Land Watch Asia

Issue Brief 4

China's Loans and ODA and the Effects on Access to Land in the Philippines[1]

I. Study's Objectives, Scope and Constraints

Chinese Official Development Assistance (ODA) has become the main instrument of the Chinese government to facilitate and strengthen trade and investments for the long term. It is also an entry point to deepen China's economic relations with developing countries. Chinese investments in other parts of Asia, in comparison to other foreign investors, remain relatively small, although they are growing.

This issue brief thus aims to:

- Contribute to enriching regional and national perspectives in tackling China's role in influencing policies and institutions of other developing countries that are related to access to land and tenurial security;
- Set a framework that will guide the research, the policy analysis, and the advocacy relating to a developing country's economic partnership with China and its link to access-to-land issues;
- Provide an example of how country case studies vis-à-vis relations with China can be developed.

In light of the lack or even absence of information at the country level, coupled with resource and time constraints, this issue brief is still preliminary and a work in progress.

What this brief has developed is the Philippine case study. But even here, the scoping and analysis remain tentative and prospective. Although China and the Philippines established diplomatic relations in 1975, the economic relationship began to blossom only lately, with China becoming more proactive and even assertive.

But a spate of controversies—loan projects allegedly tainted with massive and high-level corruption—has marred the economic partnership and worse, has put China, rightly or wrongly, in a negative light. In fact, Chinese loan projects that are directly relevant to agriculture and access to land have been suspended in the wake of public outrage over controversies or scandals (especially the National Broadband Network [NBN] deal in the Philippines).

Another point has to be emphasized with respect to the definition of access to land. Access to land has a broad definition and a wide scope. Given that the different countries in the region have their own specificities or peculiarities, it is wise not to impose a very precise or thin definition of access to land.

A liberal interpretation of the meaning and scope of access to land is thus adopted. Maritime or fishery issues are also relevant to the study. So are food security (however it is defined), extraction of primary resources and competing uses for scarce land.

Before looking into Chinese ODA that can be linked to access to land, it is useful to get an overview of the economic cooperation between China and the selected developing countries. However, to reiterate, we can only discuss the issues relating to the Philippines, in light of the information constraints faced.

The section on access to land does not have to be broad in scope. What is relevant for the study is to pinpoint the key issue (or a set of related issues—conjunctural or strategic—that has a link to the developing country's economic partnership with China.

At present, the worldwide food crisis, which affects both food importing and food-exporting developing countries, is manifested in every country. Hence, any commercial or economic arrangement with China involving agriculture at this time cannot be delinked from the urgency of tackling the food crisis and food security.

Suffice it to say that many of the bilateral agreements involving Chinese ODA and investments relate to food supply or to the search for raw materials that will have an impact on food production. Thus, the national food security situation needs elucidation.

The Philippine case study describes the projects relating to land access as well as presenting a tentative analysis or critique of these.

Finally, recommendations for the Land Watch campaign in pursuing the research agenda and policy advocacy on China's ODA are proposed.

II. A Framework to Understand China's ODA and Investments Strategy

It may seem that China's economic partnership with developing countries is mainly motivated by the demands of its growing economy.

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At the same time, by virtue of its size (population and otherwise), its high rate of growth that has lifted a large section of the population from poverty, and the rapid advances in technology and productivity, China has emerged as a force to reckon with, both economically and politically. Political factors are part of the economic equation in the same way that economic factors shape geopolitics.

It is thus no surprise that the United States sees China as its strategic competitor. And China and its rivals are all aware that the former is on the way to becoming a global power, even as it has yet to attain the status of a mature economy. (It is still a developing country with a per capita income that pales in comparison with, say, Korea's or Singapore's).

For this reason, political considerations cannot be far behind economic factors in shaping China's economic cooperation with the rest of the word, including developing countries. Arguably, political factors become primary in certain contexts or conditions.

That China is sincere in helping developing countries is not the issue. But it is undeniable that China's economic relations with other countries also serve to protect its own national interests. Many poor countries have welcomed and embraced China's altruism and benevolence. Leaders of African and Asian countries see China as an alternative source of investments, loans, and ODA.

Many developing countries are critical of Western donor countries and multilateral institutions that attach controversial, unpopular, if not harsh, conditions to their investments, loans and ODA. That China offers loans and ODA delinked from policy conditionalities, has made it attractive to developing countries. In the same vein, this has made China a keen competitor of multilateral agencies like the Asian Development Bank (ADB) and the World Bank (WB) as well as the member countries of the OECD (Organisation for Economic Cooperation and Development).

China's relations with other countries are guided by the Five Principles of Peaceful Coexistence, namely, (1) mutual respect for sovereignty and territorial integrity; (2) mutual non-aggression; (3) non-interference in each other's internal affairs; (4) equality and mutual benefit; and (5) mutual existence.

These principles, needless to say, serve China's strategic national interests. As the draft paper of the China Association for NGO Cooperation (CANGO, 2008) puts it, the Five Principles of Peaceful Coexistence "should, first and foremost, serve for [sic] the safeguarding of China's state and national interests while going with the tides of historical development, conforming to the advancement of the times, and representing the aspirations of the majority of their peoples."

The point then is to locate China's self-interest and how this is served by its foreign policy, specifically in relation to investments, loans, and ODA.

Economic Considerations

China's double-digit growth rate in the past two decades has produced bigger demands on its economy to sustain said growth and to meet the growing consumption of an increasing number of Chinese people who are no longer poor.

In this regard, Chinese foreign trade and investments, loans and assistance vis-à-vis developing countries serve a combination of economic goals, namely:

- **Resource seeking objective.** Major investment projects of China in Asia and Africa relate to mining, energy, biofuel production, food supply and the like.
- **Competitiveness-seeking objective.** China's rapid growth has led to industrialization, technological advances, diversification and specialization. This in turn has made China expand and spread out its production sites to gain competitiveness. Specialized labor or technology not yet found or developed in China can be sourced abroad.
- **Market-seeking objective.** The surplus of foreign exchange and the competitive pressure for Chinese corporations to maintain profits have resulted in the flow of Chinese investments to developing countries. Other than its presence in industries to meet resource-seeking goals (mineral, energy, biofuel, food and forestry sectors), Chinese corporations' investments can be found in electronics, computer products, information technology services, garments, automotive and motorcycle parts, footwear, plastics, home furnishings, etc.

The objectives enumerated above are standard, so to speak. Other investing or donor countries pursue similar objectives.

In China's case, investments, loans and ODA serve another special objective—one that is linked to its exchange rate policy that serves as a key lever of its growth strategy. China has relied on the undervaluation of its currency, the renminbi, to gain a decisive advantage in the price of its exports. The undervaluation of the Chinese renminbi, at one stage approximating 50%, roughly boosts China's growth rate by an additional 1.35 percentage points (Dani Rodrik, 2007).

But there is intense pressure, especially from the US as well as from multilaterals, for China to revalue the renminbi in light of the gaping US trade deficit and the global trade imbalance. Yet, China cannot afford to surrender the policy space in manipulating its currency, which gives it a decisive competitive advantage.

At the same time, there is internal pressure for the renminbi to appreciate. China is literally awash with foreign exchange reserves, precisely because of its robust export earnings and the strong growth that attracts foreign exchange inflows. A high-end estimation done by Brad Setser (2008) shows that China has up to US$ 1.8 trillion in foreign assets, mainly kept by the State Administration of Foreign Exchange (SAFE). In 2007 alone, the increase in China's foreign assets amounted to US$ 612 billion *(Table 1).*

Figure 1 and Table 1 both show the huge amount of foreign assets that China has. Table 1 shows that the bulk of these reserves consists of foreign exchange reserves.

It is to China's own benefit, as it maintains its strategy of an undervalued currency, to transfer the huge reserves of foreign exchange abroad. Hence, it is very sensible for China to use these foreign assets not only for investments but also for loans and ODA to developing countries.

The "preferential loans" China offers to developing countries earn higher rates abroad than at home where they remain idle. At the same time, the ODA projects provide employment and income to Chinese corporations and nationals as the projects typically involve partner-ship with Chinese companies and require Chinese consultants and inputs made in China.

Furthermore, such loans and ODA become part of China's "soft power" approach to win over developing countries and obtain economic and political concessions from them.

Geopolitical Factors

China is an emerging world power. The level of China's economy, technology and military trails that of the richest OECD countries. Yet, China is de facto influencing the world in many ways, and this is evident in, for instance, the respect (and fear) accorded to it by other countries, and in its permanent seat in the United Nations Security Council.

Its expanding, booming economy whose exponential growth rate has been unsurpassed by other countries, as well as its intensifying demand for production and consumer goods that has upset global prices of food and commodities are other indicators of how China shapes world events.

With an annual double-digit growth rate (from 1995 to 2004, China's annual growth rate averaged 15.1%), it is only a matter of time before China becomes the biggest economy in the world. And within a generation, we can expect this most populous nation to attain the level of material well-being and prosperity in the OECD countries.

To be sure, China's competitors are threatened. China also faces a tough challenge from the US, its main competitor and the world's superpower.

Although China is rapidly modernizing its armed forces, it cannot match the US yet in military terms. The ruling Chinese Communist Party is less interested in flexing its military prowess and engaging the US in an arms race. China's ruling elite is preoccupied with tackling the imperatives of sustaining growth, averting an economic shock in a volatile world, and consolidating its rule in a country where a growing middle class is becoming politically articulate and confident.

Table 1. Foreign Assets of China's Government

	TOTAL FOREIGN ASSETS	2007 INCREASE
Identified Assets of China's Government		
State Administration of Foreign Exchange (SAFE)	$ 1,528 B	$ 427 B
China Investment Corporation (CIC), estimated foreign assets	$ 17 B	$ 17 B
State Banks Estimated FX Liabilities to the Central Government—recapitalization/swaps	$ 221 B	$ 60 B
Subtotal (identified assets)	$ 1,776 B	$ 504 B
Possible Additional Foreign Exchange Holdings		
Banks' Required Reserves (held in dollars)	$ 108 B	$ 108 B
Foreign Assets of State Enterprises	?	?
TOTAL (high-end estimate)	**$ 1,884 B**	**$ 612 B**

Source: Brad Setser (2008)

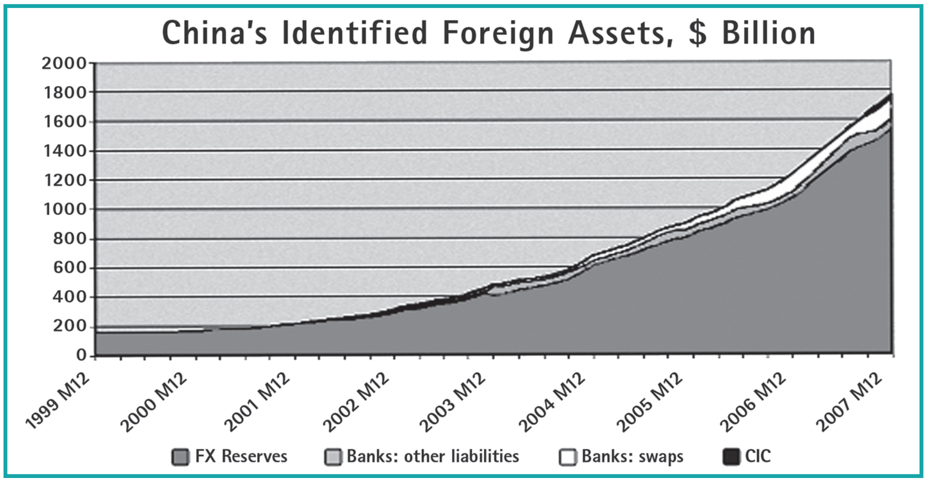
China's political objectives are best served not by exercising "hard power" but by promoting diplomacy and using its "soft power." Fostering good economic relations with developing countries through trade, investments, loans and ODA fits neatly into this "soft power" frame.

China also faces tensions with neighboring countries arising from disputed territories and historical contradictions. But even these irritants cannot be separated from China's economic motivations and from the frame of China's competition with the US.

Southeast Asia is critical for China. However, China is less interested in being the friendly neighbor than in using Southeast Asia as a platform to pursue its economic and geopolitical interests.

China has diplomatic relations with all members of the Association of Southeast Asian Nations (ASEAN). It has sealed an official relationship with the ASEAN itself. Official mechanisms have been set up towards developing and expanding ties between China and the ASEAN with respect to trade and investments, science and technology, and politics and security.

Figure 1. The Estimated Foreign Exchange Assets of China's Government



Source: Brad Setser (2008)

ASEAN members and other developing countries in Asia prefer to "ride the Chinese wave," notwithstanding the potential threats posed by their giant neighbor. A volume co-published by the WB and the Institute for Policy Studies (co-edited by L. Alan Winters and Shahid Yusuf, 2007) notes that the rise of China (and for that matter, India) can open up economic opportunities for many countries.

But the volume hastens to add that other countries, including those in Southeast Asia (such as the Philippines, Singapore, and Thailand,) and South Asia (with the exception of India), will undergo strong adjustment pressure as China muscles its way into the manufacture of export products, which thus far has been the specialization of other middle-income countries in Asia and Latin America. The pressures exerted on these countries may even outweigh the benefits from China's (and India's) larger markets and cheaper imports.

In a number of Asian countries, the economic concerns—benefits and costs—are sometimes overshadowed by geopolitical tensions.

China and ASEAN members, namely Brunei, Malaysia, Philippines, and Vietnam have competing claims over a group of islands and the surrounding waters located on the South China Sea. The conflict has occasionally led to military incursions by and detention of nationals from some countries involved in the maritime dispute. The maritime dispute is linked to economic motivations, for the said area is known to be rich in oil and gas deposits and in fish resources.

China wishes to address the territorial dispute with some ASEAN members through dialogue and diplomacy. Economic cooperation is of course an instrument of diplomacy. The soft approach is preferred; China has other strategic considerations that can yield mutual benefits for the parties concerned.

University of the Philippines (UP) Asian Center Dean Aileen Baviera discusses in her forthcoming study the key geopolitical considerations in China's relations with ASEAN. To wit:

- First, "ASEAN's avowed principles of peace, freedom and neutrality, as well as preference for cooperative security and reliance on multilateral diplomacy, could help secure for China a balance of power and a more stable and harmonious environment in its periphery."
- Second, China looks at ASEAN as "a potential ideological ally" in the "resistance to perceived Western domination." China and the ASEAN have had "similar past positions on human rights and share an adherence to the principles of sovereignty and non-interference in internal affairs."
- Third, a closer relationship with ASEAN can "undercut attempts by other powers to portray China as a threat to the security of its neighbors, and therefore frustrate the 'containment' strategy directed against it by the United States and its allies."
- Fourth, by having closer ties with ASEAN, China can be in a position to prevent any move on the part of ASEAN to support or recognize "Taiwan's moves toward independence."
- And fifth, "with the worsening competition for influence between China and other major powers, ASEAN represents China's best hope of being accorded the recognition and respect as a legitimate power in Asia that it so desires."

Linked to but not exclusively tied to the objectives that guide China's relationship with ASEAN are the specific goals that propel China's relations with member countries of ASEAN.

Take the case of the Philippines. Baviera identifies four geopolitical factors that define China—Philippines diplomacy.

- First, as pointed out earlier, China and the Philippines are involved in a territorial, jurisdictional dispute over a group of islands on the South China Sea. The conflicting claims also involve the Chinese province of Brunei, Malaysia, Taiwan, and Vietnam. The area is strategic for both economic and geopolitical reasons.
- Second, engaging the Philippines is part and parcel of strengthening its relationship with the whole of ASEAN. This paper has discussed above the strategic importance of ASEAN for China. China is concerned that the Philippines, a long-time ally of the US, is the weakest link within the ASEAN vis-à-vis positions concerning the US and Taiwan.
- Third—an extension of the second factor—the Philippines and the US have close military ties. Several bilateral military agreements are in place that, among other things, provide regular joint military exercises and allow the US to base troops on Philippine soil.
- Fourth, the Philippines is geographically and historically close to Taiwan. From a historical point of view, the Philippine elite and the Kuomintang were bound by their military and political alliance with the US and their staunch anti-communism. But even as the Philippines became pragmatic and saw the strategic benefit of establishing diplomatic relations with the People's Republic of China, it has nevertheless maintained ties with Taiwan. The Philippines and Taiwan maintain quasi-diplomatic offices in Taipei and Manila, respectively.

With respect to South Asia, a combination of economic, political, and security factors shapes China's perspective and strategy vis-à-vis this sub-region. To wit: having access to markets and raw materials, reducing regional instabilities that could easily spill over to China, foiling anti-China activities emanating from the region, and maintaining the South Asian countries' recognition of China's sovereignty over Tibet, Xinjiang, and Taiwan (see Derek Mitchell and Chietigj Bajpaee, 2006).

An example of China's resource-seeking objective is its interest in South Asia's natural gas reserves, especially in Bangladesh, as part of its efforts to diversify its energy sources. The promotion of Chinese products and the deepening of trade are important economic factors, too. In this regard, however, we must take into account a statement by the Bangladesh Additional Foreign Secretary (as quoted by Urvashi Aneja, 2006): "We have nothing to sell to the Chinese."

Other economic and geopolitical factors include the intent to connect western China with the contiguous areas of South Asia and access to the Indian Ocean (Aneja, 2006).

China's nurturing of its relationship with countries in the South Asian region is motivated by "the India factor." Citing Srikanth Kondapalli, Aneja wrote: "China seeks to strengthen 'against India' regions in order to challenge India's supremacy in South Asia." But in the same breath, Aneja said (again citing Kondapilli whom he interviewed) that "while China deepens ties with Bangladesh and other South Asian countries, it would not want to jeopardize relations with India, thus posing no overt threat to Indian security in the near future."

China and India, the world's most populous countries, are the two emerging giants, enjoying spectacular high growth rates. Their economic success defies the wisdom of the Washington Consensus.

Another thing the two countries have in common is that they both have big power ambitions, at the regional and global levels. Add to this their ongoing tensions—border disputes, in particular—that in the past provoked a Sino–Indian war and occasional military skirmishes. The tension also spills over to the regional balance of power alignments (for example, China's support for Pakistan and India's nuclear testing).

Complicating the balance-of-power dynamics between China and India is the US factor. The US has favored India over China. It uses India as a counterweight to China (A.G. Noorani, 2006).

In this light, it is in China's interests to befriend other South Asian countries that share a common history and culture with India.

It is interesting to note that China is involved in initiatives to enhance trans-Asian cooperation, spanning South Asia and East Asia. An illustration of this is the Kunming Initiative, initiated in 1999, to strengthen economic cooperation among Bangladesh, China, India, and Myanmar.

Curiously, the Kunming Initiative overlaps with another economic grouping called BIMSTEC, formed in 1997 and composed of South and Southeast Asian countries, namely Bangladesh, India, Myanmar, Sri Lanka and Thailand.

What is evident is that both India and China are assiduously courting Southeast Asia. China and India are competing for the ASEAN market and both want ASEAN to be in their sphere of influence. This nevertheless has a positive consequence—the enhanced economic cooperation spanning South, Southeast, and East Asia.

The economic and geopolitical factors discussed above, which underpin China's strategy and behavior with respect to ASEAN and its member countries as well as with the grouping of South Asian countries, can serve as a guide or reference for ANGOC's members and partners to develop specific studies concerning their respective countries' economic cooperation with China.

III. Access to Land

In this paper's introduction, it was mentioned that the study allows a broad scope and liberal definition of access to land. After all, the issues relating to access to land that are linked to or covered by loan or ODA agreements with China vary from one country to another.

Nevertheless, regardless of the specific country issues, there is a need to have an over-all frame (or focus) that could incorporate in a coherent manner the various dimensions of access to land.

Our frame then is the current food crisis (others call it the "food price" crisis). Food security, notwithstanding the variations in its definition, has once again become a central concern, this time not only for developing countries but for the whole world.

Take the case of rice, the staple food in many parts of Asia. According to the Food and Agriculture Organization (FAO), the global stocks for rice are today at their lowest since 1982. For the short-term, until 2010, the demand for rice, approximately 4.8 million metric tons, outstrips supply, approximately 1.3 million metric tons. (The data on food production and prices found in this section have been culled from a power point presentation of Albay Governor Joey Salceda of the Philippines.)

The high food inflation resulting from the increased demand for food that supply cannot meet is destabilizing for several countries. Riots have occurred in light of the food shortage. Domestic price inflation has shot up to double-digit figures in some countries, for example, 34% in Sri Lanka, and 21%in Costa Rica, according to the WB.

China is a significant factor in the steep rise in food prices. As its economy continues to grow at a fast clip, the demand for energy-intensive food among its people likewise increases substantially. Further, the tremendous demand of China for oil and energy to fuel its high-growth economy has led it to search frenetically for new or additional sources.

Biofuels have become an attractive substitute for oil, leading to conversion of lands, including agricultural, for biofuel production. This diversion has threatened food supply and food security.

There is a trade-off between the production of food on the one hand and the production for biofuels on the other hand. Nevertheless, the supply of food must be given priority, to avert famine, reduce poverty, and prevent violence.

To a considerable extent, the tremendous needs of China's (and India's) high-growth economy—including the increasing demand for food and energy—have contributed to the spiraling of food and oil prices.

And given the (relative) scarcity of these commodities, China is actively seeking new supplies. Thus, China's bilateral agreements with other developing countries take into account the demands of China for food, energy, and raw materials.

The Philippine case study examines these issues, specifically how China's loans or ODA affect food security and people's access to land.

IV. Philippine Case Study

The Philippine study is about the memoranda of understanding (MOU) signed by the Chinese and Philippine governments during the Philippine state visit of China Premier Wen Jianbao on 15 January 2007. China and the Philippines signed 27 MOUs, of which 20 transactions can be classified as investment and loan agreements.

Table 2 provides a breakdown and basic description of some of the MOUs, including the loan and investment agreements. Many of these agreements pertain to food, fisheries, and agriculture.

The expected investments under these agreements amount to US$5.2 billion. All in all, there are 10 agreements that have an impact on issues relating to access to land.

However, it must be noted that the Philippine government has suspended the agreements on agriculture in the wake of the exposé of scandals relating to loan agreements with China—especially the alleged high-level corruption that accompanied the NBN deal. The suspension of the implementation of the agreements on agriculture is a relief, given the many questions and criticisms raised by scholars, opinion-makers and civil society organizations (CSOs).

Table 2. Description of MOUs Between Chinese and Philippine Governments

1.	Jilin Fuhua Agricultural Science and Technology Development Co. Ltd. to build the China Agriculture Technology Transfer Center, Grain Production and Processing Base
2.	Guangxi Zhuang Autonomous Region's Agricultural Department to form a corporation that will release funds for inputs, farm equipment and post harvest facilities
3.	China CAMC Engineering Co. Ltd. to serve as consultant to the Philippine Bureau of Fisheries and Aquatic Resources (BFAR)
4.	Chinese technical assistance to finance a 35-hectare agricultural techno-demo center for the development and commercialization of sweet corn, vegetables and crops
5.	China CAMC Engineering Co. Ltd. to upgrade the Navotas Fish Port Complex
6.	China CAMC Engineering Co. Ltd. to serve as contractor for engineering, procurement and commissioning of the Candaba Water Resource Project
7.	Xunshuan Group Co. Ltd. to invest in the Philippine—China Fisheries Consortium
8.	China CAMC Engineering Co. Ltd. to partner with the Palawan Bioenergy Development Corporation to produce 150,000 liters of bioethanol per day
9.	Joint ventures between Nanning Yong Kai Industry Group Co. Ltd. and companies based in Negros island for bioethanol production
10.	Nanning Yong Kai Industry Group Co. Ltd. to team up with One Cagayan Resource Development, Inc. for the farming of sugarcane or cassava for bioethanol production

On the basis of the description of the projects covered by the MOU, we can summarize the key issues of the agreements, as follows:

1. The agreements mainly consist of loan packages. Even those agreements that will bring in investments from Chinese companies contain provisions about loan financing from China to be used (and should be repaid) by the Chinese investors.
2. More importantly, the loans are tied. The financing, the consultancy, and the supplies, materials and other inputs must be sourced from China. In some agreements, the Chinese company that will serve as consultant for the project is likewise the same agency that will source and obtain the financing and execute the project.
3. At least one project's financing (for the Candaba Water Source project) has state guarantee, which creates a moral hazard problem.
4. Project descriptions are too general, if not opaque. Some lack important information like loan terms and project design. It has become a common practice to exclude relevant information from MOUs. It is also likely that the projects have been hastily prepared. A different, kinder view is to accept that MOUs do not necessarily have to contain the specific terms, which can come later in separate documents.
5. Some projects, as explicitly stated in the agreements, enjoy fiscal incentives, specifically those on bioethanol production. Fiscal incentives for resource-seeking activities are inappropriate and redundant. The unnecessary fiscal incentives mean foregone revenues for the Philippines, which has perennially suffered from fiscal imbalances.
6. The projects understandably serve China's needs, for example, catering to China's energy (biofuel) and food requirements. But whether these projects are sensitive to Philippine development is debatable, as they may have adverse impacts on food security, agrarian reform, and environmental protection.

The food security angle has to be emphasized. Given that the China-Philippines agreements on agriculture will cover tens of thousands of hectares for commercial crops, we must take note of the trade-off—that the land could have been used for the production of staple food. Such a trade-off seems unfair in light of the rising international price of rice and the dependence of the Philippines on rice imports.

The problem, too, is the signaling effect of encouraging farmers to shift to the production of crops that will be processed to biofuel. This can aggravate the shortage of food produced locally.

The production of biofuel has been touted as something good for the environment, as it helps prevent the depletion of non-renewable resources. Yet, studies have shown that ethanol fuel is energy-intensive and results in soil erosion (for example, see David Pimentel, 2003).

To summarize, we argue that when faced with a trade-off between supplying food and fuel, the choice should be clear: Food is the priority.

Fortunately, the Department of Agriculture (DA) Secretary Arthur Yap ordered the suspension of the MOUs relating to agriculture, which would have involved the use of 1.2 million hectares of land to meet the requirements of the agreements.

This gives space for everyone to review and reform the agreements.

Recommendations

This paper is a preliminary attempt to analyze China's economic partnership with Asian countries where Land Watch has presence. The focus is on China's ODA and investments that have implications or have an impact on access to land issues. On access to land, specific attention is devoted to food security in light of the global problem of the growing relative scarcity of staple food and the attendant steep increase in food prices.

The brief provides a framework against which China's motivations, in pursuing and strengthening economic partnerships with developing countries, especially in South and Southeast Asia, could be examined.

The brief could have benefited from case studies from different countries that link China's ODA and investments to land access issues. Thus, the first recommendation for ANGOC is to undertake country-level case studies on Chinese investments and ODA that relate to agriculture, food security, and access to land. Indeed, obtaining official data is difficult, given that official Chinese sources are not obliging, especially to CSOs. The better option is to request the information from the home country's government agencies, such as the ministries of finance, economic planning, and foreign affairs and the central bank.

The second recommendation is for CSOs to engage the Chinese government in constructive dialogue. Although China has been less transparent in disclosing information about projects and less friendly in dealing with civil society and the media, we need to understand that this problem arises from a political system that China has been accustomed to.

We must likewise acknowledge that as China integrates into the global system, it has gradually opened up the system of information and communications as well as participatory processes.

China is keen to learn how it can improve its ties with the rest of the world. CSOs should reinforce this trend. Confrontational politics should take a backseat and give way to a healthy, cordial, and constructive engagement with China.

The third recommendation stems from a recognition that CSOs from other countries are not quite familiar with China's peculiar system. In short, we need to learn more about China in the same manner that China has to learn from us.

We need to engage not only China's official processes but also to initiate communications and foster links with Chinese non-governmental organizations (NGOs). This, after all, is in line with China's long-standing policy of promoting "people-to-people relations." While it is true that the independence of many Chinese NGOs is in doubt—given their close ties with their government—this should not diminish the value of partnering with non-official entities. Non-governmental bodies, such as academic and research institutions, the media, civic organizations, and media groups can facilitate our engagement with their government at the same time that they can be a source of invaluable information and deeper insights.

For a start, the proposed studies from Land Watch regarding the impact of Chinese economic activities on access to land should be shared with Chinese NGOs, not only to inform but also to solicit their honest and critical feedback.

The fourth recommendation pertains to the advocacy vis-à-vis China's economic relations with the recipient country. Two issues stand out, one on substance, and the other, on process.

With respect to substance, insofar as development projects relating to agriculture and access to land are concerned, the focus can be on reforming China's tied ODA. The issue is not that China's development assistance serves its self-interest. Attending to China's national interest with respect to ODA projects can nevertheless be attained while avoiding the worst features of tied aid or tied loans. We specifically refer to Chinese loans that require the hiring of Chinese suppliers and consultants or the purchase of Chinese equipment, machinery, and other inputs without the benefit of competitive bidding. The challenge is how the advocacy can encourage, if not, persuade, China to adopt the best practices in donor assistance. Donor countries like Japan have already discarded the practice of having projects they finance assigned to their nationals without any bidding.

With regard to process, we need to raise the concern for transparency and a more inclusive process that respects the role of the non-governmental stakeholders in policy debate. The Philippine experience shows that non-transparency and the lack of consultation have undermined public support for the Chinese-financed development projects.

The fifth recommendation: we must not let the Philippine Government off the hook. We need to be reminded that we cannot solely or fully blame China for problems associated with their ODA and investments. Ultimately, it is our national government that is accountable to its constituents who are or will be affected by the Chinese-funded projects. Problems arising from the terms and conditions of projects, loan conditionalities, project design, and participatory processes are the lookout of our national government. The national government can in fact reject these controversial features of Chinese ODA and loans.

Making the national government accountable provides a balanced perspective to what is an otherwise critical view of China's current practice with respect to its ODA and investments in Asian developing countries.

The sixth and final recommendation is a call to NGOs to invigorate the advocacy and consolidate a reform agenda on access-to-land issues. In light of the steep increase in global food prices, even the donor/creditor countries, not only China, are recognizing the need for countries to increase food production and achieve higher levels of food self-sufficiency. Now is an opportune moment for agriculture reform advocates like ANGOC and its country partners to assert positions that will make the peasants and agricultural workers the main beneficiaries of investments and ODA intended for boosting food supply and agriculture productivity in general.

Endnotes

[1] Abridged from the paper prepared by Filomeno Sta. Ana III entitled "ANGOC Study on China's ODA and Access to Land in select Asian countries", 2008.

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The International Land Coalition is a global alliance of civil society and intergovernmental organizations working together to promote secure and equitable access to and control over land for poor women and men through advocacy, dialogue and capacity building.

As the overseas development agency of the Catholic Church in Germany, MISEREOR works in partnership with all people of goodwill to promote development, fight worldwide poverty, liberate people from injustice, exercise solidarity with the poor and persecuted, and help create "One World".

ActionAid is an international anti-poverty agency whose aim is to fight poverty worldwide. Formed in 1972, it has been helping over 13 million of the world's poorest and most disadvantaged people to fight for their rights to food, shelter, work, education, healthcare and participation in 42 countries worldwide.

Founded in 1979, ANGOC is a regional association of 20 national and regional networks of non-government organizations (NGO) in Asia actively engaged in food security, agrarian reform, sustainable agriculture, participatory governance and rural development. ANGOC member networks and partners work in 14 Asian countries with an effective reach of some 3,000 NGOs and community-based organizations (CBOs). ANGOC actively engages in joint field programs and policy debates with national governments, intergovernmental organizations (IGOs), and international financial institutions (IFIs).

ANGOC is a founding member of the International Land Coalition (ILC) and coordinator of the Land Watch Asia (LWA) campaign.

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LandWatch Asia (LWA) is a regional campaign to ensure that access to land, agrarian reform and sustainable development for the rural poor are addressed in national and regional development agenda. The campaign involves civil society organizations in six (6) countries—Bangladesh, Cambodia, India, Indonesia, Nepal, and the Philippines. LWA aims to take stock of significant changes in the policy and legal environments; undertake strategic national and regional advocacy activities on access to land; jointly develop approaches and tools; and encourage the sharing of experiences on coalition-building and actions on land rights issues.