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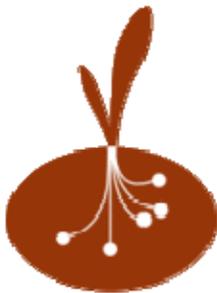
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The role of Japan in Overseas Agricultural Investment: Case of ProSAVANA project in Mozambique

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Abstract

This paper asks why Japan has recently shifted its policy direction to pursue national food security through overseas agricultural investment, and what role the state plays in helping accomplish this goal. This paper argues that current Japanese food security strategy has been shaped by a food dependency structure that has roots in post-WWII period, and that the strengthened Japanese foreign aid - foreign direct investment (FDI) nexus has enabled Japan to become a new player in overseas agricultural investment. The scheme of 'aid,' which is the very factor that created a basis of Japan's food dependency structure, has now become a strategic tool to bridge barriers for accumulation by facilitating and legitimizing Japan's investment. Japanese aid is reproducing dependency structures in recipient countries, incorporating regional agricultural systems into global value chains. The paper focuses on ProSAVANA project in Mozambique as a case study.

Keywords

Japan, overseas agricultural investment, FDI, foreign aid, ProSAVANA, Mozambique

1 Introduction

After the global food crisis in 2007-8, largely two directions of agro-food strategy have become prominent in international level. One strand was formed by transnational agribusiness and states that seek to utilize the crisis as a business opportunity (FAO 2012). The other strand aims to re-situate agriculture within regional socio-ecological contexts as seen in various social movements. Along with the former strand, foreign direct investment (FDI) in agricultural sector has temporarily increased remarkably. A combination of various factors, such as volatility of commodity price, peak oil and rise of biofuels, speculative investments on land, increased meat consumption, population growth, and climate change drew the attention of investors to the agro-food sector (Hertel et al. 2010). The major pattern seen in recent cooperation is “resource-poor, finance-rich” countries investing in “resource-rich, finance-poor” countries (GRAIN 2008; Oliveira 2011; de Schutter 2009; World Bank 2010). The countries that have “arable” lands for a relatively cheap price are seen as new “frontiers,” which contribute to increased agricultural production (World Bank 2010). Sub-Saharan Africa attracts special attention among regions as a source of abundant natural resources (Amanor 2013).

Japan is currently one of the top food-dependent countries and imports more than 60% of its food supply (Kanto Regional Agricultural Administration Office 2013). Nevertheless, Japan is surprisingly absent from debates on offshore land and agricultural investment, despite its potential to become one of the largest investors (Hall 2012). This is partly due to Japanese multinational corporations (MNCs)’ offshore strategy: before the global food crises in 1973-4 and 2007-8, Japanese MNCs tended to avoid investing in overseas agricultural sectors due to risks it might involve, and to only hold indirect control over offshore production through investments in infrastructure and technology development.

However, succeeding global food crises became critical ‘turning points’ for Japanese food security strategy. Japanese food security strategy has since become based on liberalization, intensification and industrialization of agriculture, both inside and outside the country. Currently, the Japanese government promotes overseas agricultural investment utilizing official development assistance (ODA) as a ‘vanguard’ of foreign direct investment (FDI). Japanese development assistance projects creates favorable environment for liberalized, export-oriented, industrial agriculture to facilitate investments by MNCs.

This paper asks why Japan shifted its direction to pursue national food security goal through overseas agricultural investment, and how the state offers public assistance to accomplish its new goal.

In order to examine how Japanese offshore agricultural initiatives appear on the ground, this paper examines ProSAVANA project in Mozambique as a case study. ProSAVANA is an ongoing public-private-partnership (PPP) project between Mozambique, Brazil and Japan that aims to develop vast farmland in Northern Mozambique. ProSAVANA is one of the most ambitious large-scale agricultural development projects in Africa, but the stakeholders are currently facing various difficulties in implementing this project, including social movements that are spreading worldwide. There has been an increasing number of studies on ProSAVANA in recent years (e.g. ADECRU 2014; Cabral and Shankland 2013; Cabral et al. 2012; Castel-Branco 2011; Chicava et al. 2013ab; Clements and Fernandes 2013; Ferrando 2013; Funada-Classen 2013ab; Funada-Classen et al. 2013; Hanlon 2012; Ikegami 2014; Mosca and Selemene 2011; Nogueira and Ollinaho 2013; Schlesinger 2014; JA and UNAC 2013; Wise 2015; Wolford 2013). This paper will shed light upon Japan’s role in ProSAVANA, which has not attracted much attention in the previous studies.

Japan is a new player in agricultural investment, and its current involvement in overseas agricultural projects still remains small in its scale. In this light, this paper aims to provide a ground to understand Japan’s role in overseas agricultural investment. Various factors have shaped Japan's offshore agrarian strategy. This paper particularly focuses on foreign aid, trade, FDI and changing ‘food regime’ as key factors. Japan’s long-standing ODA-FDI nexus, as well as its historical

experience and encounters have created a peculiar ‘twist’ that distinguishes Japan from other actors in agricultural investment.

This paper argues that the policy changes and agrarian transformations Japan underwent during the post-WWII period has created a basis for current Japanese food security strategy, and that Japan’s ODA-FDI nexus has enabled Japan to become a new player in overseas agricultural investment. The scheme of ‘aid,’ which is the very factor that created the basis of Japan's food dependency structure, has now become a strategic tool for Japan to facilitate offshore agricultural investment. A crisis we face in territoriality is connected to the crisis of governance and human inhabitation of land (Friedmann 2000). Japanese foreign aid is reproducing dependency structures in recipient countries, by restructuring social and ecological integrity and incorporating regional agricultural systems into global value chain. We need to reconsider the viability of such strategy, regarding the increasing contentions both inside and outside the country.

The paper is structured as follows. Section 2 briefly outlines the theoretical framework. Section 3 examines the background of Japanese overseas agricultural investment, by exploring the origin of Japanese food dependency in post-WWII period. Section 4 explores Japan’s changing food security strategy in the era of global food crisis, as well as changing role of Japanese foreign aid. Section 5 analyzes ProSAVANA project in Mozambique as a key case of current Japanese overseas agricultural project. The last section concludes.

2 Theoretical Framework

This study takes the perspective of critical research, which aims to “delve” deep into the structure of the society to reveal social relationships and process where power plays part (Harvey 1990). Globalization is a process that continuously transforms in response to regional and local forces (Murdoch et al. 2000). The paper looks into intersections between global ‘horizontal’ forces and regional/domestic ‘vertical’ forces, which interact and shape each other.

In examining the historical background of Japanese food security strategy, this paper builds on food regime studies. Food regime is an analytical framework developed by Friedmann and McMichael (1989). A simple definition of food regime is “rule-governed structure of production and consumption of food on a world scale” (Friedmann 1993: 30-31). Food regime analysis identifies social relationships and contradictions in the capitalist process across time and space through the lens of ‘food.’

As Friedmann (1992) explains, ‘food’ joined the category of ‘commodities’ in mid-twentieth century, allowing it to become a strategic tool of capital accumulation. The traditional ‘agrarian question’ is “now very much about capital (Bernstein)” as well as about “politics of land and subsistence (McMichael),” as “remaining peasants are marginalized by transnational supply chains dominated by capitals of enormous scale and integration” (Friedmann and Kida 2007: 1).

This paper focuses on the US-centered postwar food regime (1947-1974) and the following transition period (1974-). The paper takes a position that emphasizes dialectic transition patterns of food regimes, rather than seeing history as succeeding sets of stable accumulation patterns, based on a perspective that Japanese society is currently facing “contests over new directions” in the unfolding crisis of the US-centered food regime (Friedmann 2003: 234).

In addition, this paper sees foreign aid as a key tool that shaped Japanese overseas agrarian strategy. It is crucial to examine how ‘foreign aid’ has played different roles in the post-WWII period in order to understand the origin of Japanese food dependency and current Japanese agricultural investment.

Despite how ‘aid’ or ‘ODA’ has been framed or justified in the past, aid has always served as a political tool for donor and recipient countries (Alesina and Dollar 2000; Bueno de Mesquita and

Smith 2009; Werker 2012). As Morgenthau (1962: 302) describes, “the transfer of money and services from one government to another performs here the function of a price paid for political services rendered or to be rendered.” The motivations of offering aid generally stem in “a mixture of alleged altruism, economic interests, historical ties and geo-strategic (imperialist) considerations” (Oya 2006). The allocation pattern of aid is shaped by “political and strategic considerations” rather than the actual needs for development assistance (Alesina and Dollar 2000: 34; Bueno de Mesquita and Smith 2009: 336).

Aid has served for various motivations in different historical moments. The scope, role, size and form of foreign aid have changed along with shifting accumulation structures. According to Hopkins (2000: 4), “foreign policy has created and sustained various aid regimes among donors” and international organizations have served to institutionalize aid. Foreign aid as an institution began in 1947 with US’s Marshall Plan. During the postwar food regime, aid functioned as a statecraft tool under postwar reconstruction and cold war rivalry. However, in the current period, the “political economy of aid” is “increasingly intertwined” with private investment (Scoones et al. 2013:11). Traditional donor-recipient relationships that reflected colonial ties have also shifted to the ones that reflect geopolitics of the global market economy (Hopkins 2000).

Similarly in Japan, studies show that foreign aid has served for the state’s political and economical interests (Hook and Zhang 1998; Bueno de Mesquita and Smith 2009). However, it is worthwhile to note that the aid scheme in Japan “has been clearly different from what was practiced in the West and is often misunderstood” (Blaise 2009: 3). Historically, Japanese ODA has had close connections with the private sector, serving ‘mercantilist’ purposes. This ODA-FDI nexus has been strengthened after the 2007-8 global food crisis in order to facilitate Japan’s overseas agricultural investment.

3 Origin of Japan’s Food Dependency: Why and How did Japan Become a Food-Dependent Country?

This section analyzes the origin of Japan’s food dependency structure. Japan is currently one of the top food-dependent countries in the world. Japan’s food dependency is generally understood as a consequence of industrialization-based economic development. Hirano (2013) from Japan External Trade Organization (JETRO) explains that countries in East Asia are “destined” to become food dependent countries, due to population density and ecological limits. However, food regime analysis indicates that food aid and political changes during the US-centered food regime have largely shaped current Japan’s agrarian structures and food security strategy.

Japan has pursued an industrialization policy since Meiji era (1862~) while undermining its agricultural sector. Japan relied on offshore food supply during World War II by colonizing Taiwan, Korean peninsula, Manchuria, and South East Asian countries. (Which Japan called the ‘Greater East Asian Co-Prosperity Sphere.’) During the war, 80% of soybeans consumed in Japan were imported from this ‘Co-Prosperity Sphere’ (Inyaku 2012; McMichael 2000, 2013). With the end of WWII, this imperial system collapsed and Japan came under US and Allied Occupation until 1952.

During the occupation, Japan underwent various policy reforms. The policy reforms in this era should be understood in relation to the broader objectives relating to the US’s containment strategy (Cumings, 2009; Friedmann 1993; McMichael 2000; Ufkes 1993). Under the Cold War rivalry, US General Headquarter (GHQ) in Japan has promoted democratization and demilitarization, but in response to Japanese communist party’s general strike in 1947 and the country’s deteriorating economic situation, GHQ changed its policy direction to “reverse course” (Dower 1999). “Reverse course” pursued pro-Americanism, anti-communism and reactionary movement, in order to make

Japan as US's strategic foothold in Asian region. US appropriated Japan's former 'Co-Prosperty Sphere' network as a foundation of containment policy in Asia, while China allied with the Soviet bloc. Japan's policy changes served to create a favorable environment for this US strategy.

One of the key factors that affected Japan's policy change was US food aid. During postwar food regime, US distributed wheat through the Marshall Plan (1948) to European countries, and PL-480 (1954) to Third World Countries and several other countries including Japan. This US food aid was designed as a strategic tool to maintain a hegemonic structure within the Cold War rivalry and to create US agro-food markets worldwide, by utilizing domestic surplus wheat bought up by the government during depression period (Friedmann 1993, McMichael 1999). Japan was one of the key recipient countries of PL-480 (Friedmann 1994; McMichael 2005). In order to facilitate importation of wheat through PL-480 program, Japan passed US-Japan Mutual Security Act' in 1954 and 'Law of Orientation of Agriculture' in 1961. Japan also underwent a radical nutrition transition during this period. Japanese government promoted increased wheat and meat consumption (e.g. for school meals) to adapt massive inflow of wheat and animal protein from the US (McMichael 2013; Suzuki 2003).¹

US food aid was a double-edged sword for the recipient countries. On one hand, it supported economic growth by provisioning the urban population and introducing new technologies. On the other hand, it lowered global agricultural commodity prices, pressuring domestic agriculture of the recipient countries. In Japan, the domestic agricultural sector declined rapidly amidst industrial development (MAFF 2012). During 1965-2010, Japan's food self-sufficiency rate (calorie based) declined from 73% to 40% (MAFF 2010). Declining farmer populations resulted in vast 'abandoned farmlands' across the country. Ironically, Japan had to seek for available farmlands outside the country, since policy changes during postwar food regime became hindrances to revitalize domestic farmlands.² As a consequence, increased agricultural imports became the central strategy of Japanese food security policy, instead of depending on domestic agricultural production.

Current Japanese food security policy is based on this dependency structure that has roots in postwar food regime. With US food aid and rapid industrialization, Japanese food supplies became dependent on the global market while domestic agriculture declined sharply. Japan underwent a nutrition transition in that people began consuming increased amounts of international commodity crops, and policy changes during US military occupation became a barrier for domestic agriculture to revitalize. The agrarian system and dependency structure shaped during this period in turn given Japan the power to become an agricultural investor after its neoliberal turn.

The following section examines the shift in Japanese food security strategy in the era of global food crisis.

4 Japanese Food Security Strategy and ODA-FDI nexus after Global Food Crises

Even though Japan had multiple reasons to become a large agricultural investor after postwar period - e.g. high food dependency, ecological limit for agricultural production, high population density, developed economy, high amount of foreign currency reserves - Japan has long been refraining from investing in overseas agricultural production. However, this has changed after the subsequent global

¹ Policy changes during this period aimed for redistribution of capital (through land reform and disbanding of *zaibatsu* (Japanese business combine)), and promotion of anti-communism (through constitution change by Rooseveltians and red purge). This has promoted a centralization of power and rise in conservatism.

² In 1946, under US military's rule, Japan carried out a redistributive land reform that reduced the areas of land holding per capita from 5ha to 1ha. This tore down the landed class and increased the number of petty commodity producers. The scale of farmland still remains as an obstacle for industrialization and large-scale production Japan.

food crises in 1973-4 and 2007-8 and neoliberal turn of the 2000s.

Japanese FDI and ODA Before Global Food Crises

Traditionally, Japanese FDI in the agricultural sector has focused on infrastructure improvement and technology transfer.³ Japanese Ministry of Foreign Affairs (MOFA) (2013) explains that Japanese MNCs have refrained from investing in agricultural production in developing nations, due to several risks it may involve. Multiple factors were considered as potential risks for Japanese MNCs to invest in overseas agricultural development, such as unpredictability of climate, trade restrictions, and poor infrastructure in developing regions. Alternatively, Japan held indirect control over regional resource and agricultural production “through minimal investment” in infrastructure and technology to several different supply zones (Bunker and O’Hearn 1992, cited in Friedmann 1993: 44). This way, Japan was able to select the most advantageous import channel to secure stable supply, as exporters will “compete for Japanese import market” (ibid). Primary targets of Japanese FDI were Asian countries, due to geographical convenience and historical ties.

In addition to Japanese FDI, Japanese ODA also targeted Asian region in its initial stage, since ODA originally functioned as postwar reparation to the former colonies (including Burma, Philippines, Indonesia, Vietnam, Cambodia, Laos, Malaysia, Singapore, South Korea, Mongolia, Micronesian islands).

Such offshore strategy has shifted after successive global food crises in 1973-4 and 2007-8 (which had distinct background and implications) and neoliberal turn in the 2000s; after these crises, Japanese ODA and FDI started to target agricultural production, outside the Asian region.

Japanese Food Security Policy After 1973-4 Global Food Crisis

The postwar food regime ended with the global food crisis in 1973-4. In these years, global grain price tripled due to combined factors (e.g. previous year’s El Niño climate cycle causing international crop failure, Soviet Union importing increased amount of grains under détente). This also coincided with the global oil crisis. The concept of ‘food security’ was presented for the first time at 1974 World Food Conference, which “forced international leaders to reevaluate their approach to food and hunger” (Fairbairn 2010: 21). In 1973, the US imposed a soybean embargo on Japan. Japan, who depended 90% of its soybean supply from US at this moment, had to search for an alternative source of importation.

In order to diversify channels for soybean import, Japan initiated its first overseas agricultural development project in partnership with Brazilian government in 1974.⁴ The project: PRODECER (Projeto de Desenvolvimento do Cerrado: Project for the Development of Cerrado) took a form of public-private partnership (PPP), and Japan contributed 28 billion dollars of ODA for infrastructure improvement and technological transfer. The project ran for 25 years (1974-1999) and developed 334,000 hectares of Cerrado biome into export-oriented mono-crop farmlands (Sauer and Leite 2012). PRODECER was embedded in Brazil’s state-building model under its existing military regime. In 1970s, Brazilian agricultural policy shifted its focus “from agricultural subsidies to agroindustry” and

³ Due to lack of dependable data, it is difficult to quantify the amount of FDI in agricultural sector (FAO 2012).

⁴ There were many target regions for this cooperation, including countries in Southeast Asia, Africa, and Latin America. Multiple factors were considered when Japan chose Brazil as development partner. Factors such as Brazil’s agribusiness foundation, cheap production cost, dictatorship regime that enabled enforcement of the project, concentrated land property, and historical ties between Japan functioned favorable for Japan to choose Brazil out of other proposed countries (Baumel et al. 2000; JICA 2010; Sauer and Leite 2012). The institutions that supported national migration project from Japan to Brazil during WWII were reformed into the national bilateral agency: Japan International Cooperation Agency (JICA) in 1974, as a coordination body of PRODECER, with a budget of 300 million dollars (JICA 2013a).

“from the management of surpluses to commercial exports” (Friedmann 1993: 46). The state targeted Cerrado region as an agricultural frontier to build the agricultural and livestock sectors, and PRODECER constituted a very small part of this initiative. Japan legitimized PRODECER as contribution to “global food security” and “national economic development” in Brazil (JICA 2012). Through PRODECER, Japan succeeded in “bi-polarizing” its soybean supply zones.⁵ The project partially contributed to creating the basis for TNCs to form an oligopolistic economy in the region. Brazil later became second largest producer of soy (USDA 2013), which altered the global distribution pattern of soybeans.⁶

On the other hand, during 1980-90s, the Japanese government promoted increased importation of agricultural commodities through Maekawa policy report issued in 1986. In the late 1990s, General Agreement on Tariffs and Trade (GATT) institutions and trade liberalization agreements further allowed TNCs to erode domestic agricultural sector. Japan had a neoliberal turn in the early 2000s, catching up with Western countries (Watanabe 2007). Japan has joined 14 FTAs since the 2000s and 10 other FTAs are under negotiation, including the controversial Trans-Pacific Partnership (MOFA 2014). The domestic agricultural sector in Japan further declined through this period (MAFF 2010).

Japan's Food Security Strategy After the 2007-8 Global Food Crisis

There was a critical turning point for Japanese ODA- FDI nexus after the 2007-8 global food crisis. Since 1980s, Japan pursued a “three-bodies-as-one” (*san-mi-ittai*) model that links Japanese ODA, FDI and trade to pursue their complimentary objectives. This enabled Japan to develop multiple production platforms in ODA/FDI recipient countries and trade commodities through wide Japanese MNC networks (Arase 1994). Japanese ODA projects are framed as “economic cooperation” (*keizai-kyouryoku*) rather than development assistance, and Japanese development agency: Japan International Cooperation Agency (JICA) emphasizes the logic that capitalist development contributes to poverty reduction in recipient countries. A large part of Japanese foreign aid is allocated towards “infrastructure and building trade capacity” (Farrell 2008: 94). This is based on a premise that infrastructure improvement can attract investments, which would lead to increased exports and economic development in recipient countries (Farrell 2008; MOFA 2015; Sawada and Todo 2010).⁷ There was an ODA reform between the 1990s and early 2000s, which questioned the role of ODA and caused the government once again refrain from using ODA as a support tool for FDI. However, after 2007-8 global food crisis, the government re-evaluated the role of the private sector in international development, and reframed Japanese ODA as a tool to support corporate activities (MOFA n.d.). In 2015, Japanese Ministry of Foreign Affairs announced that Japanese ODA's role is “to improve market

⁵ In 1977, Japan depended on 95.2% of soybean supply (approximately 3.4 million tons) from the US with 1.6% from Brazil (58,000 tons). In 2008, dependency on US lowered to 74.5% (2.7 million tons) and import from Brazil increased to 15.3% (568,000 tons) (MAFF 2013). Japan initially attempted to import more soybeans from Cerrado, but Brazilian President Geisel persuaded JICA that they do not need to make agreement for direct imports, since Japan could benefit through the stabilization of global commodity price (Hongo and Hosono 2012).

⁶ Despite the initial ProSAVANA's explanation that relates PRODECER with ProSAVANA as a precursor project, it is better to consider that the two projects are connected mostly in a discursive dimension. The projects have distinct features in terms of scale, framework, and socio-economical contexts (ProSAVANA Minutes of Meeting 2009; World Bank Institute 2009; JICA 2010). However, it is worthwhile to point out that they share similar principles, such as liberalization, industrialization, modernization, and the intensification of agriculture.

⁷ There are several studies that show Japanese ODA's ability to leverage private capital. Kimura and Todo (200) found “robust evidence that foreign aid from Japan has a vanguard effect, while aid from other donor countries reveals no such effect.” Studies by Kang, Lee and Park (2010) and Blaise (2006, 2009) supports this idea by examining the Japanese role of ODA in East and Southeast Asian countries. This correlation between FDI and ODA flow is not seen in other countries (Boone 1996; Harms and Lutz 2006; Karakaplan et al. 2005).

access [...] with a view to accelerating developing countries' integration into the multilateral trading systems for the promotion of international trade ” (MOFA 2015). The allocation of aid is now based on the “logic of capital” (Harvey 2003), that maximizes the outcome of Japan’s offshore investment. The Japanese government also offers trade credits, investment insurance and supports land acquisition to support the activities of Japanese corporations. This way, the public sector can hedge against risks of neoliberal interventions by private corporations (Harvey 2005; Akram-Lodhi 2012).

Newer Japanese food security strategy is based on this strengthened ODA-FDI nexus. In 2009, Japanese Ministry of Agriculture, Forestry and Fisheries (MAFF) and Ministry of Foreign Affairs (MOFA) created the ‘Council for Promotion of Overseas Investment for Food Security’ to position overseas agricultural investment as a central means to achieve food security.⁸ The council identifies two pillars of the role of the state in contributing to food security, which are a) to use ODA for low-cost projects, such as infrastructure and technology development, and b) to create an environment that facilitates private investment through deregulation and liberalization (MAFF 2013). Its framework strengthens public-private partnership (PPP) in offshore agricultural development; the state assists ‘profitable’ investment by providing incentives and creating favorable environments for the private sector. With this new policy framework, Japanese MNCs such as Itochu, Sumitomo, Marubeni and Mitsui became increasingly involved in offshore agricultural production (MAFF 2013). The council’s priority is to diversify the supply source of crops, especially corn and soybeans (JBIC 2011, MAFF 2013). The launch of ProSAVANA and proposal of ‘Principle for Responsible Agricultural Investment’ (PRAI) also took place in 2009, both aiming for increased overseas agricultural investment. Reflecting such activities, the slogan of TICADV conference was “Shift from ‘aid’ to ‘investment’” (TICADV 2013).

There is also a renewed focus on African countries as new ‘frontiers’ for agricultural development. Historically, Japanese development agency paid little attention to African countries, due to a lack of historical ties and geographical distance. Nevertheless, factors—such as MDGs, traditional recipients ‘graduating’ from Japanese assistance, and the increasing presence of Japan’s ‘rival country’ China in Africa— shifted Japan’s scope from Asia to Africa (Nikkei BP net 2013; Ikegami 2014; Asahi 2014). In 2013, Japan confirmed that Africa is a ‘business partner’ instead of aid recipient, and promised that Japanese government will support ‘win-win’ relationships between Japan and Africa through increased private investment (JETRO n.d.). This ‘win-win’ rhetoric served to legitimize Japan’s contradictory position that protects domestic agricultural sector while promoting export-oriented farming outside the country (IDC 2007). Nowadays Japan refrains from using terms such as ‘aid’ or ‘development assistance,’ in order to avoid the image of traditional ‘North-South’ development cooperation (JICA 2010). The term ‘partnership’ instead of ‘assistance’ also serves to depoliticize and ‘silence’ power imbalances between the partner states (McEwan and Mawdsley 2012; Oya 2009).

In the era of crisis, what used to be unrecognized in the stable period becomes open to question. According to van der Ploeg (2000: 98), global food crises in the past decades indicate “global agrarian crises” that have roots in “industrialization of agriculture, the liberalization of food and agricultural markets and the rise of food empires.” Accelerating commodification and financialization of agriculture, increasing rifts between natural systems and human activity, and widening rural-urban divides have asserted themselves through forms of ‘crisis’ in respective periods (Arrighi 1993; McMichael 2009). However, Japan’s strategy to overcome such situations was to further pursue its industrialization and liberalization of agriculture.

These succeeding global food crises revealed the fragile foundation of Japanese agrarian structure

⁸ The council is constituted of MOFA, MAFF, Japanese Ministry of Finance (MOF), Japanese Ministry of Economy, Trade and Industry (METI), Japan Bank for International Cooperation (JBIC), JICA, JETRO, and Nippon Export and Investment Insurance (NEXI).

that lacks resilience to sudden food price rises. As a response to these crises, Japan promoted overseas agricultural investment utilizing foreign aid as a support tool. This coincided with Japan's liberalization of its agro-food sector, its intensification of agriculture, and its shift in geographical focus from Asia to Africa. Japan's diversification strategy to shift away from US dependency is creating a food production platform in different regions, helping alter the global value chain into a more poly-centric structure. In this way, the fragility of Japanese domestic agriculture stemming from the postwar food regime, "in turn gave Japan power as a major importer paradoxically to change the map of world food system" (Friedmann 1993: 10). The next section analyzes ProSAVANA as a significant case of an agricultural PPP project, after 2007-8 and as representative of these shifts.

5 How does Japan utilize ODA to promote Overseas Agricultural Investment?: Case of the ProSAVANA project in Mozambique

This section examines the ProSAVANA project in Mozambique as an important case of Japanese overseas investment after 2007-8 food crisis. It analyzes how public and private sectors have closely worked together in order to create an 'export-zone' in Northern Mozambique. The analysis places special emphasis on the nexus between foreign aid and FDI, the role of public institutional frameworks in legitimizing corporate activities, and strategies to incorporate regional agricultural production into global value chains.

Outline of ProSAVANA

'The Triangular Cooperation Program for Agricultural Development of the African Tropical Savannah in Mozambique: ProSAVANA' is an ongoing trilateral public-private-partnership (PPP) project between Brazil, Mozambique and Japan, launched in 2009. ProSAVANA aims to develop 14.5 million hectares of 'arable land' in Northern Mozambique, which covers 19 districts of Nampula, Niassa and Zambezia province alongside the Nacala Corridor.⁹ Main crops include cash crops such as soybean, maize, and sugar cane.

According to the official ProSAVANA website, the 'vision' of ProSAVANA project is to "improve the livelihood of inhabitants of Nacala Corridor through inclusive and sustainable agricultural and regional development" (ProSAVANA n.d.). Its proclaimed mission is a) to "modernize agriculture to increase productivity," and b) to "create employment through agricultural investment" in Mozambique (ibid). JICA (2010) claims that ProSAVANA also contributes to achieving Millennium Development Goals (MDGs), considering the fact that Mozambique has high poverty rate and widening social inequality (Castel-Branco, 2011; Mosca 2013).

ProSAVANA intends to create an "export-zone" through large-scale farming, as a means to "overcome the bottleneck of small markets" (GRAIN 2012). According to Minister of Agriculture in Mozambique, ProSAVANA will help "small farmers to become commercial farmers on a small, medium and eventually even large scale" (Pacheco 2012, quoted in allAfrica 2012).¹⁰ The ProSAVANA framework emphasizes compatibility of neoliberal policy, increased food production, poverty reduction and environmental conservation (ProSAVANA 2013; Schlesinger 2014).

Japanese counterparts were initially opposed to the promotion of large-scale agribusiness per se, claiming that such mode of production "would not be feasible in Mozambique" (Nogueira 2013).

⁹ Although the targeted area is often described as 'idle' land, the region is a source of fertile soil and rich water resource that contains largest farming population in the country; mostly subsistence farmers with small land holdings, that are below national average (1.3 hectares per household)(JICA 2010: 6-20).

¹⁰ According to African Economic Outlook (2014), 70% of the Mozambican populations work in the agricultural sector.

Nonetheless, the framework for the current ProSAVANA project was shaped through negotiation with other counterparts and stakeholders of overlapping corporate-led initiatives that have also pursued a ‘Green Revolution’ in Africa, such as the G8 New Alliance for Food Security and Nutrition in Africa (G8NA) and the African Agricultural Growth Corridor.

The project is currently subject to contention; critics claim that this project will mainly benefit “foreign investors and politically-connected local officials,” while displacing small-scale farmers who are responsible of over 90% of the country’s food production (Chicava et al. 2013b: 112; Arsenault 2015). There are also increasing concerns about the environmental impact of this project. The project has provoked a series of social actions, led by Mozambican national farmers’ union (União Nacional de Camponeses: UNAC) and partner organizations.¹¹ The Master Plan of ProSAVANA is currently being revised due to widespread controversies, and project implementation is slow to progress.

Increasing FDI in Mozambique

Mozambique is one of the top destinations of agricultural investment in recent years (FAO 2012). In 2009, the World Bank published a report named “Awakening Africa's Sleeping Giant” (World Bank 2009), pointing out the potential of agricultural development in African savannah areas, including the one in Northern Mozambique. Mozambique attracts various foreign businesses in the field of forestry, agrofuels and mining, but many projects involve disputes with local habitants (JA and UNAC 2011, Nhandumbo and Salomão 2010, FIAN International 2010, Borrás et al. 2011, Oakland Institute 2011). The Mozambican government and African Development Bank (AfDB) are supportive of transnational corporations (TNCs) in Mozambique. They promote FDI as a central means to address economic development and food security goals (Chicava et al. 2013; Oakland Institute 2011). The national peasants union in Mozambique (UNAC) recently reported that the Mozambican government has so far signed for more than 35 lands leases (over 535,000 hectares) for these projects (Arsenault 2015). Although Mozambique has the “most progressive land law” among African countries (Fairbairn 2013), land is fundamentally managed by state, and many foreign governments and corporations are taking leases on this land. Especially since the launch of ProSAVANA, the agricultural sector has attracted greater attention of TNCs who foresee infrastructural improvement and development of processing industries in the region (Kuyek 2013).

Mozambique's state of ‘underdevelopment’ with low institutional capacity, lack of infrastructure, underutilization of land and natural resources, low productivity, and weak research capacity is providing legitimate ground for foreign investors to intervene in Mozambican agricultural sector (JICA 2010 6-11,17; Suárez and Borrás 2010; do Rosario 2012: 2; Wolford et al. 2013). The countermeasures to these shortcomings are liberalization, modernization and industrialization of agriculture. JICA (2010: 6-5) considers that “private investment is indispensable for the agricultural development in the Nacala Corridor,” claiming that ProSAVANA framework is coherent with existing agricultural policies in Mozambique and will contribute the country's ‘superior objective’ to eradicate poverty.

Mozambique and its Nacala corridor have a geopolitical significance in creating value chains. Nacala corridor cuts across the Northern region of Mozambique from the Malawi border on the West to the Mozambique Channel on the East. It connects coal mining sites in Tete Province (where Brazilian company Vale invests), a natural gas production site in Nampula (where Japanese company Mitsui & Co., Ltd. invests with Anadarko Petroleum Corporation) and agricultural production sites in Nampula, Niassa, Zambezia to Nacala port via highways, railways and airports. According to JICA personnel, the target country of ProSAVANA was chosen based on FAO statistics that implied

¹¹ Social movements against ProSAVANA include nation-wide campaign “Não ao ProSAVANA” in 2014 (UNAC 2014).

Mozambique's 'potential' for agricultural development with vast arable land, water sources, a cheap labour force, and an international port that enables product exports (Hongo and Hosono 2012). Japan and Brazil consider Nacala Port as a favorable international port that has good access to large markets in China and European countries (Paul and Steinbrecher 2013: 3).¹² The port is also considered as a 'gateway' to the inland countries such as Zimbabwe, Malawi and Zambia, expecting future expansion of market and value chains to neighboring countries (MOFA 2013c: 2). A large part of ODA for ProSAVANA is allotted to improve transportation facilities in the corridor, which indicates that ProSAVANA has been planned as export-oriented project from its initial phase. From diplomatic point of view, Japan considers Mozambique as a key hub for developing business networks in African countries. Regarding the rising interest of Japanese MNCs towards Africa, Japanese Ministry of Foreign Affairs (MOFA) states that ProSAVANA should become an "initial point" for Japan to expand business on the African continent (MOFA 2013b).

Role of the States

States play key role in promoting private investments in ProSAVANA. The Japanese Minister of Foreign Affairs considers that the Japanese private sector expects the state to support "liberalization, promotion and protection of investment" in Mozambique through implementation of ProSAVANA (AIM n.d.), as evidenced in the "Agreement on the Reciprocal Liberalization, Promotion and Protection of Investment" signed by Mozambique and Japan (MOFA 2013a). Japanese Prime Minister asserted that the partnership with Mozambique "will contribute to gaining more allies in international society" while enabling Japan's private sector to expand extractive business in Mozambique (Kuwahara 2014).

Through ProSAVANA, Japanese government assists corporate activities in Mozambique by providing financial supports such as yen loans for agricultural investment (Sankeibiz 2012). The state also supports industrial mono-cropping agriculture through provision of inputs and machineries, introduction of modern technology, and promotion of land use change (Ekman and Macamo 2014). ODA serves as a tool to create a favorable environment for private investment through the improvement of social infrastructure. The Japanese Prime Minister visited Mozambique in January 2014 and earmarked 70 billion yen (approximately 700 million dollars) of ODA, which would make Mozambique one of the top recipient countries of Japanese ODA. JICA also places importance on technological assistance and human resource development to distinguish its activities from China and the US (ibid.). Japanese MNCs such as Itochu, Sumitomo, Mitsui, and Marubeni are involved in ProSAVANA (Sankeibiz 2012). Japanese government explains that, through ProSAVANA, Japanese MNCs can benefit from trade with China, and Japan can benefit from stabilized international commodity prices by increasing overall agricultural production (ibid).

JICA states that ProSAVANA provides a "responsible agricultural model" that supports both large-scale and small-scale production (Oshima 2011). Principles for Responsible Agricultural Investment (PRAI) is considered a key institutional tool to prevent irresponsible land acquisitions by TNCs and to promote 'appropriate' agricultural investment. Oshima (2011) from JICA claims that, if this project succeeds, it will become an agricultural development model that could be applied in other Lusophone African countries such as Angola, which also has high potential for development.

Nonetheless, social movements inside and outside Japan are criticizing Japan's use of foreign aid to support corporate activity and to use PRAI to legitimize such activity (AJF et al. 2014). JICA's official explanation for ProSAVANA has shifted many times, reflecting such criticisms: the current

¹² UNCTAD statistics show that coastal countries attract more FDI compared to landlocked countries, regarding their access to global market (UNCTAD 2008).

explanation emphasizes that Japan's initial intention is not to promote private investment, but to support Mozambique's national development and food security (Funada-Classen 2013; Wise 2015).

ProSAVANA is considered part of the Japan-Brazil Partnership Programme (JBPP) initiated in 2000. Since ProSAVANA is Japan's first attempt at a large-scale agricultural development project in Africa, Japan appropriated the scheme of Brazil's existing South-South partnership with African countries (that has special emphasis on Lusophone countries) to overcome its lack of experience. For Japan, this project was fundamentally an extension of Japan's import diversification strategy. After the global food crisis in 1973-4, Japan "bi-polarized" soybeans supply zone to the US and Brazil through PRODECER. After the subsequent global food crises in 2007-8, Japan sought to "tri-polarize" it with ProSAVANA (JICA 2013). JICA justifies this project by claiming that "Japan needs to contribute to increasing global food production in the era of Population bomb" (JICA 2010). Brazil also extends its national interest and pro-market policy through ODA. The Brazilian state considers that Mozambique has a "geopolitical significance as a southern ally" (Matos 2011: vii). For Brazilian enterprises, Mozambique is a business frontier with relatively cheaper natural resource prices (Schlesinger 2013b; Clements and Fernandes 2013).

Compared to Japan, Brazil has been straightforwardly pursuing its ambition to expand agribusiness in the region. However, according to a recent report, promotion of Brazilian investment is not proceeding as planned; multiple factors (e.g. continuing social movements in the region, socio-environmental situations that were different from the state's expectations, and complicated process of land concession) have so far "scared off" Brazilian corporations from investing in Nacala corridor (Wise 2014).

Due to different interests between the pivot states, ProSAVANA has increasingly become demarcated between Japanese and Brazilian counterparts (Kondo 2014). Mozambique joined the planning of ProSAVANA after initial JBPP scheme was formed. Clearly, Mozambique was absent in the early phase of ProSAVANA planning. Nonetheless, power imbalances and different levels of commitment between the three countries are being blurred under a congruity presented through the 'Win-Win-Win' narrative.

Strategies to Incorporate Mozambique Farmers into Global Value Chains

The current ProSAVANA framework places emphasis on supporting regional small-scale farmers, and includes 'cluster' models and 'out-grower' schemes. Through these strategies, ProSAVANA incorporates Mozambican agriculture into global value chains.

Creation of agricultural 'clusters' constitutes a core part of ProSAVANA. In ProSAVANA, the term 'cluster' refers to a strategy that vertically integrates agricultural value chains based on different commodity crops (ProSAVANA 2013). Clusters "encompass a variety of agricultural, industrial and service provider companies" and local small-scale producers, which enables them to "work together in synergy between components" (ProSAVANA 2013: 2-14). Cluster strategy involves creation of Special Economic Zones (SEZ) in the area. SEZ provides business incentives such as financial, technical or infrastructural support to promote "efficient value chain operation" (ProSAVANA 2013: 2-2). Cluster strategy also involves zoning of the region for respective clusters. This zoning process allocates different crops for each zone based on agronomical conditions, and imposes changes in land uses and farming styles. Lands that are temporarily not in use (fallow land), or lands that have cultural values (e.g. graveyards) could be turned into mono-crop farms through ProSAVANA. In addition, the project team outlines that there is "an urgent need" for a "transition from shifting cultivation to settled farming." The farmers who abandoned their traditional farming practice will be awarded as "leading farmers" (JA et al. 2013; ProSAVANA 2013). There are also some reports that local farmers have been displaced through implementation of ProSAVANA (Arsenault 2015). There are increasing

environment and health related concerns about pesticides or industrial mono-cropping farming styles that agribusinesses impose to farmers (Paulino 2014).

Furthermore, ProSAVANA promotes 'out-grower' (or contract farming) schemes for production (ProSAVANA n.d.; JICA 2013b). Out-grower schemes transform subsistence farmers to commercially viable farm workers. The selection of farmers will be made based upon business plans of each cluster (JICA 2010).¹³ Out-grower schemes are often promoted as a model that creates 'win-win' relationship between farmers and private corporations, allowing farmers to gain cash income on one hand and companies to cut down external costs on the other hand (Da Via 2011: 13; IFAD 2013). However, out-grower schemes will not always lead to 'win-win' relationships. Out-grower schemes can entail "adverse incorporation" (Akram-Lodhi 2008, 2009) when they incorporate small-scale farmers into global value chains. Studies show that out-grower schemes could place farmers in vulnerable positions by subordinating them under powerful corporate actors; such studies point out the controversial effects of linking local farmers to international market (De Schutter 2011; Da Via 2011 Reynolds 2000; Watts 1992; White 1997). Recent reports by Japanese CSOs also report several cases where ProSAVANA's out-grower farmers are being forced to work under exploitative conditions (AJF et al. 2014).

ProSAVANA's 'inclusive growth' model that involves 'cluster' models and 'out-grower' schemes could be seen as a process of "global enclosure" confronting world peasantries (Araghi 1999). These strategies may create new dependencies among farmers, placing them under the control of TNCs and volatile prices of international markets. Although JICA puts increased emphasis on improving small-scale farmers' livelihood, its proposed strategies could prioritize corporate interests over the subsistence and autonomy of small-scale farmers.

Through ProSAVANA, Japan pursues export-oriented agriculture in Mozambique in order to achieve 'global food security.' Foreign aid is utilized under the purpose of channeling private capital for the implementation of this project, and institutional frameworks such as PRAI serve as tools to legitimize this 'scramble' for land, resource and labor force in Mozambique. Strategies of ProSAVANA link Mozambican farmers with international markets, by incorporating regional agriculture into global value chains. This contributes in creating a global division of labor and strengthening unequal relationships in a food production system controlled by powerful corporate actors. Such strategy is provoking international contention. Vicente Adriano from National Farmers Union in Mozambique (UNAC) states: "And, what we defend? First of all, we are not against the investment. I will not [be] against development. Development is important. But what kind of development, and development for whom? Development in what perspective?" (UNAC 2013).¹⁴

Although the project is framed within the context of Mozambique's 'national development' and 'global food security,' the actual strategies of ProSAVANA serve local political elites or foreign agribusiness rather than the most vulnerable social groups. As the former UN Special Rapporteur on the Right to Food points out, "one potential danger of development aid, in particular of private-led projects, is that the goals of poverty reduction and rural development could be relegated below the goal of raising food production" (De Schutter, cited in Henriques and Campeau 2013: 6). Corporate or market-led projects often fail to account for their own externalized socio-environmental costs. As a result of public-private alliances, development projects could "result in the restructuring of national spaces and places," which may involve "unexpected outcomes" for the agents (Holt-Giménez 2008 :6). The current situation of ProSAVANA, with contention arising from inside and outside the country, indicates that there is a room for improving its policy direction.

¹³ The scheme is not new in the region. In Gurue province, US's Rei do Agro is pursuing contract farming as "a solution for local farmers" (Kuyek 2013).

¹⁴ Quote from presentation at Pre-TICADV International Symposium "What is happening to Africa's Savannah and Farmers?" -Rethinking ProSAVANA. Yokohama, May 29, 2013.

6 Conclusion

Current food security policy of Japan that promotes overseas agricultural investment is based on the dependency structure that began in the postwar world food regime. During the postwar food regime, a combination of US foreign aid provision and domestic industrialization policy created conditions where Japan had to achieve food security through trade, instead of relying on domestic production.

Foreign aid has always served as a tool to achieve political or economical goals of donor and recipient countries, but its role has changed reflecting power relationships in international society. In the post-WWII period, US foreign aid, which served as a strategic tool for Cold War containment policy, weakened Japan's domestic agricultural sector and made Japan dependent on international agricultural commodity markets. After the 2007-8 global food crisis, Japan has been using aid as a support tool to facilitate foreign agricultural investment in new 'agricultural frontiers.' Under neoliberal policies, foreign aid follows the 'logic of capital' to serve as a tool to bridge over barriers to accumulation. Japanese aid is reproducing dependency structures in recipient countries, by creating new dependencies to global value chains among regional agricultural systems.

The ongoing ProSAVANA project pursues mono-cropping, and large-scale, export-oriented production based on liberalization and modernization of Mozambican agriculture. Japan aims to achieve food security goals through neoliberal interventions, by using foreign aid to create foundations for corporate activities. This project restructures Mozambican social and ecological agricultural systems to create surplus. International contention is arising over this new "scramble" for land, resource and labor in Africa. Social movements and multiple socio-environmental factors in Mozambique are challenging corporate actors who are investing in agricultural production in the region.

Current Japanese domestic and foreign agricultural policy is underpinned by the premise of liberalization, intensification, and industrialization. Since the food crisis in 2007-8, there have been a rising number of international counter movements against industrial agriculture that assert its shortcomings and unsustainability, and movements against Japan's own development project ProSAVANA. However, agricultural policy in Japan remains aligned with industrial agricultural production that could lead to "uneconomic growth" (Daly 2007).

Regarding the fact that Japan is still a new player as an offshore agricultural investor, Japan's role in foreign agricultural investments and their impacts requires further exploration. Whether Japan places more value on socially and environmentally responsible investment in the future, or whether it shifts the policy direction to support self-sufficient production remain as questions for future research.

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