kroger and Gerber), ITPs refer to monocultures of fast-growing tree crops mainly used for inedible industrial raw materials, including eucalyptus, pine, and acacia trees. Among these, eucalyptus trees have become the most popular in Guangxi, and are thus the main focus in my study.

⁹ The study is based on both the primary data collected from author’s four fieldwork trips in Guangxi in spring 2014, 2015, 2016 and 2017 and the documents from government and company.

¹⁰ See Fairhead et al, “Green Grabbing”

¹¹ Seagle, “Inverting the impacts”.

¹² Mehta et al, :Introduction to the Special Issue”, 193.

¹³ Borras et al, ”Land grabbing in Latin America “,851.

¹⁴ Ibid, p 851.

¹⁵ Hall, “Primitive Accumulation, Accumulation by Dispossession”,1589.

¹⁶ Wolford et al., “Governing Global Land Deals”; and Borras and Franco, “Global Land Grabbing”.

¹⁷ Sino-Forest from Canada and OJI PAPER CO., LTD from Japan also acquired land in Guangxi, but in a much smaller scale and receive much less public attention.

¹⁸ StoraEnso,” Progress Book”, 24.

¹⁹ Ibid, p 5.

²⁰ StoraEnso, “Sustainability Report”, 49.

²¹ APP website, accessed on 21st June 2016, <https://www.asiapulppaper.com/about-app>.

²² See APP-China, “ Sustainability Report 2014”, 7, 30; and APP. 2015. “APP Sustainability Report 2014”, 12-14,47

²³ Field notes, 20th and 21st March 2014.

²⁴ Yuan is Chinese currency. 1 Yuan equals to 0.14 USD.

²⁵ Field notes, 19th March 2015; See Tongxin “The Real Exploration”

²⁶ Accessed on 24th June 2016, <http://www.washingtonexaminer.com/japans-oji-paper-resumes-output-at-china-plant/article/feed/2017721>

²⁷ Green Peace webpage, accessed on 24th June 2016, <http://www.greenpeace.org/china/zh/campaigns/forests/work/work-achivements/app-records/>.

²⁸ APP website, accessed on 20th June 2016, <https://www.asiapulppaper.com/> .

²⁹ APP-China Website, accessed on 20th June 2016, <http://www.app.com.cn/en/about/info/id/123>

³⁰ StoraEnso, “Progress Book”, 11

³¹ Fairhead et al “Green Grabbing”, 251.

³² Mu is a unit for the measurement of land. 15 mu equals 1 hectare.

³³ Field notes 19th March 2015.

³⁴ White et al, “The new enclosures”, 621.

³⁵ The percentage is 47% calculated with FAO data, but the number is ‘80%’ according the interview with an employee from one foreign company (Field notes, 21st March 2014).

³⁶ However, Yan et al observed an opposite trend of land-use change in the soybean sector in China. With huge demands on grain and increased soybean imports, the domestic soybean production has experienced dramatic decline due s series of global and domestic politics.(Yan et al. “China’s soybean crisis”)

³⁷ Field notes, 27th March 2015. But such implication is not one-way. The rise of the ITP sector, in turn, had some (if not a profound) impact on the supply and demand of ITPs, which is encapsulated in

the price decrease of eucalyptus trees in 2016 (to around 400 Yuan per m³) (Field notes, 19th March 2016).

³⁸ Field notes, 20th March 2016.

³⁹ Beibu Gulf Equity Exchange Group, accessed on 27th June 2016,

<http://www.bbwcq.com/index.php?m=content&c=index&a=lists&keywords=%CB%B9%B5%C0%0%AD%B6%F7%CB%F7&no=&catid=19&city=%CB%F9%D3%D0%B5%D8%B5%E3&hy=%CB%F9%D3%D0%D0%D0%D2%B5&submit=%B2%E9%D1%AF>.

⁴⁰ For more analysis on flexing crops, see Borrás et al. "The rise of flex crops".

⁴¹ For example, the 1986 *Provisions to Encourage Foreign Investment* and the 1991 *Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises*.

⁴² Yueh, "China's Going Out".

⁴³ The 1996 Guangxi policy on further opening up, accessed on 8th January 2018,

<http://www.dxgxcpa.com/e-news/dispatchArticle.asp?ID=61>; the 2003 Guangxi preferential tax policy for foreign investors, accessed on 8th January 2018,

<http://www.mofcom.gov.cn/article/b/g/200403/20040300192586.shtml>.

⁴⁴ Rozelle, "Decision-making in China's".

⁴⁵ So, "Peasant conflict", 565.

⁴⁶ Wu and Heerink, "Foreign direct investment"

⁴⁷ Collective-owned land is the land owned by rural collectives. It is the land that all of the villagers in the community can commonly use.

⁴⁸ '北休、西治、东扩和南用' (People's Daily Online, accessed on 30th June 2016,

<http://people.com.cn/GB/paper85/15907/1406021.html>)

⁴⁹ The staff from Guangxi Forestry Department, Field notes, 4th March 2015.

⁵⁰ Li, "Dynamic studies", 27.

⁵¹ one in 1990s aiming at recovering waste forestland and another in 2000s to return forestland occupied for food production.

⁵² Field notes, 20th March 2015.

⁵³ Field notes, 3rd March 2016.

⁵⁴ As mentioned by Ho and Spoor, without a clear assignment of property rights and with the state's ultimate control, Chinese land system is proven to be secure and successful.

⁵⁵ Field notes, 6th March 2015.

⁵⁶ From central government website, accessed on 22nd April 2016, http://www.gov.cn/jrzq/2012-10/29/content_2252860.htm

⁵⁷ StoraEnso, Sustainability Report, 17.

⁵⁸ After the reform of public institutions in China, 'Guangxi Forestry Group has unhooked from the Guangxi Forest Department and belongs to State-owned Assets Supervision and Administration Commission of the State Council now' (Field notes, 4th March 2015).

⁵⁹ Accessed on 1st July 2016, <http://www.gxlyjt.com/news/shownews.php?lang=cn&id=164>.

⁶⁰ According to an employee of APP, these forestland plots are located in the east and north of Guangxi, far away from their pulp factory in Qinzhou and in a climate unsuitable for planting eucalyptus trees, Field notes, 20th March 2014.

⁶¹ Field notes, 10th March 2015.

⁶² Field notes 18th March 2015.

⁶³ As the case I interviewed in one village in Guangxi (Field notes, 4th March 2016), it led to the return of land from a foreign investor later.

⁶⁴ Li and Nielsen. "A Case Study on", 18-19.

⁶⁵ According to the employee, “In the past, villagers do not know eucalyptus trees, and do not know how many economic benefits (can be gained from) this tree crop...they thought forestland is valueless. So, when signing agreements, many of them did not care. A lot of people were not at home. Some called phones and said: ‘anyway, I did not use that thing (forestland), you just forest it.’ Some asked other villagers to sign their names. .. (Some agreements) do not have enough signatures.” (Field notes, 19th March 2015)

⁶⁶ Li and Nielsen. “A Case Study”

⁶⁷ Zhang, “Eucalyptus Trees Enclosure”.

⁶⁸ According to *Law of the People's Republic of China on the Contracting of Rural Land*, villagers have priorities to contract the collective-owned land from their collectives.

⁶⁹ Field notes, 2nd March 2016.

⁷⁰ Most of large-scale land owners I interviewed are either local elites or the relatives/friends of the local elites during my fieldwork in 2015 and 2016.

⁷¹ Field notes, 17th March 2015.

⁷² Field notes, 19th March 2015.

⁷³ Li and Nielsen, “A Case Study”.

⁷⁴ For example, 30% for villagers and 70% for the company, according to official of local forestry department, the employees of the foreign companies, individual entrepreneurs and villagers (Field notes, 17th and 19th March, 13th April 2015 and 3rd March 2016).

⁷⁵ Zhang, “Eucalyptus Trees Enclosure”.

⁷⁶ It refers to the phenomenon that individuals do not sell products to contracted companies, but another who can give a higher price. It is quite common in rural China as also observed by Zhang, “The Political Economy”

⁷⁷ Zhang, “Eucalyptus Trees Enclosure”

⁷⁸ As the case I interviewed on 20th March 2015, a villager contracted the 10s mu of forestland to Stora Enso for 30 years together with eucalyptus trees already cultivated due to the poor road condition in his village.

⁷⁹ Only in the counties where the big paper-pulp company or processing factories/mills are built, the governments can get tax, as planting eucalyptus trees per se is not taxed.

⁸⁰ For more analysis on villager’s political reactions to ITPs in Guangxi, see Xu, “Politics of inclusion”.

⁸¹ See Tongxin, “The Real Exploration”

⁸² An official reply from Stora Enso online, accessed on 25th April 2016,

<http://www.beihai365.com/bbs/m/iphonetest/read.php?tid=3443840&onlylz=1>; and Sustainability Report. In *Stora Enso’s Annual Report 2015*, 47.

⁸³ As the central state will require the provincial government to deal with the conflicts.

⁸⁴ Web news, accessed on 29th April 2016, <http://news.sohu.com/20060411/n242749631.shtml>, <http://www.eeo.com.cn/2014/0815/264952.shtml>.

⁸⁵ van der Ploeg, Franco and Borrás, “Land concentration and land grabbing”; Borrás et al, “Land control and crop booms”

⁸⁶ Marx, 1992. *Capital*: Vol. 1, 107.

Bibliography

- Alonso-Fradejas, Alberto, Juan Liu, Tania Salerno, and Yunan Xu. "Inquiring into the political economy of oil palm as a global flex crop." *The Journal of Peasant Studies* 43, no. 1 (2016): 141-165.
- APP.APP Sustainability Report 2014. 2015
- APP-China. APP-China Sustainability Report 2014. 2015.
- Brautigam, D., and H. Zhang. "Green Dreams: Myth and Reality in China's Agricultural Investment in Africa." *Third World Quarterly* 34, no. 9 (2013): 1676-1696.
- Borras Jr, Saturnino M., Jennifer C. Franco, S. Ryan Isakson, Les Levidow, and Pietje Vervest. "The rise of flex crops and commodities: implications for research." *The Journal of Peasant Studies* 43. no. 1(2016): 93-115.
- Borras Jr, Saturnino M., and Jennifer C. Franco. 'Global Land Grabbing and Political Reactions 'From Below'.' *Third World Quarterly* 34.no. 9(2013):1723-1747
- Borras Jr, Saturnino M., Jennifer C. Franco, Sergio Gómez, Cristóbal Kay, and Max Spoor. "Land grabbing in Latin America and the Caribbean." *Journal of Peasant Studies* 39. no. 3-4 (2012): 845-872,
- Borras Jr, Saturnino M., Juan Liu, Zhen Hu, Hua Li, Chunyu Wang, Yunan Xu, Jennifer C. Franco, and Jingzhong Ye. "Land control and crop booms inside China: implications for how we think about the global land rush." *Globalizations* (2017): 1-18.
- Cotula, Lorenzo. "The international political economy of the global land rush: A critical appraisal of trends, scale, geography and drivers." *The Journal of Peasant Studies* 39.no. 39 3-4(2012) : 649-680.
- Fairhead, James, Melissa Leach, and Ian Scoones."Green Grabbing: a new appropriation of nature?" *Journal of Peasant Studies* 39.no. 2(2012):237-261
- GRAIN, Seized. "The 2008 land grab for food and financial security." October 2008
- Hairong, Yan, Chen Yiyuan, and Ku Hok Bun. "China's soybean crisis: the logic of modernization and its discontents." *The Journal of Peasant Studies* 43, no. 2 (2016): 373-395.
- Hall, Derek. "Primitive Accumulation, Accumulation by Dispossession and the Global Land Grab." *Third World Quarterly* 34. no. 9(2013) : 1582-1604.
- Ho, Peter, and Max Spoor. "Whose land? The political economy of land titling in transitional economies." *Land use policy* 23, no. 4 (2006): 580-587.
- Hofman, Irna, and Peter Ho. "China's 'Developmental Outsourcing': A critical examination of Chinese global 'land grabs' discourse." *The Journal of Peasant Studies* 39. no. 1 (2012) :1-48.
- Horta, Loro. "Food security in Africa: China's new rice bowl." *China Brief* 9. no. 11(2009): 10-12.
- Li, Ming. "Dynamic studies about the Forest Resource in Guangxi [Guangxi Senlin Ziyuan Dongtai Yanjiu]", Guangxi University. 2008.
- Marx, Karl. Capital: Vol. 1, A Critique of Political Economy, trans. Ben Fowkes. New York: Penguin, 1992.
- M. McKay, Ben, Alberto Alonso-Fradejas, Zoe W. Brent, Sérgio Sauer, and Yunan Xu. "China and Latin America: towards a new consensus of resource control?." *Third World Thematics: A TWQ Journal* 1, no. 5 (2016): 592-611.
- Mehta, Lyla, Gert Jan Veldwisch, and Jennifer Franco. "Introduction to the Special Issue: Water grabbing? Focus on the (re) appropriation of finite water resources." *Water Alternatives* no. 5, 2 (2012).
- Ping, Li, and Robin Nielsen. "A Case Study on Large-Scale Forestland Acquisition in China: the Stora Enso plantation project in Hepu County, Guangxi Province". Rights and Resources Initiative, Washington DC. 2010.
- Oliveira, Gustavo de LT, and Mindi Schneider. "The politics of flexing soybeans: China, Brazil and global agroindustrial restructuring." *The Journal of Peasant Studies* 43, no. 1 (2016): 167-194.

- Rozelle, Scott. "Decision-making in China's rural economy: the linkages between village leaders and farm households." *The China Quarterly* 137 (1994): 99-124.
- Seagle, C. "Inverting the impacts: Mining, conservation and sustainability claims near the Rio Tinto/QMM ilmenite mine in Southeast Madagascar." *Journal of Peasant Studies* 39. no. 2(2012.): 447-477
- So, Alvin Y. "Peasant conflict and the local predatory state in the Chinese countryside." *Journal of Peasant Studies* 34. 3-4(2007.): 560-581.
- Siciliano, Giuseppina. "Rural - Urban Migration and Domestic Land Grabbing in China." *Population, Space and Place* 20. no. 4(2014):333-351
- StoraEnso. "Sustainability Report". In *Stora Enso's Annual Report 2015*. 2016.
- StoraEnso. "Progress Book". In *Stora Enso's Annual Report 2015*: Stora Enso.2016.
- Tongxin. "The Real Exploration of the 'Plantation-Pulp-Paper integration' 林浆纸一体化探索" 2015, accessed on 21st June 2016, <http://www.yicai.com/news/4730287.html>.
- Wu, Yan, and Nico Heerink. "Foreign direct investment, fiscal decentralization and land conflicts in China." *China Economic Review* 38 (2016): 92-107.
- van der Ploeg, Jan Douwe, Jennifer C. Franco, and Saturnino M. Borras Jr. "Land concentration and land grabbing in Europe: a preliminary analysis." *Canadian Journal of Development Studies* 36, no. 2 (2015): 147-162.
- White, B., S. M. Borras, R. Hall, I. Scoones, and W. Wolford. "The new enclosures: critical perspectives on corporate land deals." *Journal of Peasant Studies* 39. no. 3-4(2012):619-647.
- Wolford, W., S. M. Borras, R. Hall, I. Scoones, and B. White. "Governing Global Land Deals: The Role of the State in the Rush for Land" *Development and Change* 44.no. 2(2013):189-210.
- Xu, Yunan. Politics of inclusion and exclusion in the Chinese industrial tree plantation sector: The global resource rush seen from inside China. *Journal of Peasant Studies* (2018).
- Yueh, Linda. China's Going Out, Bringing In Policy: the Geo-economics of China's rise." *IISS The International Institute of Strategic Studies seminar paper*. 2012."
- Zhang Chao. "Eucalyptus Trees Enclosure Forestland (桉树圈林)". *Economy & Nation Weekly (财经国家周刊)*. 2010.
- Zhang, Q. F. "The Political Economy of Contract Farming in China's Agrarian Transition." *Journal of Agrarian Change* 12. no. 4(2012):460-483.
- Zoomers, Annelies. "Globalisation and the foreignisation of space: seven processes driving the current global land grab." *The Journal of Peasant Studies* 37. no. 2(2010): 429-447.