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Gustavo de L. T. Oliveira

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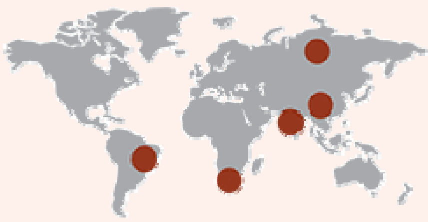

Chinese and Other Foreign Investments in the Brazilian Soybean Complex

by Gustavo de L. T. Oliveira

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Abstract

As Brazil and China become the world's leading exporter and importer of soybeans respectively, Chinese companies have sought investments in Brazil to wrest greater control over the flows and profits of the international soybean trade from North Atlantic-based transnational companies. While some promote these as positive "South-South cooperation", many others condemn them as neocolonial "land grabs" that displace peasants, cause environmental degradation, and deindustrialize the Brazilian economy. But what is particularly striking is how they have been singled out as major investors that "bought up Africa and are now trying to buy Brazil", while other foreign investors – particularly from the US, EU, Argentina, and Japan – have been almost ignored in mainstream discourse about land grabs in Brazil. Current research reveals that China still lags far behind investors from the "old hubs" of global capital, and there is evidence that the differences between Chinese and other foreign investors are far less significant than has often been presumed. This working paper begins with a detailed discussion of data sources on these investments, then briefly outlines the Chinese investments that are in fact taking place in the soybean complex in Brazil, with an overview of other major foreign investments in this sector. It then discusses the following questions: Why have Chinese agribusinesses been singled out for concern over land grabbing in Brazil, since the size and amount of their investments – particularly when compared with those form the "old hubs" of global capital – are in fact relatively small? Who are the actors in Brazil that have contributed to this apparent sinophobia, and who has challenged it? Who benefits? And how have Chinese investments themselves been affected by this disproportionately negative attention? I conclude that troubling questions commonly raised against Chinese investments in the Brazilian soybean complex should actually address the entire transnational soybean production system regardless of the national character of any particular companies or their cross-border relations.

Keywords: Brazil, China, South-South cooperation, land grabs, agribusiness, foreign investments, geopolitics

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1 Introduction

The economic and political emergence of China and Brazil is arguably the most important process currently transforming the global food and agricultural regime, with vast yet unclear economic, ecological, and geopolitical repercussions for the 21st century. As Brazil and China become the world's leading exporter and importer of soybeans respectively, Chinese agribusinesses have sought investments in Brazil to wrest greater control over the flows and profits of the international soybean trade from North Atlantic-based transnational companies. While some promote these developments as necessary for the development of emergent economies and positive "South-South cooperation" (Zou, Long, and Hu 2010; H. Oliveira 2010), many others condemn them as neocolonial "land grabs" that displace peasants, cause environmental degradation, and deindustrialize the Brazilian economy (Grain 2008; Jenkins and Barbosa 2012). Peasant movement protests, nationalist sentiments, and domestic agribusiness interests prompted the Brazilian government to tighten restrictions on foreign investments in farmland since 2010 (A. Oliveira 2010; Perrone 2013), but paradoxically the number of Brazil-China agroindustrial partnerships actually increased and Chinese agroindustrial capital in Brazil has intensified since then (CEBC 2013, 2014).

Neither "land grab" nor "South-South cooperation" discourse do justice to the complexity we have witnessed since Chinese investments have begun taking shape in the Brazilian soybean complex during recent years. Some Chinese agribusinesses have indeed made investments in soybean production and commercialization of related agrochemicals, others have focused on port and logistics infrastructure, while still others have failed to establish themselves within the Brazilian soybean complex altogether. Whether Chinese investors have succeeded or failed to establish themselves in Brazil, what is particularly striking is the manner in which they have been singled out as major investors that "bought up Africa and are now trying to buy Brazil" (Delfim Neto, quoted in O Estado de São Paulo 2010), while other foreign investors – particularly from the US and EU, but also including new entrants from Argentina and Japan – have been almost ignored in mainstream discourse and media reports about land grabs/foreignization of land in Brazil in general, and foreign investments throughout the soybean production chain in particular.

There is very limited academic research that disaggregates homogeneities of Chinese investments abroad and situates them in relation to investments from the "old hubs" of global capital in the US, Europe and Japan (Armony and Strauss 2012; Smaller, Wei and Liu 2012). Some of the best studies on foreign investments in Brazilian agribusinesses reveal that Chinese companies still lag far behind investors from the "old hubs" of global capital (Wilkinson, Reydon and di Sabatto 2012), so the attention Chinese investments have received in Brazilian and international media appears disproportionate. Moreover, there is evidence that the differences between Chinese and other foreign investors are far less significant than has been presumed (Goetz forthcoming; Hofman and Ho 2012). This working paper identifies current Chinese investments in Brazilian soybean agribusiness and related agrochemicals, port, storage, and transportation infrastructure, and situates them in the context of other major foreign investments in Brazilian soybean agribusiness and related infrastructure. Thereby it aims to reveal whether and how Chinese investments in Brazilian soybean agribusiness and related infrastructure differ from investments from the "old hubs" of global capital.

In particular, the working paper addresses the following questions: why have Chinese agribusinesses been singled out for concern over land grabbing in Brazil, since the size and amount of their investments – particularly when compared with US, EU, Argentinian, and Japanese investments – are in fact relatively small? Who are the actors in Brazil who have contributed to this apparent sinophobia, and who are the actors who have challenged it? Who benefits? And how have Chinese investments themselves been affected by the legal restrictions on foreign investments in farmland, and the disproportionate concern over their entrance into the soybean complex in Brazil?

I begin with a detailed discussion of various data sources on these investments, then I outline the Chinese investments that are in fact taking place in the soybean complex in Brazil, and briefly overview other major foreign investments in this sector. Based upon this empirical sketch, I then engage the questions listed above and provide some preliminary thoughts on how Chinese investments have been transformed through this apparent sinophobia. I conclude that troubling questions commonly raised against Chinese investments in the Brazilian soybean complex should actually address the entire transnational soybean production system regardless of the national character of any particular companies or their cross-border relations.

2 Methodological Challenges

The Central Bank of Brazil (BC) is the only institution that holds definite data on foreign investments in Brazil, and presumably it would be able to identify both the ultimate source of the capital and the specific sectors to which it is directed. This is because all foreign investors must report to the BC the ultimate origin of the capital as well as its intended use in Brazil. However, legal requirements of "financial secrecy" (*sigilo bancário* in Portuguese) prohibit the BC from making any specific transactions or company data public. Therefore, the institution's public reports may provide an overview of capital influx by national origin and sector-wide destination of investments. However, these public reports are not that useful for the purposes of investigating foreign investments, especially when focused on a specific and multifaceted production chain such as the soybean complex.

First, and most importantly, public reports by the BC may not actually identify the *ultimate* source of this capital influx. Much foreign investment across all sectors and countries tends to be directed through intermediate countries – especially "tax havens" such as the Cayman Islands and the City of London – for legitimate economic purposes of facilitating transnational capital flow, and illegitimate interests in tax evasion and money laundering. In the case of China in particular, there is the added difficulty that even state-owned companies usually transfer their capital through subsidiaries in Hong Kong or Singapore before forwarding it directly to the country of destination or indirectly via a third country or tax haven. The BC is technically required to identify the ultimate source of the capital, regardless of how many other countries it has travelled through on its way to Brazil. However, this is not always technically possible or politically expedient, and Chinese investors have been frequently advised by some Brazilian law firms on how to channel their capital through such means as to avoid various bureaucratic difficulties and "unnecessary" taxation.[1] Public BC data remain somewhat useful in so far as it demonstrates broad patterns of an increasing flux of Chinese capital into Brazil, and an increasing flux of foreign capital towards agribusiness and related sectors, for example, infrastructure. In developing this working paper into a full article, I intend to draw on public BC reports to depict the manner in which its data may be used and represented. Unfortunately, without triangulating this data with other sources and verifying these investments through fieldwork, no conclusions should be drawn about absolute or comparative amounts of Chinese investments in a specific production chain like the soybean complex.

A second important challenge to using BC data is regarding the manner in which it aggregates economic sectors into which foreign capital flow. Simply put, it is impossible to differentiate agricultural investments according to the particular production chains to which it will be incorporated (i.e. soy and grains, ranching, sugarcane, eucalyptus and pine, coffee, or other commodities). The situation is similar with investments in agroindustrial processing, and even more complicated regarding logistics infrastructure (e.g. warehouses, port terminals, or barges to transport agricultural, mineral, or other commodities). As will be discussed further below, identifying investments across this entire spectrum of the soybean complex is absolutely necessary to adequately understand the manner that Chinese capital is flowing into Brazilian

[1] Interviews with major law firms in Brazil that have specialized desks to attend Chinese companies and other foreign investors, São Paulo, 2014 and 2015. Greater details forthcoming in my dissertation.

soybean agribusiness, and then compare it to the flux from the "old hubs" of global capital.

Given the challenges to working with BC data, the Brazilian Ministry of Development, Industry, and Foreign Trade (MDIC) becomes the institution with the most detailed and useful data on foreign investments in specific sectors of the Brazilian economy. This Ministry's National Network of Information about Investments (RENAI) produced three special reports on investments from France (2004-2011), Japan (2004-2011), and China (2003-2011). The report on Chinese investments only identifies two agribusiness deals in Brazil during this eight-year period, and characterized them simply as investments in "Food and Tobacco" and by their region of destination in Brazil (RENAI 2012c). RENAI also produces more in-depth bi-annual reports that identify specific investment deals by national origin, sector and place of destination, and sometimes the particular companies and specific purposes to which their investments are directed, such as purchasing land for soybean farming, building a soybean crushing facility, or acquiring warehouses and port terminals to export soybean and its byproducts. Based on these bi-annual reports, we can identify the two Chinese investments mentioned above as the USD 300 million investment by the Chongqing Grain Group in Bahia (discussed further below), and a USD 2.6 million investment in Rio Grande do Sul's tobacco sector. Table 1 (below) synthesizes RENAI data on foreign investments in the Brazilian soybean complex from 2009 to the first semester of 2014, but in this working paper, mention of agrochemical and agricultural machinery production is excluded.

Table 1: RENAI data on foreign investments in the Brazilian soybean complex: 2009 to mid-2014 (millions of USD, rounded to the nearest million)

Origin	Seed and Soy Production[§]	Soybean Processing[¶]	Silos and Warehouses[⌘]	Port and Railroad[⌘]	Total
Japan	-	-	3.931[2]		3.931
France	30[3]	9[4]	667[5]	2.000	2.706
Netherlands	-	36	-	2.420[6]	2.456
USA	809[7]	389	30[8]	96	1.324
China	300		2.100 (cited in 2011, retracted in 2012)		300
Hong Kong	-	200[9]	-	-	200
Russia	-	-	117[10]	-	117
Portugal	-	58	-	-	58
Total					11.092

Source: Elaborated by the author from RENAI 2009a, 2009b, 2010a, 2010b, 2011a, 2011b, 2012a, 2012b, 2012c, 2013a, 2013b, 2014

[2] Includes a joint venture between Mitsui and the Brazilian company Vale do Rio Doce for the acquisition of railroad carts, expansion of railway access, and construction of three port terminals in Santos to transport soybeans and soy meal, as well as fertilizer, sugar, other grains, and minerals; and the acquisition of a port terminal and warehouse by Marubeni devoted primarily to soybean exports.

[3] A seed production unit by Limagrain Guerra, a French-Brazilian joint venture.

[4] A soybean crushing facility reactivated by Agrenco, a French-Brazilian joint venture.

[5] A joint venture between the French Luis Dreyfus Commodities and the Brazilian Amaggi Group.

[6] Includes a joint venture between the Port of Rotterdam and the Brazilian TPK Logistics company for the construction of a port complex that will transport soy among a wide variety of other agricultural and mineral commodities, fertilizer, containers, etc.; and a significantly smaller port investment (USD 55 million) by Nidera, see discussion below.

[7] Includes USD 687 million in expansion projects by V-Agro, a soy/cotton/maize production company owned primarily by Brazilian agribusiness executives with US and European investors capital, see discussion below.

[8] Silos constructed by V-Agro, mentioned in the previous footnote.

[9] A soybean processing facility constructed by the Noble Group, see discussion below.

[10] A joint venture of the Russian company Sodrugestvo with the Brazilian company Carol.

§ Includes acquisition of farmland, equipment, and other production costs cited by companies that use soybeans as one of their main products.

¶ Includes soybean crushing and biodiesel production facilities when soybean is cited as the main feedstock, and the directly associated silos and warehouses.

⌘ Includes total investment when soybeans are among the main commodities stored/traded through this infrastructure.

Despite the appearance of completeness and fine-grained detail, there are still important challenges to drawing any strong conclusions from MDIC-RENAI data. First of all, foreign investors are not required to report to the MDIC like they report to the BC, and despite having made such requests, the MDIC does not have access to BC data. Instead, RENAI reports are produced through the collection of state government reports, and by scouring media reports of planned investments by foreign and domestic companies in Brazil. Obviously, this databank misses all capital flows that are not reported to state governments or in mainstream media sources. Most significantly, RENAI is unable to differentiate *announced* from *actual* investments. This is because RENAI does not seek to obtain confirmation from the companies themselves about their announcements, and the companies may have ulterior motives to confirm or not confirm announced investments. For example, in the particular case of the Chongqing Grain Group investment, original announcements in 2010 and 2011 included – in addition to farmland for soybean production and a processing facility – the construction of warehouses, a fertilizer production facility, and a railroad linking their agroindustrial complex to a new port terminal, totaling an estimated USD 2.4 billion. RENAI cited this entire mega-project in 2011, but then correctly retracted everything but USD 300 million for soybean production and processing in their 2012 special report on Chinese investments in Brazil (RENAI 2011a, 2012c). However, as discussed further below, this company has now also abandoned the soybean processing facility project, but they and their Brazilian partners continue to confirm this announced investment publicly in order to sustain political gains at home and abroad that rest on the completion of this project. The caveat provided by RENAI and reproduced in of each of their bi-yearly reports is worth quoting at length:

> It is worth highlighting that this product by RENAI does not constitute a survey or analysis of investments effectively realized in the Brazilian economy. Its purpose is to present the intentions announced for the execution of future investment projects. Therefore, we recommend that the use of this information should take into account the specificities of the methodology adopted, and we take no responsibility for investment decisions taken with basis on the information provided. Finally, we highlight that the Report reflects the dynamic character of the data bank: as the managing team of RENAI updates data previously reported, newer versions of the bi-yearly reports are made available with more representative information of the perspective of investments in the country. RENAI does not follow-up on the realization of the investments registered (RENAI 2014: 2).

In any case, it is possible to infer from RENAI data that Chinese investments in the Brazilian soybean complex are significantly smaller than those from "old hubs" of capital such as Japan, France, the Netherlands, and the USA. This is the case, even considering that the heftiest investments included in Table 1, i.e. port and associated railroad investments, certainly attend multiple commodity production and commercialization chains beyond soybeans alone, and that several of the investments announced are joint ventures between foreign and Brazilian companies. Some examples of the latter are the joint ventures between the French-based Luis Dreyfus Commodities and the Brazilian Amaggi Group for warehouse and port terminal construction, and the V-Agro agribusiness production company, composed primarily of US and

Brazilian capital. In developing this working paper into a full article, I intend to expand this analysis to include all RENAI data available (2004 to 2015). I will also analyze agrochemical and machinery investments that partially integrate the soybean complex, almost all of which originated in the US and Europe, with a single case involving a Chinese company (the Chongqing Huapont Pharm Co.). Based upon my preliminary analysis of this expanded dataset, adding agrochemical and agricultural machinery companies to the study make it even clearer that Chinese investments are dwarfed in comparison with those originating from the "old hubs" of capital in the soybean complex of Brazil.

Other Brazilian government institutions that could have some data on foreign investments in the soybean complex are the Ministry of Agriculture, Ranching, and Supply and the Ministry of Foreign Affairs (MAPA and MRE respectively). However, MAPA has only designated a two-person team to the task of tracking and encouraging foreign investments in the agribusiness sector in 2013, and their focus is primarily on attracting investment and not on tracking or analyzing current or proposed investments.[11] MRE, on the other hand, relies on information supplied by other government agencies, since foreign companies making investments in Brazil are not required to report to the MRE, and it does not have the structure to survey these investments on its own. Regarding agribusiness, the home office of the MRE in Brazil has a greater sectorial focus on opening new markets abroad, devoting a full department with several staff members to this task. Synthesizing information about inbound investments, however, appears to remain a task decentralized to the various country- and region-based departments. In my interview with the director of the East Asia Department and the director of the China and Mongolia Division, for example, it was they who learned new information from me about which specific Chinese companies are actually undertaking investments in Brazilian agribusiness, and not vice-versa.[12]

On the originating side of these investments, the Chinese government's Ministry of Commerce (MOFCOM) publicly releases yearly *Statistical Bulletins on China's Outward Foreign Direct Investment*, but these do not usually specify particular companies or fine-grained sectorial information. In other words, we might be able to gather aggregate data on Chinese investments in agriculture abroad, and the amount of investment in Brazil, but it would be impossible (without access to MOFCOM's non-public data) to determine which particular companies account for these investments, and into which specific production chains they intend to invest in Brazil. As was the case with BC data discussed above, it is also particularly difficult to disaggregate data on agroindustrial and infrastructure investments according to the specific commodity production chain they pertain to (e.g. the soybean sector in particular). These reports do indicate in general that China's investments in Brazil have expanded significantly over the past years, particularly after 2010, but that agriculture remains an almost insignificant sector when compared with petroleum extraction, energy grid management, mining, automotive industry, and manufacturing. In revising this working paper into a journal article, I intend to illustrate these broad trends drawing on MOFCOM's 2014 Statistical Bulletin of China's Outward Foreign Direct Investment, soon to be released.

More usefully, however, MOFCOM does release public data on which Chinese companies seek permission to undertake investments abroad, and this data includes the proposed destination and intended activities of the company abroad. Table 2 (below) synthesizes all companies listed by MOFCOM that have sought permission to undertake investments in soybean production in Brazil from 2002 to 2012. I have also included soybean crushing companies seeking permission to undertake related investments in Brazil, and companies operating in agrochemical sectors known to integrate the soybean complex. In revising this

[11] Interviews with the investment promotion agents at MAPA, Brasília, 2014.

[12] Interviews at the Ministry of Foreign Relations, Brasília, 2014. Please note, however, that these interviews were very valuable and informative for my broader dissertation project. My mention of their limited knowledge of the investments under discussion should not be understood as a critique of their deep and broad knowledge of Sino-Brazilian relations and great willingness to support my research.

working paper for publication as a journal article, I intend to include more recent data from 2013 to 2015 as well.

Table 2: MOFCOM data on companies that sought permission to undertake investments in Brazil from 2002 to 2012

Company	Name adopted in Brazil	Date request filed	Investment activity reported
Shandong Rainbow Chemical Co. Ltd. 山东潍坊润丰化工有限公司	Rainbow Defensivos Agrícolas Ltda. But reported to MOFCOM as Rainbow Agricultural Science of Brazil Co., Ltd.	7/27/2012	Wholesale trade of packaging and processing for agricultural chemicals, fertilizers, and veterinary medicines; retail of veterinary medicines and other related products.
Chongqing Red Dragonfly Oil Co. Ltd.[13] 重庆红蜻蜓油脂有限责任公司	Universo Verde Agronegócios, Ltda.	5/29/2012	Soybean production, processing, purchasing, and exports; vegetable oil refining; cotton and sugarcane production; seed, agrochemical, and machinery production; and agribusiness consultancy.
Chinatex Grain & Oils Import and Export Co. Ltd. 中纺粮油进出口有限责任公司	Chinatex Grãos e Óleos Importação e Importação do Brasil, Ltda.	1/18/2012	Import and export.
Chongqing Huapont Pharm Co., Ltd. 重庆华邦制药股份有限公司	CCAB Agro S.A.	12/8/2011	Pesticides and herbicides.
Zhejiang Fudi Agriculture Co., Ltd. 浙江福地农业有限公司	Sol Agrícola Ltda.	3/30/2011	Primarily soybean production; also other grains, tobacco, and trees; agrochemicals, fertilizers, and machinery.
Sanhe Hopeful Grain and Oil Co., Ltd. 三河汇福粮油集团有限公司	Gofco Investimentos Ltda. But reported to MOFCOM as Gufangde（谷方德）(Brazil) Investment Co., Ltd.	12/10/2010	Investment holding and international trade.
Ningbo Tide Import & Export Co., Ltd. 宁波泰达进出口有限公司	Tide do Brasil, Ltda.	4/13/2010	Wholesale and retail of agrochemicals and other chemical products

Source: Elaborated by the author and Xu Siyuan from MOFCOM 2013

[13] The main company in the Chongqing Grain Group, 重庆粮食集团.

Unfortunately, MOFCOM data – like all data readily available from China's statistical sources – has a widespread reputation for inaccuracy and opacity. Its quantitative data on outbound (and inbound) foreign investments in particular should not be taken at face value for many of the same reasons discussed above regarding BC data, and also because some government officials have a strong interest in exaggerating data reported (as their evaluations depend partially on the demonstration of such economic performance), while on the other hand companies have an interest in underreporting investments in order to avoid taxation and permit requirements (Rosen and Hanemann 2009, Salidjanova 2011). Thus, this data may only characterize the broad trends and general characteristics of China's foreign investments. More qualitative data presented in Table 2 also has significant limitations. First and most clearly, it only represents the companies' *intention* to undertake such investments in Brazil, not their actual realization. Companies have an interest in seeking permission for a wider set of investments than they might actually undertake in order to facilitate possible expansion of their activities in the future. Perhaps most sensitively, SOEs in particular were suspected of occasionally seeking foreign investment permits from MOFCOM (and other necessary documents) merely to obtain funds from state-owned banks, transfer the first batch of this money to tax havens for personal use, and abandon the project thereafter. Smaller Chinese companies might also seek permits for speculative purposes alone: even without planning to actually undertake any investments, they can increase the sale-value of their company for competitors who might then acquire them in order to facilitate and/or speed up their own intended investments abroad.[14] Second, Chinese companies operating through subsidiaries in Hong Kong or elsewhere are not identified in this databank since they may avoid this requirement for permission for MOFCOM altogether. Finally, it is also possible that some Chinese companies – particularly smaller private companies – are in fact undertaking investments in Brazil and elsewhere without obtaining official permission (Rosen and Hanemann 2009). Preliminary results of ongoing fieldwork indicate some evidence that this is taking place in the soy and related agroindustrial complexes, but these nowhere amount to the exorbitant "7 million hectares" cited by some of the more alarmist accounts (Acioly, Pinto and Cintra 2010; Nakatani et al 2014), as will be discussed in my forthcoming dissertation.

There are a variety of universities, think tanks and other institutions that have some interest in the topic of Chinese investments in Brazil and the soybean complex in particular. The Chinese government's Ministry of Agriculture (MoA) and MOFCOM have departments that deal specifically with outbound foreign investments, and the latter had been primarily responsible for China's "going out" policy until last year, when the responsibility was decentralized to several sector-specific ministries. Both Ministries also have associated research institutions that generate data and policy recommendations for the government. Unfortunately, MoA and MOFCOM officials from the relevant departments refused to give interviews on this topic, claiming they could not provide any public information on the companies and their investment activities abroad, and redirected me to their research institutions. The MoA's research institution released its first major report on the topic of Chinese investments in agriculture abroad in December of last year (Song et al 2014), which will be discussed in further detail when this working paper is expanded into a journal article, since I am still reading and analyzing this document. The MOFCOM research institution received me for an interview and provided a general report on Chinese investments in Brazil and the rest of Latin America, however this report does not include any information not already included in the Ministry's Statistical Bulletins or list of companies that sought permission to undertaken investments abroad. The researcher responsible for Brazil knew less than me about the number or character of Chinese investments in the Brazilian soybean complex, and explained that since agriculture accounts for only a small share of Chinese investments in this region, she has not attempted to elaborate more fine-grained research on this topic.[15] I

[14] Interviews with Brazilian lawyers, government officials, and industrial association representatives who asked to remain anonymous in their account of this information, Brasilia and São Paulo 2014, Beijing and Shanghai 2015.

[15] Interview with researcher at the Department of American & Oceanian Studies, Institute of World Economy, Chinese

had similar interviews with one of China's former ambassadors to Brazil, and the head of the Brazil Studies Institute at the Chinese Academy of Social Sciences.[16]

Among Chinese universities, studies on Chinese agribusiness investments in Brazil (and Latin America) that identify particular companies and sectors are very rare. Guo Jie from Beijing University only confirmed two Chinese investments in the soy complex of Brazil, the first by the Zhejiang Fudi Agriculture Co., which has since sold a majority stake to the Chongqing Grain Group's subsidiary in Brazil. She also identified – but did not confirm – announced investments by Sanhe Hopeful Oil and Food Co. (discussed in further detail below), and six other companies that only have commercial interest in soybean imports or agrochemical exports, unspecified agribusiness interests in Brazil, or operate in other commodity production chains (Guo 2013, cf. Zhou, Liu and Guo 2011). A more recent study by Ma Xin and Tian Zhihong from China Agricultural University only identified four Chinese companies with agribusiness investments in Brazil, citing only Zhejiang Fudi Agriculture Co. and the Chongqing Grain Group operating in the soybean sector (Ma and Tian 2015), and two others in unrelated sectors. Unfortunately, no Chinese scholars have been able to undertake fieldwork in Brazil to produce more in-depth analysis with more and better data.

In Brazil, I had similar experiences with the federal government's Institute for Applied Economic Research (IPEA), the National Confederation of Agriculture (CNA), the National Confederation of Industry (CNI), the National Confederation of Transports (CNT), and all their associated research institutions.[17] None of these institutions have produced systematic reports on Chinese investments in Brazil, and their knowledge of specific cases related to the soybean complex remains very partial and limited. The CNA research institute and the Brazilian Soybean Producers Association (Aprosoja) were especially interested in arranging collaborations with me to obtain and systematize such information, however they were unwilling and/or unable to provide access to any useful data that could supplement my own research and justify such collaborations.[18] The most notable exception to the relative paucity and lack of quality of information on Chinese investments in Brazil comes from the Brazil-China Business Council (CEBC). This is an organization formed in 2004 by leading Brazilian companies with strong commercial and investment activities in China and a group of Brazilian diplomats and consultants, which became associated with a sister organization in China that represents its companies with similar commercial ties to Brazil. They first released a detailed report on Chinese investments in Brazil in 2011, when agribusiness investments were thought to account for 20% of total Chinese investments in Brazil until then, particularly due to the calculation that the Chongqing Grain Group investments announced would amount to USD 4 billion (CEBC 2011). CEBC subsequently published updates to that report, and a specific report on the agribusiness sector, which remain the best publications so far on the topic (CEBC 2012, 2013, 2014), particularly in terms of situating Chinese agroindustrial investments in the broader context of its investments in other sectors of the Brazilian economy.

Among Brazilian universities, studies on Chinese and other international agribusiness investments in Brazil usually rely on media reports and secondary literature (e.g. Nakatani et al 2014, Wilkinson and Wesz Jr. 2013), and those who attempt to gather primary data and undertake fieldwork usually abandon the project

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Academy of International Trade and Economic Cooperation, MOFCOM, Beijing, 2015.

16 Interview with Ambassador Chen Duqing and Prof. Zhou Zhiwei, Beijing, 2015. Please note again that these interviews were very valuable and informative for my broader dissertation project. My mention of their limited knowledge of the investments under discussion should not be understood as a critique of their deep and broad knowledge of Sino-Brazilian relations and great willingness to support my research.

17 Interviews with multiple officials at these institutions who have worked most closely with the attraction/research of Chinese and other foreign investments to Brazil, Brasilia, 2014. Once again, please note that these interviews were very valuable and informative for my broader dissertation project, and this comment should not be understood as a critique of their knowledge of Brazilian agribusiness or willingness to support my research.

18 Interviews with the Research Director of the CNA Institute and the Executive Director of Aprosoja, Brasília, 2014.

due to great difficulty obtaining access to company executives and adequate information (e.g. Fernandes 2012; Moreira, Bonolo, and Targino 2013). One of the only fieldwork-based studies of Chinese investments in Brazil that I have identified so far is by Andréa Lucena of the Federal University of Goiás and Isabella Bennett from the Council on Foreign Relations (a US-based think tank). In addition to research on Chinese investments in other sectors, they attempted to follow the trajectory of negotiations by the Chongqing Grain Group and Sanhe Hopeful in Bahia and Goiás states respectively. Even though they lacked access to the Chinese company officials and missed many important aspects of this process, they do illustrate how the Chongqing project has faced challenges for implementation, while the Sanhe Hopeful negotiations in Goiás have been halted altogether (Lucena and Bennett 2013), dovetailing with my argument that Chinese investments are significantly smaller than those from the "old hubs" of capital in this sector.

Finally, it is necessary to briefly mention the two major international databanks used for research on land-based investments around the world: GRAIN and the Land Matrix. Given the prominence of these data sources, they have been subject to extensive debate on the methods and epistemology of research on the "global land grab" phenomenon, particularly at the first two international conferences organized by the Land Deal Politics Initiative (at the University of Sussex in 2011, and at Cornell University in 2012), and subsequently in a special issue of the *Journal of Peasant Studies* (volume 40, issue 3, 2013). I will not rehearse the main arguments in these debates, but simply refer to the description of these data sources in their own words (Grain 2013; Anseew et al 2013), some of the clearest articulation of their weaknesses and limitations (Edelman 2013; Oya 2013), and conclude in support of the co-editors of that special issue – based upon the methodological survey presented above – that "aggregating total hectarage [and I would add, total dollar amounts] to describe the scale of land [and agroindustrial] deals has been crucial to placing the issue of land grabs on the public and policy map, but this exercise has largely run its course" (Scoones et al 2013: 480). Particularly regarding the complex nature and political sensitivity of Chinese investments in a specific but multifaceted agribusiness sector like the soybean complex of Brazil, "a new phase of land grab research is now needed" (ibid.) and it must be oriented towards more specific, fieldwork-based research that transcends the fixation with *land-based* investments alone, and the myopic focus on *direct* foreign investments, in order to comprehend the material flows of capital throughout the entire soybean complex (from seeds and agrochemicals, through agricultural production, to processing and trade infrastructure) and the mergers and acquisitions that are restructuring the global soybean complex more thoroughly than the relatively small but very high-profile greenfield investments mentioned in most research so far.

3 Chinese investments in the Brazilian soybean complex

So what Chinese investments are actually taking place in the Brazilian soybean complex? I am able to confirm only a handful of cases, and all the land-based and greenfield investments among them are very problematic. Trading offices for chemical companies and M&As up- and downstream from soybean production, which have received the least amount of attention in journalistic and academic discourses, appear to be the most successful and significant insertion of Chinese agribusiness capital in the Brazilian soybean complex. The earliest efforts identified for Chinese agroindustrial investments in Brazil were led by the **Chinatex Corporation** in 2003, when it established a subsidiary in Brazil for grain trading and sought farmland for soy, cotton, and other grain production in addition to warehouses and port terminals.[19] It did establish a grain trading office in São Paulo and it appears to have close ties with soy farmer cooperatives in Rio Grande do Sul state, but my fieldwork is still ongoing in determining its style of operations in Brazil more precisely, and why it abandoned the idea or failed to establish itself in soy production and construct or acquire its own warehouses and port terminals. In 2014, it was reported to be the main Chinese company in

[19] Interview with a lawyer from the firm that represented Chinatex in Brazil at the time, Shanghai 2015.

negotiation to purchase a minority stake of around R$ 500 million (around USD 250 million at the time) in the troubled Brazilian soy trading company Fiagril. Ultimately, the US-based agribusiness investment fund Amerra Capital Management did purchase 25% of the company, and it is speculated that Chinese investors might purchase this stake from Amerra sometime between 2015 and 2017 (Barros, Caetano, and Batista 2014; Scaramuzzo 2014). However, Chinatex appears to have been replaced by COFCO as the main vehicle among central government SOEs in the agribusiness sector to launch large-scale foreign investments, as will be discussed further below.

The earliest confirmed investment in soybean production was a partnership by the private **Zhejiang Fudi Agriculture Company** with the **Heilongjiang State Farm Company**, a provincial government-owned farm-management enterprise closely associated with the provincial state-owned Beidahuang Group, China's largest agricultural production company and the main soybean producer in the country. Fudi entered with the land purchase and the majority of the capital, while Heilongjiang State Farms provided machinery, farm managers, and a smaller portion of the capital. They first acquired a relatively small farm in Rio Grande do Sul (around 600 ha) and then a larger farm (around 16,000 ha) in Tocantins state from late 2007 to early 2008, relying heavily on the support of Brazilian consultants associated with the CEBC. They originally intended to acquire experience through these investments to purchase more land in Brazil, recruit agricultural workers from Zhejiang itself to farm soybeans, and export them directly back to China, but they encountered significantly greater challenges managing and operating farms in Brazil than they had expected. Fudi then sold the majority stake of its two farms to the Chongqing Grain Group in 2011 and shifted their focus to agricultural commodity imports (via purchases at the Chicago Board of Trade from various grain trading companies) and agricultural production investments within China itself.[20]

The **Chongqing Grain Group** (hereafter CGG) has been the most prominent case discussed in journalistic and academic publications on this topic. My own fieldwork reveals that they went to Brazil in search of investments in soybean production and exports through an indication by the president of Fudi Agriculture, and originally intended to purchase at least 120,000 ha of high-quality and already-operational soybean farms in western Bahia state. They hoped the Brazilian government would soon construct or allow them to invest in a railroad leading from western Bahia to a new or expanded port, where they would be able to build a new terminal for their own exports. However, Brazilian government officials conditioned their support for Chongqing's land purchases on a commitment to invest in a soybean crushing facility in the region in order to demonstrate that the Chinese were not merely gobbling up farmland and exporting raw materials, but "adding value" to the product in Brazil and "generating employment".[21] At the moment that CGG was about to purchase large-scale and high-quality farms, the Brazilian government imposed greater restrictions on foreign acquisition of farmland, targeted especially at Chinese investors and the CGG in particular.[22] Given the juridical uncertainties at the time, CGG executives opted instead to purchase a relatively smaller but still large-scale farm (around 52,000 ha) of far lower quality in terms of soil and

[20] Interviews with Fudi Agriculture executives and Beidahuang Group executives, Heilongjiang 2011 and Zhejiang 2015.

[21] Even if the value added remains very small and the employment generated through the construction of a soybean processing facility might actually be overcompensated by the loss of employment and livelihoods for local peasants driven out by the expanding soybean monocultures of the region.

[22] These restrictions were imposed by the Legal Opinion LA-01 by the Attorney General's Office (AGU) on August 23rd, 2010. It determines that restrictions previously established by Law 5.709 of 1971 remain in effect despite the 6th amendment to the 1988 Constitution that removed legal distinctions between Brazilian companies and companies registered in Brazil but controlled by foreign capital. That law basically determines that foreigners and foreign-controlled companies cannot own or lease an area greater than 25% of any municipality, and no more than 10% of any municipality can be under control of foreigners of the same nationality. For more detailed discussions of this government restriction, see A. Oliveira 2010; Hage, Peixoto, and Viera Filho 2012; and Perrone 2013.

rainfall patterns. Moreover, the farm had not yet been used for the production of soybeans, so it required significant investments and technical expertise to prepare it for soybean production. Legal ownership of the land rests in the hands of Brazilian figureheads (cf. Wilkinson, Reydon, and di Sabatto 2012), but field site inspections reveal that it is owned and operated *de facto* by CGG's Brazilian subsidiary Universo Verde Agronegócios Ltd. The same appears to be the case with the farms CGG acquired from Fudi, and the company has faced significant losses, an environmental lawsuit, and managerial problems throughout its farming operations in Brazil.[23]

The current troubled situation with the CGG investment in Brazil stands in glaring contrast with its grandiose plans originally announced in 2010 and 2011, and public statements by company executives and government officials in Bahia recognize a "delay" in the construction of the soybean crushing facility but make no mention of any other aspects of their investment. In fact, the Bahia government official most directly responsible for attracting and supporting these investments was primarily interested in the soybean processing facility, and seemed to have only superficial and indirect knowledge of their farming operations. His explanation for the usually cited figure that CGG was purchasing 200,000 ha was that "this number was misconstrued by a journalist who asked me if they [CGG] were buying farmland, and I explained that we think they should be *able to access* enough farmland to attend about 50% of their crushing capacity, which would be estimated at around 200,000 ha, but not that they were actually buying this land, which now would be illegal anyway."[24] Journalists who cited this figure (e.g. Decimo 2011) were in fact reporting correctly on the negotiations that CGG had undertaken, but were unable to follow up on the more limited investment actually made. By the end of 2011, the boisterous public statements by CGG gave way to silence; their executives have refused to acknowledge publicly their *de facto* ownership of farmland in Brazil. They also do not confirm or deny that the soybean processing facility project has been abandoned along with their intentions to build a fertilizer factory, warehouses, railroad, and a port terminal. It would certainly not be convenient for CGG or the Bahian government to admit to the abandonment of a major project that had been announced with such fanfare – including endorsements by the Chongqing mayor and Bahia's governor, who visited each other and openly discussed this project on several occasions as a sign of their increasingly tighter "south-south cooperation".

There are many reasons that explain CGG's inability to build (or decision to abandon) the processing facility: First, this was apparently not their priority in the first place, but a request from Brazilian federal and Bahia state governments. Second, as a state-owned company, it underwent massive restructuring in 2012 along with the Chongqing government upon the downfall of its prominent party chief, Bo Xilai. Third, the company faced greater challenges than expected in its collaboration with Brazilian partners for the elaboration of the engineering project required to initiate construction, and perhaps most significantly, it became fearful of juridical insecurities following an environmental lawsuit against its farm operations. And fourth, key institutions that had encouraged such investments during 2010 and 2011, such as the China Development Bank and the China Ex-Im Bank, became far more cautious to avoid funding troubled projects after 2012. Despite claims by the Bahia government (Staufer 2014), delays or difficulties with environmental licensing were not actually the reason why the project was stalled, as CGG obtained the necessary license to

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[23] Interviews with Chongqing Grain Group officials in Chongqing 2013 and 2015, Bahia 2012 and 2014, and São Paulo 2014; interviews with state and municipal government officials, Bahia 2012 and 2014; interviews with federal government officials, Brasília 2012 and 2014; and interviews with local business partners of the Chongqing Grain Group in Bahia, 2012 and 2014. The financial losses have accrued due to the preparation costs for the crushing facility that hasn't been built, land clearing and soil improvement costs at the farms, and poor harvests due to inexperienced management and drought. Several key documents have been obtained from municipal, state, and the federal government agencies in Brazil to triangulate these accounts, which are discussed in greater detail in my forthcoming dissertation.

[24] Interview with the Superintendent of Agroindustries, Bahia state government, Bahia, 2012.

begin construction in March 2012 but did not proceed as expected.[25]

The third company that has confirmed greenfield investments in the Brazilian soybean complex is the private **Sanhe Hopeful Grain and Oil Co**., a major soybean crusher in Hebei province that has very strong ties to its provincial government. They exchanged visits with Goiás government and agribusiness officials during 2009 and 2010, along with the central government SOE China National Agriculture Development Group (CNADG) and members of the Hebei provincial government. The CNADG signed a memorandum of understanding with the Goiás government in November 2010 for unspecified agroindustrial investments, while the Goiás government promised to support the preparation of these investments. Goiás state government and landowner's association (FAEG) officials reported that these Chinese agribusiness and government representatives inquired about purchasing farmland around that time. While CNADG was indeed inquiring about this possibility, Sanhe Hopeful executives denied ever expressing this interest. In April 2011, Goiás government and FAEG presented both companies with a project requesting a loan of about USD 231.5 million (with very generous terms) for local farmers to convert 100,000 ha of degraded pastures to soy production in the north of that state within a year. This would have been the first step of a 5-year program to ultimately convert 2.5 million hectares and generate about 6 million tons of soybeans for export to China. However, CNADG's interest did not match that project, as they sought to operate farms of their own, as they do in Africa and Southeast Asia, rather than finance production and import soybeans. Moreover, the Brazilian government had just established stricter restrictions on foreign acquisitions of farmland, and CNADG lost interest in further negotiations with Goiás or other Brazilian government and agribusinesses. Sanhe Hopeful would only be interested in financing soybean production after it established itself as a grain terminal operator, and then acquired or constructed its own warehouses in the region, in order to export soybeans purchased directly from Brazilian partners to supply their crushing facility in China itself. In other words, their strategy was to begin with port investments and gradually "move inwards" through the soybean production chain on a future date. The Hebei government did express interest in making investments in Goiás using Sanhe Hopeful as its vehicle.

On the 5th of April 2011, Sanhe Hopeful sent a letter to the Goiás government to explain that "fomenting rural producers and providing resources for the tangible [soybean] production chain in Goiás state is our *long term* goal" (emphasis added), and indicating that they "intend to invest around R$ 3 billion [USD 1.875 billion at the time] over a period of 2 to 4 years, provided it is possible to conclude an agreement between the governments of Hebei and Goiás." They envisioned this investment primarily for the construction of warehouses alongside the North-South Railroad that was expected to be completed soon (it only entered into operation in late 2014), and would complement Sanhe Hopeful's own investments in a port to enable the state/company to purchase soybeans directly from Goiás farmers. Two days earlier, however, the *Folha de S. Paulo* newspaper had already reported that Sanhe Hopeful was planning a USD 7.5 billion investment in warehouses and farmer finance in Goiás over the next ten years, expecting in exchange direct purchases of 6 million tons of soybeans (Maisonnave and Carazzai 2011). This announcement was then echoed widely in the Brazilian press (Vital 2010; O Repórter 2011; Carfantan 2012), and to an even faster and greater extent in major Anglophone media outlets like the *New York Times* and the *Financial Times* (Barrionuevo 2011, Powell 2011, cf. *Merco Press* 2011, Hearn 2012).[26]

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[25] More fine-grained analysis of this case is forthcoming in my dissertation, where more specific interview subjects, government documents, and other data sources are disclosed in greater detail.

[26] Interviews with CNADG executives, Beijing 2013; Sanhe Hopeful executives, Beijing and Hebei 2013 and 2015; FAEG and Goiás government officials, Goiás 2014; letter from Sanhe Hopeful to the Goiás governor on April 5th, 2011; "Project proposal to Hopeful: Development project for a new soybean production area in the state of Goiás/Brazil (Soybean export to China)" drafted by the Goiás government and FAEG. A short account of this negotiation has been produced by Lucena and Bennett (2013), and far greater details and analysis are forthcoming in my dissertation.

"I had no idea where they [i.e. Maisonnave and Carazzai] got those numbers," explained the executive president of Hopeful Investment and Holdings (the arm of the Sanhe Hopeful Group responsible for overseas investments), "so I asked [Maisonnave] and this is how he explained to me… He asked, 'If you are going to invest in Goiás, how would it be?' And I answered, 'Well, if you build one silo that would be around USD 3 or 3.5 million, and if you are really working there you probably need ten silos as a group, so around USD 35 million.' So the reporter wrote that the company will invest USD 7 billion or something, because their calculation was like, 'Ok, you put this project in Goiás, then you probably put the same project in Mato Grosso and somewhere else, [finance the producers to obtain 6mmt of soy,] and so combined the project will be $750 million or so, and over ten years that will be USD 7.5 billion.' That's your journalists' work!"[27] A more reasonable account of the USD 7.5 billion figure actually comes from a calculation based on the Goiás government project of converting 2.5 million hectares of degraded pastures to soy production over the course of 5 to 10 years. According to their calculation on the project provided to Sanhe Hopeful, that would cost about USD 5.8 billion, and the additional USD 1.7 billion would pertain to warehouse and other infrastructure construction. Moreover, the fact that Maisonnave and Carazzai mention soy exports would be used as repayment for the investment echoes the Goiás government loan project more than what was actually envisioned by Sanhe Hopeful and the Hebei government.

According to Sanhe Hopeful executives, the deal was not signed because various branches of the Goiás government could not come to an agreement among themselves during 2011, and afterwards the conditions for the Hebei government to pursue such an investment (e.g. political and financial support from central government banks and ministries) were no longer available, and both Sanhe Hopeful and the Hebei government became disillusioned with Brazil because of the delays in the inauguration of the North-South Railway that they expected would have been completed much sooner to enable easier exports of soy production from Goiás. But most importantly, the Goiás government proposal was structured as a *loan* to farmers to be repaid in soybeans, but there was no concrete project for the logistics infrastructure necessary to take this harvest from Goiás to China without going through the usual trading companies operating in the region. So negotiations stalled, with each side blaming the other for delays and abandoning the negotiation. Meanwhile, Sanhe Hopeful completed its negotiation in late 2010 to acquire a 20% stake in the construction of a new grain terminal in Santa Catarina state that had already been in discussion for three years. However, the project has faced significant social and environmental opposition, and its environmental licensing is still pending a presidential "declaration of public utility" for the area of Atlantic forest that must be cleared for construction. Any further investments by Sanhe Hopeful in Brazil's soybean complex will only be considered when and if this port investment can actually materialize.[28]

Shandong Rainbow Chemical Co. appears to have an operational office in Brazil, where it markets herbicides widely used in soybean production (2,4-D, Ametryn, Atrazine, Ciuron, Glyphostae, and Paraquat), and the Ningbo-based **Tide Group** also appears to have at least a sales office to commercialize agrochemicals in Brazil, but I have not yet completed fieldwork regarding these companies to confirm or elaborate on their investments and operations in Brazil. No other farmland and greenfield agroindustrial projects by Chinese companies have been confirmed through access to government documents, interviews, and other fieldwork methods, and in fact there is some evidence that at least some of the companies frequently cited as pursuing farmland investments for soybean production in Brazil were mere speculative adventures and overblown statements based upon initial contacts.

On the other hand, M&As have in fact provided a fast and relatively large-scale entrance of Chinese

[27] Interview with the executive president of Hopeful Investment and Holdings, Hebei 2015.

[28] Interviews Sanhe Hopeful executives in Beijing and Hebei, 2013 and 2015; FAEG and Goiás government officials, Goiás, 2014; Santa Catarina government officials and local partners of Sanhe Hopeful, Santa Catarina and São Paulo, 2015; more details and discussion are forthcoming in my dissertation.

agribusiness capital in Brazil's soybean complex. First, there was the likely entrance of Chinese capital in Brazilian soybean production through the Hong Kong-based private equity fund **Pacific Century Group** (PCG) in 2008. PCG took over of the troubled assets of the bankrupt US insurance giant AIG in CalyxAgro, a farming corporation established that same year by the French-based Louis Dreyfus Commodities under the leadership of an Argentinian CEO. The company only owns 27,397 ha in Brazil, and predicted it would be shifting new investments to Uruguay, Argentina, and Paraguay after 2010 due to the restrictions imposed on acquisition of farmland by foreigners (Borges 2010; Land Matrix 2015). The PCG is led by the son of the Hong Kong magnate Li Ka-shing, Richard Li, who acquired Canadian citizenship during the 1980s, and although it may certainly function as a channel for personal and corporate capital from mainland China to engage in foreign agricultural investments, the relative significance of Chinese capital in PCGs portfolio compared with that originating from the "old hubs" is impossible to determine based upon publicly available information. Then there was the investment by the **Chongqing Huapont Pharm Co**. in the CCAB Agro consortium of cooperatives in 2012. Huapont purchased a 7.5% stake in this company, which is a consortium of large-scale soy farmer cooperatives based primarily in Mato Grosso and Paraná states, utilized by them to acquire large volumes of fertilizer and agrochemicals at lower prices due to economies of scale.[29]

At a far greater scale, there is the acquisition by the central government state-owned **China National Cereals, Oils and Foodstuffs Co. (COFCO)** of majority stakes in the Dutch-based seed and trading company Nidera, and the agribusiness arm of the Singapore-listed and Hong Kong-based Noble Group for an estimated USD 2.8 billion. Nidera and Noble have significant assets in Brazil, Argentina, Australia, the Black Sea region of Europe, and several other countries where agricultural commodities are produced and received. They were among the fastest rising soy and grain trading companies in Brazil from 2009 to 2014, when their acquisition by COFCO was announced (in February and March respectively). When asked about the significance of their Brazilian operations in comparison with the rest of assets elsewhere, the COFCO executive who I interviewed did not hesitate to answer sharply: "they are the *most* important." Indeed, aside from Noble's sugar mills and sugar trading operations in Brazil, which find themselves operating in the red due to the low price of sugar and ethanol in Brazilian and international markets, both companies have been expanding the most in Brazil. Nidera has become one of the leading soybean and corn seed producers in several regions of the country, and it has joined with Al Khaleej Sugar and local Brazilian partners to construct a 16 million metric ton grain terminal in Santa Catarina (near Sanhe Hopeful's project). It has also expanded its number of warehouses in major soybean producing regions like Mato Grosso and Paraná states, and it has been pursuing port and waterway projects in Rio Grande do Sul and Pará states, demonstrating the huge span of its operations and new projects from the southernmost port of Brazil to its newest soybean-shipping frontier on the Amazon river basin. This last project is particularly interesting, since Nidera's trading partner there is none other than Noble itself. The confluence of these two companies in the Hidrovias do Brasil project that involves port terminals and waterway infrastructure from Miritituba on the Tapajós river to Vila do Conde port on the mouth of the Amazon apparently took place without coordination by COFCO, but it certainly confirmed to COFCO's executives that these two companies have significant potential and important synergies that justifies their choice as ideal targets for M&As.[30]

Noble has sometimes been cited as a "Chinese company" in discussions of transnational agribusiness investments (e.g. Wilkinson and Wesz Jr. 2013), however this was not an adequate characterization of the company prior to the acquisition of its agribusiness arm by COFCO. In fact, this acquisition involves a consortium composed by COFCO with a 60% stake, Hopu Agriculture International Ltd. with 19%, the

[29] For greater details about CCAB and its "cooperative consortium" model, see Farias (2011). Greater details and discussion of Huapont and its investment in Brazil are forthcoming in my dissertation.

[30] Interviews with Noble and Nidera executives in Brazil, São Paulo 2014 and 2015; and with COFCO executives in Beijing 2013 and Hong Kong 2015.

World Bank-IFC with 9%; Singapore's sovereign wealth fund Temasek with another 9%, and finally Standard Chartered with a 3% stake (World Grain 2014). Noble was founded by an Englishman and other mainly non-Chinese executives operating in Hong Kong, became listed in Singapore, and aside from having its location adjacent to China and attending it as its primary market, Noble has been as transnational a grain trading company as Nidera or its more famous and bigger competitors like Bunge. The China Investment Corporation, the country's sovereign wealth fund, did purchase a 15% stake in the Noble Group in 2009, which facilitated COFCO's acquisition of information about Noble in its plans for the M&A, but that is still drastically different from private companies based in China or Chinese state-owned enterprises like COFCO itself. In a fast series of negotiations with key global capital investors, COFCO was able to acquire substantial assets, technical expertise, and ongoing operational capacity to purchase soybeans and several other agricultural commodities directly from Brazilian farmers and other agribusinesses around the world. Noble and Nidera alone would not have been able to continue expanding without the capital and commercial support of a major demand-side partner like COFCO. These M&As, therefore, represent a significant step by these trading companies to drastically transform the global agroindustrial landscape (cf. Murphy et al 2012, Oliveira and Schneider 2014). Unlike most other cases discussed above, COFCO's global restructuring completely bypassed the challenges of greenfield investments by Chinese companies in the Brazilian soybean complex, particularly around the bureaucracy of establishing companies in Brazil, land acquisition, and environmental licensing. Consequently, it advanced the fastest and farthest among all Chinese investors in their common goal to bypass the North Atlantic-based monopoly on soybean trade composed by ADM, Bunge, Cargill, and Louis Dreyfus, collectively known as ABCDs. COFCO is already China's largest food processor and trader, and with its acquisitions of Noble and Nidera, it now represents the largest and most significant presence of Chinese agribusiness capital not only in the Brazilian soybean complex, but also in its agribusiness sector as a whole.

4 Other foreign investments in the Brazilian soybean complex

In Brazil, agricultural production is the only link of the entire soybean production chain that is predominantly controlled by Brazilians and their companies. The Brazilian state-owned agricultural research company (EMBRAPA) played a key role developing soybean varieties adapted to the acidic soils of the Brazilian Cerrado ecosystem during the 1970s and 1980s. Brazilian companies then gained control of this market with the privatization of biotechnology starting in the late 1980s. Soon, however, transnational seed and agrochemical companies from the North Atlantic came to dominate Brazilian markets through acquisitions of local companies and new investments in seed and agrochemical production facilities within Brazil. Currently, the top three companies – Monsanto, Syngenta, and DuPont/Pioneer – control over 55% of global soybean seed markets, and this concentration is even greater in South America where GM varieties predominate. The top five companies – Syngenta, Bayer, Basf, Dow, and Monsanto – control 69.5% of global agrochemical markets, and the first three alone control over 49.1% of the USD 11.5 billion agrochemical market in Brazil (EcoNexus 2013; Silva and Costa 2012; Oliveira and Hecht forthcoming). Although COFCO gained a slice of the soybean seed market in Brazil through its acquisition of Nidera, Chongqing Huapont Pharm acquired some participation in one of the major intermediaries for soy-related agrochemicals, and both Shandong Rainbow and the Tide Group established commercial offices in Brazil, these remain significantly smaller than the new investments undertaken by the major North Atlantic-based seed and agrochemical companies in Brazil (as discussed above with preliminary data from RENAI).

Moving onto agricultural production itself, it is very clear that Chinese investments have been dwarfed by those from the "old hubs" of capital and new cross-border operations of the major Argentinian *pools de siembra* (farm management companies). Despite the significance that COFCO's M&As hold for the entrance of Chinese capital into the Brazilian soybean complex, it is very clear that its goal is to operate only as a trading company and not a farming or even processing company. After all, it has significantly increased its processing industry within China itself, and now seeks to reduce its domestic crushing overcapacity by increasing whole-bean imports from Brazil and elsewhere (Oliveira and Schneider 2014). COFCO does hold 145,000 ha associated with its sugar mills in Brazil (World Grain 2014), but this is more of a characteristic of the sector than the origin of the investments. As Wilkinson, Reydon, and Di Sabatto have demonstrated, foreign investments in farmland are very strongly associated with the sugarcane and eucalyptus sectors in Brazil, where there is greater incentive to guarantee supply and set local prices (surrounding sugar mills) and provide greater juridical security for long-term (5 to 7 year) investments in tree plantations (Wilkinson, Reydon, and di Sabatto 2012). The soybean and grain production sectors, on the other hand, provide less incentive for farmland ownership, which may in fact be outweighed by the political and environmental challenges for foreign acquisition of extensive tracts of farmland.

Thus, the strongest presence of foreign capital in soybean production within Brazil comes through specialized farm management companies and *pools de siembra* that channel multiple capital sources into the sector. More careful research of these capital sources has yet to be undertaken, and it is certainly the case that some Chinese capital was indeed being channeled into soybean production in Brazil through such means (cf. Nakatani et al 2014), particularly via the Pacific Century Group participation in CalyxAgro. However, my research so far demonstrates that investors from the "old hubs" of capital and new entrants from Argentina and Japan are clearly predominant. While not providing a comprehensive account of these companies, the following list is very illustrative of the manner in which US, European, and Japanese capital has been using Argentinian and Brazilian companies to access farmland for soybean production in Brazil and the rest of South America (further details in Oliveira and Hecht, forthcoming).[31]

El Tejar/O Telhar – El Tejar was founded in 1987 by the Alvarado family as a ranching company in the province of Buenos Aires, and shifted to grain production during the 1990s. It became one of the key developers of the *pool de siembra* model: instead of purchasing farmland, they only leased and operated it. The flexibility of this model allowed it to expand very quickly from Argentina into Paraguay, Uruguay, Bolivia and finally to Brazil in 2003, where it began shifting its strategy to acquire land of its own rather than operate on leased farmland. In order to do so, it received investments in 2006 from Altima Partners, a London-based hedge fund that now owns 40% of the company, and again in 2009 from the Capital Group, a US-based hedge fund with 15% ownerships, turning the original family owners into minority shareholders. After this takeover by financial investors from the "old hubs" of capital, the company withdrew from Paraguay, Uruguay, and even Argentina by the end of 2013, then hired a Brazilian CEO and moved its headquarters from Buenos Aires to São Paulo in Brazil, where almost all its operations are now located.

Cresud/Brasilagro – Cresud was established in 1936 as the Argentinian subsidiary of the Belgian financial company Credit Foncier, which went bankrupt in 1959. Cresud was then turned over to Credit Foncier's shareholders, listed on the Buenos Aires Exchange, and began to focus on rural real estate and agricultural production. In 1994, it was purchased by the Dolphin Fund, ownded by Eduardo Elsztain, who had already collaborated with George Soros on real estate investments in Argentina. In order to increase its operations in Brazil, Cresud established Brasilagro there and listed it on São Paulo's Bovespa stock exchange, holding 39.64% of the stocks and selling the rest to financial investors primarily located in the US, Europe, and Brazil. These include Credit Suisse as the largest among them with 6.3% of total shares, and the clearest evidence of Chinese capital participation is actually channeled through the Deutsche Bank (China) Co. Ltd.,

[31] All the information in the remainder of this section is derived from stock exchanges in which some of these companies are listed, corporate websites and media sources. I have used only media reports that refer to projects already operational or under construction, and completed M&As, thereby avoiding some of the problems with unconfirmed announcements as discussed above. Detailed citations will be provided in the journal article version of this working paper and in my forthcoming dissertation.

which holds only 1.09% of total shares. Brasilagro currently owns 334,043 ha, including one farm in Paraguay with 141,931 ha, and 16 farms in Brazil with a total of 192,112 ha.

Los Grobo – Founded in 1984 by the Grobocopatel family as a farm management company in Buenos Aires province, and by 1997 it already operated on 70,000 ha of leased farmland, becoming one of the leading *pools de siembra* in Argentina, where it also established significant grain storage and trading capacity. It expanded into Uruguay in 2004 and Paraguay in 2005. Finally in 2008, the Brazilian hedge fund Pactual Capital (succeeded by Vinci Partners) purchased 22% of the company to finance its expansion into Brazil. There, Los Grobo established a partnership with Sollus Capital (a Brazilian off-shore land company) to develop marginal land for re-sale, and incorporated the Brazilian seed and grain trading companies Ceagro and Selecta. Ultimately, however, it sold its Brazilian subsidiary to the Japanese Mitsubishi Corporation in 2013.

SLC Agrícola – Founded as a harvester producer in 1945 in Rio Grande do Sul, Brazil, the Schneider Logemann & Co. (SLC) Group established a joint venture with John Deere to produce and sell agricultural machinery in Brazil and moved into agricultural production in 1977. By 1999 it withdrew from agricultural machinery production and commercialization to continue focusing on farmland investments and agricultural production. It became listed at São Paulo’s Bovespa in 2007. It currently owns 16 farms across the Brazilian Cerrado region covering about 320,000 ha, and it leases an additional 75,871 ha to farm primarily soybeans in rotation with cotton and maize. Its leading shareholders are US and European investment fund managers like BlackRock Advisors LLC, Neuberger Berman Management, Fidelity SelectCo, the Government Pension Fund of Norway, and as was the case with Brasilagro discussed above, the clearest evidence of Chinese capital participation is channeled through the Deutsche Bank (China) Co. Ltd., which holds only 1.47% of total shares. SLC Agrícola established a joint-venture with the Japanese *sogo shosha* Mitsui & Co. to improve soybean farming operations in Brazil in 2013.

Multigrain/Xingu Agro – Multigrain was a Swiss-based agricultural production and trading company operating in Brazil that was acquired in 2007 by Mitsui & Co., and currently operates over 117,000 ha of farmland producing primarily soybeans and several warehouses and port terminals across the main soybean producing regions of Brazil. Mutsui also expanded its soybean production operations through its wholly-owned Brazilian subsidiary Xingu Agro, which was facing difficulties establishing profitable soybean farming operations and sought support through the joint-venture with SLC Agrícola mentioned above.

Brazil EcoDiesel (BED)/V-Agro – BED was the leading biodiesel producer in Brazil until 2013, utilizing soybeans as its primary feedstock. BED was originally established by the US-based investment fund BT Global and Deutsche Bank, with 50% of its stocks controlled by investors from the Cayman Islands and another 50% controlled by Zartman LLC, Boardlock LLC, and Carleton Towers LLC from the USA. It was then restructured with the integration of the Brazilian financial companies Bradesco, Fibra, BMG, Bonsucex Holding, and Banco Fator as majority shareholders through the Neo-Biodiesel Fund, and then established V-Agro in 2011 through a merger with Vanguarda Participações and the Brazilian agroindustrial company Maeda. It has since begun a process of divestment from biodiesel to focus on grain production over 253,529 ha, including 89,225 ha of its own and 162,997 ha of leased farmland. Currently, four leading Brazilian board members of V-Agro control a total of 52.03% of its shares, while 15.50% are owned by Gávea Investimentos (a Brazilian private equity fund purchased by JP Morgan and Chase Co. in 2010), and another 6.16% are owned by EWZ Investments LLC, which has Credit Suisse, Goldman Sachs, Susquehanna International Group, State of Tennessee Treasury Department, Parallax Volatility Advisers, NWI Management, Morgan Stanley, Deutsche Bank, Bank of America, and the Royal Bank of Canada as its ten leading shareholders. There is no evidence of direct Chinese participation.

Moving from soybean production to processing and trade infrastructure and operations, the sector remains marked by the continued oligopoly of the ABCD trading companies. Again, without attempting to provide a complete account of all the investments by these and other foreign companies in the past decade, the partial account below illustrates clearly how Chinese investments have been far outpaced on this portion of the soybean complex in Brazil.[32] Cargill and Bunge have launched significant investments to control new routes for soybean commercialization through the Tapajós River on the Amazon basin, and strengthened as well their purchasing operations throughout Brazil's soy growing areas with new and expanded warehouses and soybean processing facilities. ADM has constructed similar river port and waterway logistics on the Madeira, Tapajós, and Tocantins rivers on the Amazon basin, while Luis Dreyfus has strengthened its ties with the Brazilian Amaggi Group to operate warehouses, ports, and waterways in the Madeira-Amazon rivers, and acquired a quarter of the new grain terminal at Itaqui (MA), the major port through which the newly opened North-South Railway will enable soybean exports. This port also includes significant participation by Japanese companies that have increased their control over Brazilian soybean production (as discussed above) and trading. In fact, the case of COFCO discussed above shares significant similarities with European commodity traders and Japanese *sogo shosha* (general trading and industrial conglomerates) that fear losing their market shares in China and the rest of East Asia without acquiring supply-side soybean companies.

As mentioned above, Mitsubishi and Mitsui have gained strong footholds in Brazilian soybean production through their acquisitions of Los Grobo's Brazilian operations and Multigrain respectively. Both companies have also gained warehouse and port terminals of their own in Brazil through these companies, enabling them to make direct purchases from Brazilian producers rather than rely on purchases at the Chicago Board of Trade from the ABCDs as they had previously done. The Japanese Marubeni Corporation also entered the Brazilian soybean complex through its acquisition of the US-based Gavilon trading corporation, which had in turn recently purchased the Brazilian AgriService Consulting company at the moment it began to establish itself as a soybean exporter. Finally, the Japanese Sojitz Corporation purchased the Cantagalo General Grains company from Brazil, which farms 150,000 ha primarily with soybeans and exports them through its trading arm CGG Trading (not to be confused with the Chongqing Grain Group), which also operates a quarter of the Itaqui grain export terminal mentioned above. In addition to these Japanese companies, the European commodity giant Glencore is the third participant in that port project, having acquired additional warehouses and port terminals for soy exports from the bankrupt Brazilian company Adecoagro in 2009. The fourth and final participant in that major project is Nova Agri, an agribusiness company composed in 2008 by a joint venture between the Pomon Group (a second-tier Brazilian engineering company) and Pátria Investimentos, a Brazilian private equity fund that sold 40% of its shares to the US-based Blackstone Investments. Finally, as mentioned above, the US-based agribusiness investment fund Amerra Capital Management acquired 25% of the Brazilian Fiagril grain trading company, and it reports that 40% of its USD 1.2 billion investments are located in Brazil (Scaramuzzo 2014).

5 Sinophobia – why and who benefits?

Even without quantifying in hectare and dollar amounts all the foreign investments in the soybean complex cited in the previous sections, it very clear that Chinese investments are dwarfed by those that originate in the US, Europe, Argentina, and Japan. Chinese agribusinesses are new entrants facing great challenges with greenfield investments and, considering Shandong Rainbow and Tide Group commercial offices, PCG's share of CalyxAgro, and Chongqing Huapont's minority share in CCAB, they established a relatively small foothold in the soybean complex of Brazil, with potential for more significant growth primarily through COFCO's acquisitions of Noble and Nidera. While there is some evidence that Chinese capital is being channeled through tax havens and US- and European-based investment funds into

[32] For a more detailed account of the assets and operations of the ABCD trading companies in Brazil, with a detailed case study of their social relations in southeastern Mato Grosso, see Valdemar J. Wesz Jr.'s dissertation (Wesz Jr. 2014).

agricultural production companies in Brazil, these appear to be very modest when compared to investors from the "old hubs" of capital. Why, therefore, have Chinese agribusinesses been singled out for concern over land grabbing in Brazil?

In a certain way, this concern arose because China has been a *new* large-scale investor competing against established agribusinesses and seeking to cut-off middlemen from the "old hubs" of capital. However, this alone cannot explain the sinophobia witnessed, since similar reaction should have been expected towards other new entrants in the Brazilian soybean complex, Argentinian and Japanese companies being the most prominent among them. Argentina may have escaped concern since it is a familiar neighbor, and while Japan did face similar concern when it began to finance the expansion of soy production into the Brazilian Cerrado region during the 1970s and 1980s (Martins and Pelegrini 1984), the close ties it has since established with Brazilian agribusinesses may have allowed its latest round of large-scale investments in soybean production and export infrastructure in Brazil to fly under the radar. There must be something specific to Chinese investments, therefore, that explains why and how China was singled out for concern. The fact that Chinese investments in 2010 went primarily to petroleum production in Brazil (CEBC 2013, 2014) made it easy to characterize it as a "resource seeking" new player that operates differently than the "commercially interested" investors from the "old hubs" (cf. O Estado de São Paulo 2010). Moreover, since investors from the "old hubs" have indeed been in Brazil for a longer time and are defending their hegemonic position in the market, they can control new investments and M&As more easily than new entrants. And surely, the Chinese investments that went through most smoothly are precisely the ones structured as minority partnerships with Brazilian and other agribusiness companies already operating there (e.g. Sanhe Hopeful's port investment, and the minority-share investments by Chongqing Huapont Pharm and PCG). If some Chinese companies – especially state-owned enterprises – became target of so much negative attention, it is perhaps because their lack of experience, lack of connections, and political *modus operandi* made them seek support from Brazilian government officials who gave a high-profile to their negotiations, instead of striking low-profile deals directly with private agribusiness companies.

This also appears to have been the case with the failed Iranian attempt to purchase or lease large-scale farms in Brazil during 2009 (Reuters 2009). However, if this was main factor causing the great furor witnessed about "Chinese land grabs" in Brazil, we would expect similar reactions to other new entrants in similar conditions. Yet this did not take place with the Iranian case just mentioned, it also did not take place with the Indian purchase of sugar mills and over 106,000 ha associated with them during 2010 (Shree Renuka n.d.), with Saudi and Qatari negotiations for similar agroindustrial investments (The Peninsula 2010; Qatar New Agency 2010), or with South Korean investments identified during fieldwork.[33] I argue, therefore, that in order to properly understand why Chinese investors have been singled out for such concern in Brazil, it is necessary to investigate who has contributed to this apparent *sinophobia*, who has challenged it, and who ultimately benefits.

Although the Chinese government's policy of "going out" was launched in 2001 and agricultural investments were an integral part of this government strategy from the get-go, the "China as land grabber" discourse gained real prominence with the signing of a memorandum of understanding in January 2007 for leasing at least 1.4 million acres in the Philippines right when a food-price crisis began to be felt sharply in that country and elsewhere. Filipino and Anglophone media reports painted a very negative image of the deal, suggesting that it was intended to export rice to China even while the poor in the Philippines went hungry (e.g. IBON Media 2008, The Economist 2009), and this argument was reproduced in spades by the CIA-associated think tank Stratfor, describing with broad strokes a global land-grab led by Chinese SOEs to guarantee the country's food security, and situating this as part and parcel of a broader geopolitical effort to place itself as a global power against the US, Europe, and Japan (Stratfor 2008). The "China as land grabber"

[33] Interviews with federal and state government officials, Brasília and Bahia 2014.

discourse was clearly coming from the "old hubs" of capital, and this continued especially through the work of UK- and US-government affiliated researchers concerned about the impact that China's foreign investments might have for Anglo-American interests around the world (Salidjanova 2011; Ellis 2012; UKTI 2014), US agribusiness think tanks (Soy and Corn Advisor 2010) and agribusiness-financing institutions from the "old hubs" such as the Rabobank (Rasmussen et al 2011). However, the "China as land grabber" discourse also resonated strongly with peasant and working class resistance to agribusiness domination and spiking food prices in the Philippines: peasants led waves of massive protests and the Chinese deal was ultimately not consummated, but the stigma of "land grabber" stuck to China as more and more media and think tank reports sought to implicate it in what was beginning to be discussed as a "global land rush" (Marks 2008; von Braun and Meinzen-Dick 2009; Asian Peasant Coalition 2009).

This "global land grab" discourse was most prominently articulated by the GRAIN report *Seized! The 2008 land grab for food and financial security* (GRAIN 2008), which identified a fast and massive flow of sovereign wealth, financial, and agroindustrial capital into farmland and agricultural commodities due to the conjuncture of a decade-long commodity boom culminating with a sharp spike in food prices in 2007, followed by the pronounced financial crisis that spread from Wall Street around the world in 2008. Although this report correctly cited financiers from the "old hubs" of capital transferring investments from the uncertainty of financial markets into farmland and commodity markets as a key aspect of the ongoing global land grab, it focused much more on high-profile negotiations and investment announcements from China and the Persian Gulf states (and to a lesser extent South Korea and Japan), characterizing this process as being led primarily by land-poor, capital-rich, net food-importing countries launching investments in Sub-Saharan Africa. This presumed leading role of China and other "land-poor/capital-rich" countries became very prominently marked by the South Korean Daewoo corporation's proposal to lease 3 million acres in Madagascar, which received especially bad press in Anglophone media, sparked massive protests by Malagasy farmers and urban workers, and ultimately led to the collapse of the Malagasy government and Daewoo's proposal (Burgis and Blas 2009). At the point that land grabbing became implicated in the downfall of a government and the world economy was convalescing in a downward spiral triggered by the financial crisis in the US, this discourse – and China's prominent role therein – reached the upper echelons of all governments and multilateral institutions, Brazil included.

In fact, concern over "foreignization of land"[34] had already become prominent in political debates in Brazil by 2007, when the most prominent example discussed was Stora Enso's operations in Brazil's southern border (an Swedish-Finish forestry and cellulose company), which was critiqued by the Landless Rural Workers' Movement (MST), attacked by the women of La Via Campesina in southern Brazil, and cited as a clear example of a foreign corporation taking advantage of weakened restrictions on acquisition of farmland (Agência Estado 2008). The president of the National Institute for Colonization and Agrarian Reform (INCRA), the government agency responsible for regulating foreign farmland investments until 1995, pressured by the media to disclose how much land was actually controlled by foreigners in Brazil, admitted the government had lost the ability to track and regulate this for over a decade, and rode the wave created by peasant movements to demand the reinstatement of monitoring and restrictions on foreign acquisitions of farmland (Roldão 2007, 2008b). The sugar/ethanol and the forestry/cellulose lobbied hard against a revision of the regulations, threatening to cancel and even withdraw investments from Brazil. Given the desire by the federal government to maintain all the economic activity possible while the financial crisis was blowing up

[34] "Foreignization of land" (*estrangeirizção de terras* in Portuguese) is the expression primarily used in the Brazilian iteration of the "global land grab" discourse, since a more literal translation of "land grabbing" such as *arresto de terras* or the more common expression *grilagem de terras* (the falsification of land titles) are more closely associated with historical and domestic processes related to but distinct from the more recent "global land grab". For a discussion of the intimate but complex relations between these concepts and processes in Brazil see Zoomers (2010) and Oliveira (2013).

in 2008, the revision of regulations was stalled and a judicial committee was created to research and make recommendations for future decision. Until 2010, however, Chinese investors were not yet the "boogey men" of the land grab discourse in Brazil, which turned around concerns that foreign capital flowing into Brazilian farmland was merely speculative, associated with money laundering, a threat to national sovereignty (especially in border areas and the Amazon), and/or associated with the subordination of Brazilian natural resources to exploitation by the traditional and hegemonic agribusiness and extractive interests from the "old hubs" of capital (cf. A. Oliveira 2010). The discussion in academic research and the leading newspapers during 2008 and 2009 about the uncertain amount of farmland under foreign control (and the presumption that official INCRA data significantly underestimate the actual hectares) made little or no mention of Chinese companies or individuals as large-scale landowners (e.g. Roldão 2007, 2008a; Folha Online 2008; Valor 2009; Pretto 2009). As late as November 2010, an alarmist headline in one of Brazil's leading newspapers claimed, "Foreigners buy 22 soccer fields per hour" (Odilla 2010), but made no mention of Chinese investors whatsoever.

The year of 2010 was pivotal for the manner in which China was brought into the "foreignization/land grab" discourse in Brazil. A highly anticipated report by the World Bank released that year implicated China as first on the list of the main players that characterize the current land rush as distinct from previous waves of large-scale agricultural investments around the world, even while it recognized the frailty of evidence and possibility of bias from media reports and the undeniable role of Anglo-American capital:

> Press reports allow identification of source countries without complicated searches in the company registry. Although part of this may reflect *reporting bias* or *strategic use of press reports by some types of investors*, most of the projects in the [GRAIN] database originate from a few countries. These include *China*, the Gulf States... North Africa... Russia, and such developed economies as the United Kingdom and the United States (World Bank 2010: 53, emphases added).

The World Bank's report – and its identification of China's leading role in the global land grab – resonated with leftist intellectuals in Brazil (e.g. Sauer 2010; Fernandes 2011). It was also at this moment that Chinese investments in Brazil jumpstarted in the oil and energy sectors (CEBC 2011), and delegations to Brazil seeking farmland and agroindustrial investments increased from sporadic and piecemeal efforts (e.g. Chinatex's failed negotiations during the mid-2000s and Zhejiang Fudi's relatively small and quiet acquisitions in 2007 and 2008) to a high profile and steady flow. These delegations were particularly notable due to the involvement of state-owned companies like CNADG, COFCO, and CGG, government delegations from the provincial level up to the Minister of Agriculture, the mysterious private investment fund Pallas International, which was said to have strong government support and desire to purchase up to 250,000ha, and mentions of additional companies the identity of which remained undisclosed (Chade 2010; Inácio 2010; Portal AZ 2010; Jornal Opção 2010). Members of the presidential cabinet who had already requested the Attorney General to review and strengthen restrictions on acquisition of farmland by foreigners earlier in 2008 then coordinated with the Federal Public Ministry to give the most gravity possible to the judicial commission's recommendation in favor of stricter regulations. At this time, however, even though peasant and other leftist social movements remained opposed to "foreignization" of land, the high-level political orchestration also involved clear coordination with certain sectors of Brazilian large-scale landowners and agribusiness companies. This fact was discussed in greatest detail (and with the strongest terms) by Ariovaldo Umbelino de Oliveira in a long essay that critiqued primarily the president of INCRA and some high-level Workers' Party officials for orchestrating a "farce" to distract leftist intellectuals and social movements from the reversal in the government's land redistribution policy in favor of land regularization in the Amazon-Cerrado transition zone (Oliveira 2013), and fool them into supporting what had by then become a set of legal restrictions that would neither effectively stop foreign investments in Brazilian farmland, nor weaken the power of Brazilian agribusiness and large-scale landowners, but rather consolidate the power of the latter as necessary partners and brokers for foreign investors (A. Oliveira 2010; cf. Scoton and Trentini 2011).

Some legal experts deeply involved with foreign companies seeking agroindustrial investments in Brazil even suggest that the timing selected by the Lula administration to announce the new restrictions (August 2010) demonstrates how it was intended to obtain the support from key sectors of the landed and agribusiness elite for the election of his picked successor from the Workers' Party, current president Dilma Rousseff.[35] Formal positions taken by various agribusiness associations reflect a divided class, where those from areas where large-scale landowners operating primarily with soy and grain production supported restrictions to limit foreign competition with their own expansion and place themselves as necessary partners to foreign investors (e.g. the Agricultural Federation of Mato Grosso – FAMATO, and the Association of Irrigators of Bahia – AIBA), while opposition came from landowner associations from regions where the sugar/ethanol industry and the forestry/cellulose industry were expected to lead agribusiness expansion (e.g. the Agricultural Federation of Mato Grosso do Sul – FAMASUL) and the main representatives of those specific agroindustrial sectors (the Union of Sugarcane Planters – ÚNICA, and the Brazilian Association of Planted Forests – ABRAP). The former group agreed to continued Workers' Party control of the executive branch by orchestrating (among other demands) a takeover of the congressional proceedings on the drafting of these new regulations: the congressman originally responsible for drafting the new law, Beto Faro, a Workers' Party member from Pará state who focused primarily on avoiding land speculation and loss of national sovereignty in the Amazon region, was replaced by Marcos Montes, a staunchly pro-agribusiness congressman of the Democratic Party from Minas Gerais, one of the most neoliberal parties of the country. The president of the congressional commission on agriculture at the time, Homero Pereira from the Republican Party of Mato Grosso, who was also the leader of the landowners bloc in congress (Parliamentary Front for Agriculture, informally known as the 'ruralist bloc', *bancada ruralista* in Portuguese) then needed to find a politically savvy manner to appease the sectors opposed to tighter restrictions, while maintaining the political gains for the dominant (and his own) group among agribusinesses and landowners – and the Chinese investors become the perfect scapegoats.

Taking advantage of the naïve fanfare that the Chongqing Grain Group was bringing to Brazilian, Chinese, and international media alongside the Workers' Party government of Bahia in late 2010 (e.g. Decimo 2010), a landed elite and industrialist alliance launched a massive campaign in Brazilian media to demonize Chinese investors as state-backed, politically-interested land grabbers, and consequently the primary target and justification for the tighter restrictions imposed on foreign acquisition of farmland (e.g. O Estado de São Paulo 2010; Valor 2010; Cruz and Vaz 2011; Carfantan 2012). The domestic agribusiness and landed elite were primarily represented by congressman Homero Pereira, while the industrialist bloc had Delfim Neto (the influential economist and past Minister of Finance) as their leading spokesperson. When I interviewed congressman Pereira in 2012 about the ongoing congressional proceedings, he immediately and insistently brought up the "threat" of Chinese land grabbing, even though I had never mentioned to him that Chinese investments were also the focus of my research.[36] Delfim Neto – author of the famous expression that "the Chinese have bought up Africa and are now trying to buy Brazil" (quoted in O Estado de São Paulo 2010) – has longstanding ties to the São Paulo-based industrial elite that was seeking anti-dumping measures and other sorts of government supports for the manufacturing sectors of Brazil that are being outcompeted by

[35] Interview with lawyers at major law firms specialized in working with foreign investors who requested anonymity for this discussion, São Paulo 2014 and 2015.

[36] Interview with congressman Homero Pereira (PR-MT), Brasília 2012.

cheaper Chinese imports. They certainly understood that stoking sinophobia in the agribusiness sector could also strengthen their case for the anti-Chinese commercial policies they desired. And both sides were also united in their desire to weaken the Workers' Party government in Bahia, a previous bastion of pro-agribusiness and industrialist politicians that had just been lost to the left in 2007. At the peak of this campaign for *sinophobia*, the right-wing *Época* magazine published an extensive account of Chinese investments in Brazil entitled "The Chinese Invasion", estimating total investments between 2010 and 2012 at over USD 35 billion, which included USD 17.2 billion for petroleum and energy (Sinopec and Stategrid) and USD 8.2 billion in agribusiness, mostly composed by the hyper-inflated USD 7.5 billion estimate for Sanhe Hopeful's "investment" in Goiás (Todeschini and Rydlewski 2012). Chinese investors, of course, were significantly affected by this campaign, which remains a topic of much frustration for them. The executive president of Hopeful Investment and Holdings told me with frustration simmering behind is calm demeanor: "The news people put all the companies that have potential to do business in Brazil in a chart, and make it look like a huge investment. That is kind of misleading."[37] Indeed, and it appears that was precisely the intention.

Ultimately, Congress failed to pass any new legislation on foreign acquisition of farmland, and even though the Attorney General's 2010 interpretation could certainly be debunked as unconstitutional by a challenge in the courts (Hage, Peixoto, and Vieira Filho 2012), foreign agribusinesses and financiers found it more convenient to work around the restrictions with Brazilian partners, as discussed above. Therefore, the first opposition to these restrictions came from those particular sectors of Brazilian and transnational agribusiness most affected, such as the sugar/ethanol and forestry/cellulose industries, which were reported to freeze USD 3.2 billion in the immediate aftermath of the Attorney General's restriction, and accounted for the bulk of the USD 15 to 25 billion in "lost investments" estimated by the Brazilian Agency for Rural and Agribusiness Marketing in 2011 (Borges 2010; Barros and Pessoa 2011). Opposition to the restriction – and to the "China as land grabber" discourse in general – also comes from Chinese government officials, investors, and brokers specialized in attracting Chinese investments to Brazil (Borges 2010; Barrionuevo 2011; Maisonnave and Carazzai 2011). A Brazilian partner of the CGG who is one of the *de jure* owners of the farm they operate in Bahia went so far as to accuse Delfim Netto and a group of lawyers with ties to US-based agribusinesses of drafting the restriction for the Attorney General precisely at that moment in order to undermine the specific land acquisitions that CGG had been negotiating, and argued very convincingly that the restriction served primarily to protect agribusinesses from the "old hubs" of capital from the incipient competition of Sino-Brazilian agribusiness partnerships.[38] Ironically, however, as a wealthy landowner in western Bahia who became partner to one of the largest Chinese agribusiness investments in Brazil, he benefitted more directly than the ABCDs from the restriction against acquisition of farmland by foreigners, at least in the short term. Lastly, a weaker and more ideological opposition comes from free-market economists and lawyers in Brazil who see the measure as yet another example of the unnecessary and irrational protectionism of the Workers' Party government that restricts foreign investments considered to be necessary for the growth of the Brazilian economy (Nasser 2010; Pombo 2012; Hage, Peixoto, and Vieira Filho 2012).

Finally, how have Chinese investments themselves been affected by these restrictions, and the disproportionate concern over their entrance into the soybean complex in Brazil? Clearly, those companies and individuals who envisioned farmland acquisitions as their entrance into Brazilian agribusiness were redirected to other countries, or figured out that it was more viable to pursue investments in other links of agroindustrial production chains. Preliminary analysis of my dissertation data contains evidence that such developments have been taking place, but not so much in the soybean complex. While it would be inaccurate

[37] Interview with the executive president of Hopeful Investment and Holdings, Hebei 2015.

[38] Interview with agribusiness executive who requested to remain anonymous for this account, Bahia 2014.

to describe Sanhe Hopeful's case as a "shift" from land-based investments in Goiás to infrastructure-based investments in Santa Catarina as some media sources have done (e.g. Sant'anna 2014), this does capture the broader trend of Chinese investments in Brazilian agribusiness. The most representative agribusiness association of Brazil (CNA), for example, partnered with its sister organizations in the industrial and transportation sectors (CNI and CNT) and the Brazil-China Business Council (CEBC) to organize a major forum during Xi Jinping's state visit to Brasilia in 2014 to inform and invite Chinese investors into Brazil's logistics infrastructure, particularly railroads that can cheapen agricultural commodity exports, and the CNT is now organizing a similar event for 2015 focused on port investments (Marin 2014).[39]

6 Conclusion

I have argued that Chinese investments in the Brazilian soybean complex have been dwarfed by those originating from the "old hubs" of capital, and therefore they have been subject to a disproportionate and generally negative attention in Brazilian and international media, as well as many academic and think-tank publications that rely upon biased media reports without triangulating such data with more reliable sources and fieldwork across both China an Brazil. Moreover, I have suggested that there has been a strategic use of such media reports by an alliance of Brazilian large-scale landowners, industrialists, free-market economists and lawyers to generate fear and restrictions that would affect disproportionately Chinese investors in Brazil, positioning themselves as necessary partners for Chinese and other foreign investors, and adding pressure against Workers' Party governments, who in turn accept this discourse to distract leftists from their own abandonment of land redistribution while making it seem that they are undertaking measures to protect unspecified domestic interests from transnational agribusinesses. I have also suggested that this strategic use of media reports has been part of a broader effort by US- and European-based agribusinesses, financiers, and government-linked intellectuals to simultaneously shift attention away from the role of the "old hubs" of capital in the global land grab, and suppress the rising Chinese competition against them for international agroindustrial investments (cf. A. Oliveira 2010; World Bank 2010). Peasant and other working class resistance to Chinese and other land grabs has its foundation in a longer and more complex history of resistance to agribusiness expropriation of their lands, destruction of their livelihoods, and exploitation of their labor. However, these anti-agribusiness interests have become subordinated in Brazil to a political compromise between the leading Workers' Party officials in the executive branch and the landed and agribusiness elite interests articulated most powerfully in the legislative branch.

This argument should not be confused with condoning Chinese state and corporate efforts – whether successful or not – at establishing large-scale agribusiness operations in the Brazilian soybean complex and agribusiness sector more generally. I also do not deny that during the first nine years of China's "going out" policy (2001 to 2010), many if not most Chinese agribusinesses went to Brazil seeking land-based investments that could serve as basis for massive vertically integrated agroindustrial projects, and these were envisioned very much with basis on their previous experiences in Southeast Asia and Africa. However, the international sinophobia that characterized the global land grab discourse starting around 2007 (with the proposed Chinese investment in the Philippines) and Brazilian debates on "foreignization of land" starting around 2010, institutionalized in the Attorney General's establishment of greater restrictions for acquisition of farmland by foreigners, certainly transformed the entrance of Chinese agroindustrial capital into the Brazilian soybean complex and agribusiness sector in general. First of all, it did limit land-based investments that were being prospected or even negotiated at the time. Second, it slowed the advancement of Chinese investments in other links of the soybean production chain due to greater hesitation and lack of trust between

[39] Participation at the CEBC/CNT/CNI/CNA event, Brasilia 2014; interview with the CNT and CNA representatives in China, Brasília 2014, Beijing and Shanghai 2015.

Chinese and Brazilian partners. Third and least discussed, it resulted in the most significant entrance of Chinese agroindustrial capital in the Brazilian soybean complex and agribusiness as a whole taking place through M&As negotiated outside Brazil but having it as the primary target (i.e. COFCO's acquisitions of Nidera and the agribusiness arm of Noble).

Against the sinophobic and simplistic claim that Chinese investments in Brazil (and elsewhere) are especially worrisome because they "act upon a state logic, [unlike] commercial interests of other investors" (e.g. O Estado de São Paulo 2010), this working paper demonstrates that the globalization of Chinese agroindustrial capital is taking place through the formation of a veritable transnational agribusiness conglomerate that is designed to undermine the hegemony of the ABCDs, those leading soy and grain trading companies whose commercial interests are supposedly the polar opposite of the Chinese state-driven and land-based investments. Remembering that the waning power of agroindustrial corporations from the "old hubs" of capital has been a legacy of Euro-American colonization and part-and-parcel of their broader efforts at maintaining hegemony during the so-called Cold War era (Patel 2013; Oliveira and Schneider 2014), this working paper provides further evidence that the differences between Chinese and other foreign investors in the Brazilian soybean complex (and international agribusiness in general) are far less significant than has often been presumed (cf. Goetz forthcoming; Hofman and Ho 2012). Admitting these similarities, but also noting the geopolitical benefits that closer Sino-Brazilian agroindustrial partnerships can bring to these two countries, we may transcend the methodologically barren and politically misleading terms in which Chinese investments in the Brazilian soybean complex and other agribusiness sectors around the world have generally been undertaken so far (Oliveira forthcoming). Thus, when raising critical questions about this topic, they should pertain to the entire transnational soybean and agroindustrial production system regardless of the national character of any particular companies or their cross-border operations. Doing so calls for more extensive, transnational, fieldwork-based research – a task that I have taken up in my ongoing dissertation project.

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BICAS is a collective of largely BRICS-based or connected academic and policy-oriented researchers concerned with understanding the BRICS countries and some powerful middle income countries (MICs) and their implications for global agrarian transformations. Critical theoretical and empirical questions about the origins, character and significance of complex changes underway need to be investigated more systematically. BICAS is an 'engaged research' initiative founded on a commitment to generating solid evidence and detailed, field-based research that can deepen analysis and inform policy and practice – with the aim of ultimately influencing international and national policies in favour of rural poor peoples. In BICAS we will aim to connect disciplines across political economy, political ecology and political sociology in a multi-layered analytical framework, to explore agrarian transformations unfolding at national, regional and global levels and the relationships between these levels. BICAS is founded on a vision for broader, more inclusive and critical knowledge production and knowledge exchange. We are building a joint research agenda based principally on our capacities and expertise in our respective countries and regions, and informed by the needs of our graduate students and faculty, but aiming to scale up in partnership and in dialogue with others, especially social movement activists. BICAS Working Paper Series is one key venue where we hope to generate critical and relevant knowledge in collaborative manner. Our initial focus will be on Brazil, China and South Africa, the immediate regions where these countries are embedded, and the MICs in these regions. While we will build on a core coordinating network to facilitate exchange we aim to provide an inclusive and dynamic space, a platform, a community, hence we invite participation.

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