

# Land grabbing, conflict and agrarian-environmental transformations: perspectives from East and Southeast Asia

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## ***Discussion Note No. 9***

### Crop booms inside China: the rise of industrial tree plantation, sugarcane and banana sectors

Juan Liu, Saturnino M. Borras Jr., Jingzhong Ye, Chunyu Wang, Zhen Hu and  
Jennifer C. Franco

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A phenomenon rarely addressed and related to broader agrarian changes intra-regionally is boom crops inside China in the past decade, namely, industrial tree plantations, sugarcane and banana. What makes this phenomenon interesting and meaningful in the contemporary agrarian transformation discussion lies in at least three aspects: land, labor and capital.

First, both old hubs of capital and newly emerged MICs in Southeast Asia are allowed to grab control of land and value chain inside China. For instance, two key players involved in industrial tree plantation are Stora Enso from Finland and APP from Indonesia. Thailand capital is heavily entrenched in the sugarcane sector. Meanwhile, Chinese capital, with the support of the state, is consolidating land in Vietnam, Laos, Cambodia, and Indonesia to grow rubber, oil palm, banana and sugarcane to satisfy growing domestic demands. Second, labors are crossing borders to work illegally and informally in boom crops sector, especially sugarcane. The harvest of sugarcane and the operation of sugar mills in China without these populations become unimaginable and impossible nowadays. Large-scale internal labor migration to coastal cities as well as rising labor cost inside China has led to a seasonal or even permanent shortage of labor in agricultural sector in main crop plantation areas. Informal and illegal migrant workers from Vietnam and Myanmar thus are permitted to work as sugarcane cutters, as porters and as bag sewers, almost every year, starting from 1980s. The recent boom of sugarcane and eucalyptus has only stimulated the rapid rise of such population. Meanwhile, Chinese land consolidators are known to be in favor of bringing Chinese workers with them, which is not in large figure, but still could be found in some Southeast Asian investments. Third, grabbing land control could take many different forms – when using economic force, land could be rented from the villagers to produce ITP, banana and sugarcane while villagers may not be needed, or incorporated in the emerging sectors as workers of their leased land; when using extra-economic force, zoning and quota system could determine to a large extent which crop shall be planted where and how, and to whom the crops shall be sold at what price. In short, in this process of crop boom, flows of labor and capital are multi-directional; land control grabbing is variegated, and institutional settings are multifaceted.

In the following part we will discuss some mechanisms facilitating this process based on some initial observations. The empirical data were gathered between 2014 and 2015, in Guangxi Zhuang Autonomous Region, where ITP, sugarcane and banana dominate most arable land and hills in the region, and the total production of these three crops rank the first in national market in recent years.

- (1) Close alliance between state and capital. This is obvious particularly in the sugarcane sector. Sugar companies contribute over 40 percent, and in some years up to over 50 percent of the total revenue of Guangxi. The reliance of Guangxi government on such enterprises for revenue has become increasingly significant, especially when it lost a majority of its tax sources with the exemption of agricultural taxes in 2005/2006 nationwide in China. In the field, we observed that on one hand, the local government deploys land use zoning and quota system to ensure a steady supply of raw materials for the sugar companies, no matter run by domestic private capital or foreign capital. In some cases policemen were organized to supervise the transportation of sugarcane into the appointed factories. On the other hand, the sugar companies provide peasants with interest-free loans, subsidized new genres and rewards for enlarging the sugarcane plantation. For both state and capital, the shift from one crop to another (from sugarcane to eucalyptus for example) is an entire disaster. Principally, the peasants could choose whatever crop they prefer as a livelihood, but the local government and the sugar companies are doing whatever they could (via economic or extra-economic forces) to make sure the peasants plant sugarcane. They are in close alliance in this regard. This applies also to capital engaged in ITP and local governments like Qinzhou and Beihai that depend a lot on forest-pulp-paper companies for revenues.
- (2) Dynamics between the state-capital and the society. The dual tasks of the state (i.e. facilitating

private capital accumulation while maintaining minimal political legitimacy) might help to create space for peasants to maneuver. So this not simply a picture of towering state and capital over timid peasants. Peasants fight back. They fight tough and smart for autonomy. For instance, even in sugarcane zoning area, we observed a decline of sugarcane plantation in recent three years when the price offered for sugarcane dropped and the payment delayed. Peasants replace sugarcane with fruit trees, bananas, watermelon and even eucalyptus to make a living. Sugar companies and local government could do little about it. This could also explain the state's acquiescence in face of land encroachment of small farmers. Peasants "steal" land from state forest farms, like a silkworm eating out a mulberry leaf. The aggregated amount is huge. Dongmen State Forest Farm lost 110, 000 mu or 2, 000 hectares of land to local peasants in the past twenty years. Local government did not take active measures to assist the state farm regain the land in order to maintain societal stability (or minimal legitimacy).

- (3) Multifaceted Institutional settings. Here we take household responsibility system (HRS) as an example in this crop boom process. HRS guarantees each Chinese rural household have a plot to make a living, no matter how small it is. The piecemeal parcels of land are the main landscape of the countryside of China, although there is a rising trend of land concentration with the rapid outflows of rural population into urban areas for work. This institutional setting protects the peasants in three ways. First, the peasants have the right to determine what to be planted. The government and other actors could only persuade or encourage the peasants to produce certain crop. Second, land could not be sold out, but could be rented. This means peasants always have the claim over the leased land. Third, this makes the large-scale land grabbing difficult since the grabbers, if not in alliance with the local government or village committee, have to deal with individual household. Banana is a good case here. The boom of banana is almost a miracle because it is the only crop among the three not supported by the local government. Banana makes no contribution to local revenue. It cannot be taxed. It cannot be a raw material for large agrarian companies. The expansion of banana plantation inside China is driven piece by piece by dramatic amount of money, sometimes from very unexpected source like coal mine owners. It is mainly due to such institutional constraints that many banana planters as well as sugar companies are looking for land across borders of China. The targeted land is usually located in border areas in Vietnam, Cambodia and Laos.
- (4) Transformed labor regime as a result of crop boom. Sugarcane plantation used to be a family business, complemented by exchange of labor within the rural community. But extra hands become gradually indispensable in sugarcane plantation with the large-scale outmigration of rural labor and the enlargement of the plantation area. Rural wage labor appeared. They first came from poorer areas inside the region, like Baise County or Nongzhou County. Then Yuannan and Guizhou (in southwest China) workers were attracted into this sector. Recently, illegal workers from Vietnam became the majority. They were exploited not only by the employer (be it a farmer or the sugar company), but also by the middlemen in Vietnam and the middlemen in China. For each bunch of sugarcane (around 25-30 kilo) they cut, they are given 1.2 Yuan, or 0.2 USD (20 cents). But 0.2 Yuan or one sixth of such income has to be given to the middlemen. Working in the sugar company is even worse. The final payment they obtain is however twice as much as they could earn back home. A staircase pattern of labor migration thereby emerged: Guangxi rural labor jumped to Guangdong to work, while Yunnan, Guizhou and Vietnamese rural labor jumped to Guangxi to work.

Of course the reality is far more complicated than the above points. There are land competitions among the three crops in their consecutive and continuous expansion (sugarcane boom in the 1990s

first, then eucalyptus in 2000s and finally banana in more recent years). There are conflicts between state in favor of one crop (like sugarcane) and capital in favor of another crop (like banana or eucalyptus). Different discourses are created around environmental issues for the sake of arguing for one crop against the other. The local government composed of sugar bureau and forestry bureau is not one iron panel. Internal conflicts are also observable. The capital from the private, the state and abroad are in competition with each other especially when they are in the same sector and hold the same strong desire for the same raw materials. Even peasants are differentiated. Some small peasants are in conflict with specialized farmers in terms of sugarcane cutting quota and coupon, transportation service and the like.

What happened in China is not simply about China, and not simply because of China. The link to broader intra and interregional agrarian transformation studies is therefore necessary when we are trying to understand the current crop booms in this country.

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The purpose of the 2015 Chiang Mai conference is to contribute to *deepening* and *broadening* of our understanding of global land deals, resource conflict and agrarian-environmental transformations – in the specific regional context of Southeast and East Asia, with special attention to climate change mitigation and adaptation policies as well as the role of China and other middle income countries (MICs) within the region.

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