

China's Farmland Rush in Benin: Towards a Win-Win Economic Model?

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Methodological Issues

- ▶ Benin like China had been communist
- ▶ Research question

To what extent does the Chinese state capitalism approach to the farmland rush in Benin constitute a win-win economic model and how does this approach differ from the neo-liberal one?

Benin's agro-fuel programme

- ▶ Agro-fuel is the way to development and therefore the need for foreign investment makes land deals necessary
- ▶ Benin has of over 8 millions hectares of farmland of which 5% is needed for the national programme

	<i>National and International Markets Expected Demand</i>		
	2011	2015	2020
Ethanol (Millions Litres)	203	538	1150
Biodiesel (Millions Litres)	45	112	207
Total Needs in Farmland (Hectares)	90,605	243,445	471,795

A Neo-Liberal Approach

Colethanol: A Self-Sufficient Closed System for ethanol production:

- ▶ One plant for the production of electricity destined to provide in the power needs of the second plant entirely dedicated to producing 2,780,000 to 3,475,000 litres ethanol per year
- ▶ Cassava and sweet sorghum as feedstock for ethanol



A Neo-Liberal Approach

Benin's contribution to Colethanol closed system:

- ▶ Exemption from taxes and subsidies
- ▶ Lease for \$0.05 per year of 100,000 hectares of farmland situated in the savannah in order to avoid EU and US's embargo on ethanol produced by destroying the forest
- ▶ Why overburden the savannah and give desertification a chance?

Chinese State Capitalism Approach

Complant International: A Joint Venture Company Construction
for the production of ethanol

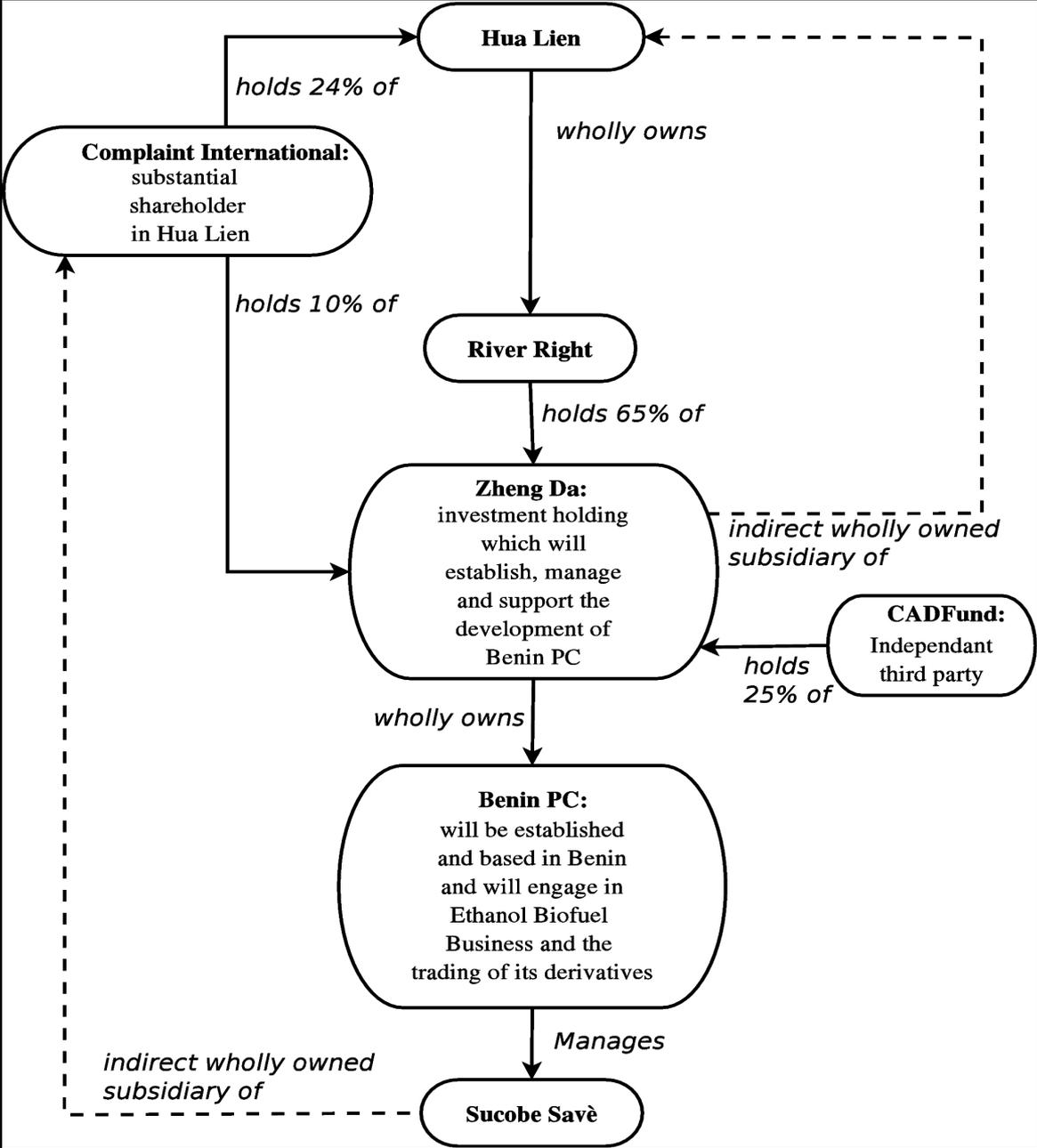
- ▶ Targeting sugar factories on the edge of bankruptcy
- ▶ Sugar factories often have vast farmland making part of them
- ▶ Ethanol produced on the basis of sugar cane complemented with cassava coming from local farmers



Chinese State Capitalism Approach

Complant International: A Joint Venture Company Construction

- ▶ In Benin conversion of tenant management contract into land deal
- ▶ Combines Benin's sugar factory SUCOBE with 3 others:
 - *Complant Magbass Sugar Complex Company Limited* in Sierra Leone
 - *Sucrerie Cote Ouest de Complant de Madagascar*
 - *Sucrerie de Complant de Madagascar* both in Madagascar



Chinese State Capitalism Approach

Benin's contribution to the joint venture company construction by:

- ▶ Giving ownership of 4800 hectares for free as a part of the sugar factory initiative
- ▶ Exemption from import taxes
- ▶ Allowing wage discrimination between employees of Chinese origin and the local ones

Neo-Liberal Versus Chinese State Capitalism Approach

Neo-Liberal	Chinese State Capitalism
<ul style="list-style-type: none">▪ Search for farmland in savannah which meets criteria of EU/US embargo on deforestation▪ Replicable self-sufficient closed system for agro-fuel production▪ Lease of farmland▪ Exemption from taxes▪ Subsidies	<ul style="list-style-type: none">▪ Sugar factories with their farmland are targeted▪ Weakens EU/US's embargo argument▪ Set up of joint venture company construction for ethanol production▪ Lease and ownership of farmland▪ Exemption from import taxes▪ Wage discrimination based on origin

Chinese Approach: A Win-Win Economic Model?

For Benin the agro-fuel programme would be a win-win situation if:

- Farmland owners are made full partners of every agro-fuel project
- The whole production chain including the finished product is situated in Benin
- Part of the produced agro-fuel is available for the national market
- Permanent jobs in rural areas are created as a part of the projects and as a result rural poverty will be reduced.

Chinese Approach: A Win-Win Economic Model?

Complant International wants:

- To become for free owner of 4800 hectares of farmland.
- To Create no permanent jobs which are based on wage discrimination between employees of Chinese origin and the national ones
- To export all the production of ethanol and its derivatives

Chinese Approach: A Win-Win Economic Model?

- ▶ The win-win economic model Chinese Corporate suggests to Benin agro-fuel programme does not differ much from the neo-liberal approach
- ▶ It resorts to contractual and occasional rural jobs based on wage discrimination vis-à-vis non- Chinese local employees
- ▶ Corporate organizations remain the big winners of the land deals regardless whether they come from the East or the West.

THANK YOU ALL FOR YOUR ATTENTION