

AGRICULTURE

China - Losing the plot

By Lucy Hornby

Among Communist China's holy pilgrimage sites, Xiaogang village stands out. The tiny place is a living shrine to villagers who defied the party to dismantle disastrous communal farms that left more than 30 million dead from hunger during Mao Zedong's reign.

Almost 40 years on, the tiny community is again in the spotlight, acting as a Petri dish for competing visions of China's agricultural future.

A concrete gate rising from orchards and wheat fields proclaims "China's No. 1 Rural Reform Village" as a straight, perfectly paved road sweeps towards what was once one of the poorest places on earth. Tour groups pose behind giant Communist party flags outside a museum dedicated to the dangers of communal land ownership.

When President Xi Jinping visited the village this spring, his message was telling. He endorsed the transfer of rural land to create modern state farms but he also upheld collective ownership of land, a remnant from Mao's era. The apparent contradiction goes to the heart of China's fraught land policy.

The countryside today is at a crossroads. Communal farming ended three decades ago but land is still owned by the state. Some 700 million Chinese have traded subsistence farming for the cities, leaving behind ageing parents tilling millions of tiny plots - often by hand.

China needs fewer but younger farmers and fewer but bigger farms to feed a modern economy of 1.3bn people. It also needs to support tens of millions of rural elderly. Xiaogang village is home to dramatically different models of how to achieve those goals. "In 20 or 30 years, who is going to farm?" says Zheng Fengtian, a professor of agricultural economics at Renmin University. "In another decade, no one will."



Farmers transplanting rice seedlings in the fields in east China's Shandong Province

Farmers have no protection against land seizures by cash-strapped local governments seeking to resell to property developers

The party and some older migrants view access to land as a financial cushion should city jobs sour, but that idea is already outdated. Farmers have no protection against land seizures by cash-strapped local governments seeking to resell to property developers, factory owners or even agribusiness. After China's rapid industrial revolution up to 120 million migrants have no land to return to. Most migrants under 35 have never farmed.

"Without the land an old peasant's heart has nowhere

to rest," says one former farmer. "But my son is a totally different story. He doesn't even know which crops grow where."

Even as the Communist party lauds Xiaogang villagers for dividing their fields, it has refused to legalise rural land ownership. Farmers can neither buy nor sell at will. Some argue the restrictions are in place because too many farmers would sell if they could, potentially unleashing millions of rootless people upon the cities.

"It is not an economic

question, it is political," Mr Zheng says. "The Chinese Communist party came to power in large part because during the civil war [1927-49], large tracts of land were sold and landless peasants had nothing to fall back on."

Xiaogang's fabled past survives behind a beaming smile: Yan Jinchang, proud owner of a tourist restaurant, was one of 18 men who in 1978 secretly divided up communal land - risking imprisonment or worse - to farm it themselves.

For more than three decades the 73-year old Mr Yan has told his story to visiting dignitaries. He was a teenager when Mao's decision to force peasants into communal farms and jumpstart rapid industrialisation caused the national famine. In Xiaogang, a third of the 170 villagers died. Mr Yan "ate his own harvest" during a brief political relaxation in the 1960s, but then the Cul-

tural Revolution hit.

By 1978 drought had wiped out the meagre harvest. Mr Yan had five children and no food. Desperate villagers signed a secret pact to divide the land by lots. They pledged to raise each other's children if any of them were jailed or killed.

"We had no choice but to rescue ourselves," Mr Yan recalls. "What peasant doesn't know how to grow food? So we knew it was a political problem."

The scheme was soon revealed and commune leaders tried to starve out the rebels by cutting off their supply of seed. But with reformers gaining the upper hand nationally the county chief turned a blind eye.

Deng Xiaoping, the architect of economic reform in the country, ultimately endorsed the Xiaogang experiment, allowing millions of peasants to farm their own plots. Factory and construc-

tion jobs in booming cities lured away young adults, while Mr Yan's land - along with that of many other farmers - disappeared under various projects.

In 2014 the Xiaogang villagers nearly set off a second revolution in Chinese land rights when they decided to rebuild a shrine - destroyed by Communists in the 1950s - to the earth god. The few square metres the shrine had occupied were on one farmer's land, so they tried to buy it from him. It would have been the first outright purchase of rural land in 67 years. Instead, someone reported the plan and the villagers were fined.

"It demonstrated that buying and selling land is [still] not allowed," says Mr Yan waving his hand and laughing. "We liberated labour from communal farming. But the status of the land didn't change. There's no



China - Losing the plot (continued)

way.”

Yang Yubin was one of those who moved away from Xiaogang to work in factories along the coast. After six years he “got tired of it” and moved back. He embodies one model for China’s future land consolidation.

Rural land is legally owned by the village collective, except for large swaths of reclaimed “wasteland” belonging to enormous state farms. The collective land is contracted to households. They get 30-year rights to an average 6-10 mu (1-1.5 acres) of land, usually divided into five or more separate plots.

Mr Yang grows grain on 28 acres via a deal to pay his neighbours to transfer their rights to him, a process Beijing legalised in 2008. Nearly half the land in Anhui province is “rented” this way, but Mr Yang says more acreage is needed to support mechanisation. “In the future, land needs to be consolidated in a few hands,” he says.

Reformers who favour land ownership believe farmers like Mr Yang will gradually scale up as their neighbours became too old to work. Just five percent of farmers look after 20 percent of land nationally, according to estimates by Huang Jikun, a rural expert from the Chinese Academy of Science.

But there is a catch. To farm more than 33 acres Mr Yang believes he would need to hire labourers and equipment, but his grip on the land is tenuous. His neighbours might rent their rights to someone else, or land might be redivided when the 30-year rights expire.

Transferred rights only



Farmers in China

“China’s agricultural development has just started. It needs to be driven by companies, not by the state.”

MR ZI
BUSINESSMAN

cost about \$92/acre each year, so the system allows Mr Yang and his neighbours to consolidate larger farms with less capital than if they bought the land.

That’s good, because they don’t have much capital. In principle farmers can borrow through rural co-operatives. A recent reform al-

lows banks to lend against aggregated land rights. In practice, the small scale and a lack of formal business experience make banks reluctant to lend.

Zi Qingshun is a member of a new breed of Chinese farmer: the capitalist entrepreneur. His idea for building larger farms in China is

the preferred route for impatient officials.

Mr Zi arrived in Xiaogang village in 2012. A former property developer, he contracted 167 acres of nearby collective land for \$727/acre (half the price of land in his native Shandong province) and negotiated a government subsidy to cover more than half his rental cost. His company Shunten controls about 2,000 acres across three provinces, and hopes to reach 16,600 acres, an unprecedented scale for labour-intensive fruit farming in China.

He has invested RMB200 million (\$30 million) in greenhouses, peach trees and temperature-controlled rooms to grow hydropon-

ic blueberry seedlings near Xiaogang.

He hired about 20 full-time staff and offered locals Rmb60 daily wages at peak harvest times. For good measure he added a field of lavender with a fake windmill and Liberace-style white piano.

“Farmers need to be slowly driven out and become a source of labour,” says Mr Zi, explaining the case for businessmen like him in modernising Chinese agriculture. Instead of the elderly locals he leases from, he prefers “roving harvest teams” of rural labourers who cost extra per day, but often prove more skilled.

“China’s agricultural development has just started. It needs to be driven by companies, not by the state,” he says. “America’s yesterday or today is China’s tomorrow in terms of scale and planning.”

The “new socialist countryside” where capitalist entrepreneurs farm collective land meets the state’s goals of larger farms while providing a small but steady income for elderly villagers too frail to work.

Rental income, light work and the idea that “the land is still ours” won over Zhang Lichang, a Shunten employee whose deeply traditional parents happily signed over their land for Mr Zi’s blueberry farms. “It was an easy decision,” he recalls. “If it were about losing the land, it would be another question. It would be unthink-

able.”

For now, entrepreneurs like Mr Zi can reach scale by negotiating multiyear contracts on larger tracts directly with the village collective. But in the longer term they are constrained by the inability to secure direct land rights, and the obligation to keep paying rent on thousands of tiny plots. Mr Zi says his peach trees are a 50-year investment, well beyond the 30-year expiration of the land rights he has contracted.

“It makes me anxious,” he says.

He is not the only one. The brightly painted village of Luoxin Zhuang in Huaiyuan county - just 100km from Xiaogang village - shows that the trend of contracting land away from villagers can still go wrong.

As in Xiaogang, the government contracted villagers’ rights to collective land to a Huaiyuan businessman who wanted to grow kale for export. He promised \$909/acre for each of the first three years plus daily wages of Rmb60 for work in the fields - about the same as villagers earned farming themselves.

The first year, villagers were surprised when three-storey concrete dormitories arrived to house migrant workers from Guizhou, China’s poorest province. The people they called “tribesmen” toiled all day in the flat sunny fields. Elderly village women pitied them even as their own wages dwindled.

In the second year, land use payments arrived late amid rumours that the entrepreneur had to borrow money. By year three, the Guizhou workers were promised wages only after they returned from their new year holidays. But the payments dried up altogether and the “tribesmen” fled home.

When the FT visited Luoxin Zhuang in June, the yellow dormitories were empty. The kale had gone to seed in the untended fields. Payments for the land had not arrived and villagers without children in the cities were drawing on savings to buy food.

“We don’t know if we can get our land back,” says one older farmer with calloused hands. “That’s the big question.”

Additional reporting by
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Xi backs rural co-ops despite financial scandals

The Chinese countryside is awash with ideas for consolidating into larger scale farms without violating the Communist taboo against land ownership. One of the favoured initiatives of the past few years has been the “rural co-operative”.

About one-third of Chinese farmers belong to at least one of the 1.4 million registered co-operatives, which were legalised in 2007. Many serve as a bridge between China’s 120,000 larger agricultural corporations and the millions of farmers trying to source seed, fertiliser, vaccines or other agricultural inputs, says Kong Xiangzhi, president of the China Co-operative Academy at Renmin

University in Beijing. Others assist farmers with the marketing of produce and livestock.

Co-operatives received a boost this spring when President Xi Jinping visited one in the north-east, where farm sizes tend to be bigger than in the rest of the country. He hailed it as “promoting the development of modern agriculture.”

“It’s a necessary evolution,” says Zheng Fengtian, agricultural policy expert at Renmin University. Still, many of the co-operatives are too small to wield real market power, he says. Mr Kong estimates only about one-third function well.

In some cases, co-operatives are

also able to raise capital. That is where things can get messy, since they often combine little collateral with tight ties to local officials and minimal oversight. The banking regulator’s 2014 report on illegal fundraising recorded a 117 percent rise in cases involving rural co-ops.

Sandi, a co-operative in Hebei province, was one such case. The founder claimed to have enlisted 135,000 farmers to grow selenium-rich wheat, and enticed locals to invest in return for discounted deliveries of wheat and other dry goods. Local farmers as well as investors from nearby cities were wiped out in an alleged pyramid scheme.

Grant Peck, Bangkok

AN extensive network of businesses controlled by the family of Cambodia's long-time leader sustains and is sustained by his authoritarian rule, making foreign investment in the country risky, says a report issued last week by the research and advocacy group Global Witness.

The London-based group, which focuses on exposing the corrupt exploitation of natural resources in the developing world, says the family of Prime Minister Hun Sen uses a business empire worth at least USD200 million along with influential positions they hold in the military and government to keep a lock on power. Significant holdings in the media, along with close ties with other powerholders and business cronies tighten their grip.

The report, 'Hostile Takeover: The Corporate Takeover of Cambodia's Ruling Family,' describes the 30 years Hun Sen has been in power as "characterized by electoral fraud and the brutal suppression of political opposition, including through murder, torture and arbitrary imprisonment," an assessment shared by human rights groups such as Amnesty International.

It said that 40 percent of the country's 16 million people still live below or close to the poverty line.

Hun Sen, who became prime minister in 1985, vowed during the 2013 election campaign to stay in power until the 2028 polls. Now 63, he is seen as grooming one of his three sons to succeed him.

Data for the report mainly came from the Cambodian Commerce Ministry's online corporate registry, where Global Witness found that 21 of Hun Sen's closest relatives were registered as holding interests in 114 private domestic companies. It says the holdings "span many of Cambodia's most profitable sectors, including those known to be riddled with corruption such as mining, gambling and real estate." Trading, energy, real estate and construction are other sectors in which the family is active.

There was no immediate comment from the government. However, two of Hun Sen's children posted responses on their Facebook pages, saying the report contained misinformation and was intended as a political attack on their father. Hun Mana, who was highlighted as the family member most active in business, sarcastically thanked Global Witness for its work, which she said was "all lies and deceitful to confuse the

AP PHOTO



Cambodia's Prime Minister Hun Sen and his wife Bun Rany

Cambodian PM's family rules business world, too

Due to a lack of transparency and pervasive corruption, all business transactions involving the Cambodian government present heightened risk for foreign investors.

GLOBAL WITNESS REPORT

public about what my Father has accomplished."

She and her brother Hun Manith accused the country's two main English-language newspapers, The Phnom Penh Post and the Cambodia Daily, of colluding with Global Witness to defame

their family. Hun Sen, who in the past year has become very active on Facebook, re-posted their comments and said he shared their point of view.

Global Witness believes the actual value of the family's holding is likely to be much higher than \$200 million because of incomplete information and the use of third parties to hold shares.

Some of their businesses, through direct and indirect relationships such as franchising and distribution deals, have links to international brands such as Apple, Nokia, Visa, Unilever, Proctor & Gamble and Honda, it said.

"These relationships not only raise ethical questions for the brands, they also pose significant risk," said Global Witness, saying there are worries about an opaque business environment and the risk of breaking national and international anti-corruption laws.

Besides facing a stacked deck in any business dispute — Cambodian courts are considered vulnerable to political influence — foreign companies face possible legal

sanctions under their own home countries' anti-corruption laws.

"Due to a lack of transparency and pervasive corruption, all business transactions involving the Cambodian government, including public procurement, infrastructure contracts and natural resource allocation, present heightened risk for foreign investors," Global Witness said.

The report said that appointing family members to key official and semi-official posts — in politics, the military, police and the media — is another essential element of Hun Sen's control.

His two older sons hold important military posts. The youngest is a member of Parliament. The eldest daughter — who has the largest number of business holdings in the family — is one of Cambodia's only two tycoons with radio, television and newspaper outlets. Two of the children are married to offspring of deputy prime ministers.

With rapid economic growth for the past two decades along with a cheap labor force and minimal regulation, Cambo-

dia has attracted foreign investment from the West as well as China. In 2015, Britain was the second-largest foreign investor in Cambodia after China. The United States is Cambodia's largest trading partner and export market.

Other critics point out that the powerless pay the price for corruption through the destruction of their environment and land grabs.

"In Cambodia, economic control and political repression are two sides of the same coin. Under Hun Sen, political power is used to obtain economic resources, which are in turn used to obtain more political power," Sebastian Strangio, author of the book "Hun Sen's Cambodia," told The Associated Press.

"The cycle never ends. This has had pernicious effect on Cambodia's development. Instead of flowing to the national budget, where it can be spent on services like health and education, a huge proportion of the national wealth circulates in a nether-economy that is opaque to outside scrutiny." AP

VW said to weigh battery partnership with Panasonic, LG Chem

Christoph Rauwald

VOLKSWAGEN AG is considering teaming up with electric-car battery specialists such as LG Chem Ltd. or Panasonic Corp. as it overhauls its strategy to emerge from the diesel-emissions scandal, according to people familiar with the matter.

The carmaker's supervisory board also discussed investing 1.7 billion euros (USD1.89 billion) to 2 billion euros per factory at several sites around the world, said the people, who asked not to be identified because the talks are confidential. Concrete decisions are expected by the end of the year, they said.

Volkswagen confirmed it's examining options and considering multiple locations to make batteries for a sales volume of between 2 million and 3 million purely electric-powered cars by 2025, declining to comment on details of the potential sites. The push is part of Chief Executive Of-



ficer Matthias Mueller's attempt to move beyond last year's admission to systematic cheating on diesel pollution controls.

"For a global manufacturer like Volkswagen, we surely wouldn't just talk about one site, but about several assembly facilities to serve the most important production locations," the company said in an e-mailed response to questions. It's too soon to say where the factories will be situated, Volkswa-

gen said.

Chinese electric-vehicle subsidies will probably drive growth in the battery market, now 80 percent controlled by four Asian companies including Panasonic and LG Chem, Deutsche Bank analysts wrote in a report last month. Volkswagen would need as much as a decade to catch up with established players, even as falling battery prices remove some of the incentive for a large capital investment, the

analysts wrote.

"This should be a combined industry effort," potentially through joint ventures between battery makers and auto suppliers, the analysts wrote.

Spokesmen from Panasonic and LG Chem declined to comment.

Matching rivals including Toyota Motor Corp. and Nissan Motor Co. on electric cars is a cornerstone of Volkswagen's effort to rebound from the emissions crisis, the worst in its corporate history. Mueller's 2025 road map also envisions Volkswagen reaching a leadership position in technology for self-driving cars and mobility services such as ride-sharing.

"Battery technology is a key competence for electric mobility, which will see its breakthrough toward a mass market in coming years," Volkswagen said. Sales of as many as 3 million electric cars by 2025 imply "the necessity to look intensively into this issue." **Bloomberg**

San Francisco enacts broad ban on foam cups, coolers, toys

SAN Francisco, say goodbye to those squeaky, Styrofoam-like coffee cups that have long been a staple of picnic outings.

In fact, people in San Francisco won't be able to buy polystyrene foam coolers, kiddie pool toys or packing peanuts after supervisors approved a measure in June that goes far beyond the prohibition on foam food carryout containers in effect in dozens of cities and counties.

Environmentalists are cheering San Francisco's ban as the most comprehensive by a large U.S. jurisdiction on the cheap insulating foam that cushions goods and keeps drinks hot or cold. They say the lightweight plastic is extremely slow to decompose, and it pollutes waterways, harming marine life and birds.

Detractors, however, say the legislation does nothing to stop foam-wrapped goods that are shipped into the city — such as heaters, computers and just about everything else — defeating San Francisco's stated purpose of reducing waste. They'd rather San Francisco recycle the product.

What's formally known as "expanded polystyrene" is the latest plastic to be targeted by cities and counties, much like the single-use plastic bag, which San Francisco outlawed in 2007. Most people recognize the material by its brand name Styrofoam, although Styrofoam is not used to make disposable cups or packing peanuts.

The San Francisco measure builds off a 2006 ordinance mandating food vendors and restaurants use recyclable or compostable carryout containers. That meant no puffy polystyrene. **AP**

ASK THE VET

By Dr Ruan Du Toit Bester



CAUSES OF DOG PANTING AND SHAKING

CAUSES of a dog panting and shaking may be one or more of the following:

- A heat stroke
- Heart problems
- Infections
- Poisoning
- Low Blood Sugar
- Severe Pain
- Fear or stress
- Shock

INTERNAL INJURIES

Dog panting and shaking may be a symptom of hyperthermia or hypothermia or other illnesses and injuries. When your dog displays these symptoms, you need to determine the cause, so that if treatment is needed, you should be able to administer it.

Heat Stroke

A dog may suffer from heat stroke if he stays in the sun or in an overheated room. Dogs don't have the ability to sweat through the skin pores; they only sweat through their paws and they also eliminate heat through the tongue.

Some symptoms of a heat stroke include panting, shaking, excessive salivation, seizures or sudden collapse.

HEART PROBLEMS

If your dog is shaking and panting, he may have a heart problem. In dogs with a heart condition, it may happen that the heart is en-

larged, pressing on the lungs and making it difficult for the dog to breathe. Shaking may also occur.

INFECTIONS

Infections in dogs may cause fever (a temperature over 39.9C) and this may lead to symptoms such as panting and shaking. The infections may be viral, fungal or bacterial. Depending on the causes of the infection, the dog may also display other symptoms.

POISONING

The ingestion of toxic materials and toxic food may cause a severe reaction in your pet. Shaking and panting are just a few symptoms of poisoning; the dog may also vomit, have seizures or collapse.

There are a lot of toxic materials and food that should be avoided by your dog including alcohol, chocolate, onion, garlic, rat poison, human drugs or several different flowering plants.

LOW BLOOD SUGAR

If the dog has a low blood sugar or hypoglycaemia, he may start shaking and panting. This is not a serious condition and can be solved by administering honey or maple syrup to your dog. If you place the honey under the dog's tongue, the sugar will enter the blood flow much faster. Administer 1 tablespoon of honey once every 6 hours and take it to the



vet asap.

Meanwhile, you should make sure your dog is warm enough.

If the condition doesn't improve, you should get help, as your dog may need intravenous fluids.

SEVERE PAIN

If the dog is suffering from severe pain, he may be shaking and panting. Visit the vet to establish the source of pain.

FEAR OR STRESS

A dog that is stressed or fearful may experience panting and shaking. You need to identify the stress or fear factor and remove it. Often, the stress or fear may be caused by other dogs or animals or loud noises your dog is not used to, like all the new renovation and building in Macau.

SHOCK

If the dog is in a state of shock, he may start panting and shaking. Shock may be caused

by different factors including trauma or an accident.

INTERNAL INJURIES

If the dog has pale gums and is shaking and panting, these symptoms may point to internal injuries or even internal bleeding. A dog with internal injuries will also display a general state of weakness. You need to rush to the vet to prevent any complications.

Hope this info helps
Till next week
Dr Ruan

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