

# Contested Space in the Russian Far East: Land and Migration along the Russo-Chinese Borderlands

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The Chinese and Russians have shared borders for hundreds of years. Important trade and other peaceful contacts have alternated with bloody, but local, conflicts. Sometimes, these frictions have generated xenophobic cross-border feelings. Neither side has been immune. In this article, I detail a case where a trade opportunity, economically profitable for both sides, has generated strong negative, nationalistic sentiment, somewhat like the “yellow peril” thinking more than a century ago. Nowadays, while the Russian Far East expects cooperation with its “strategic partner” China, such expectations cause some hesitation in accepting investment and labor supply from China. Local political elites claim that international cooperation in the borderlands between Russia and China should be developed further. Therefore, Chinese investment and technological support for the regional development of agriculture are welcomed. However, the sector-specific characteristics of agriculture always raise the following dilemma. First, Chinese investment in agriculture often turns to a discussion of “land grabbing” (the sovereignty or integrity of the territory). Second, Chinese investment in land leads to a discussion of migration issues. This paper analyses how Russia’s local elites politicize Chinese agribusiness in the borderlands in the Russian Far East by spreading the fear of Chinese land grabbing and of mass inflows of Chinese workers.

## Foreign Investment in Farmland in Russia

When foreign investors engage in crop and soybean production, they must procure the arable land or existing agricultural lands. The acquisition of land by foreign capital is a sensitive issue for the country or region to rent. Therefore, it is a difficult situation to study empirically due to the lack of transparency of their transactions.<sup>1</sup> China and Korea are the top two countries acquiring farmland abroad. They have approached developing countries in Africa and Asia; however, this sensitivity often makes it problematic to rent farmlands there. New Chinese investment in Mozambique failed due to the locals’ resistance to the settlement of Chinese workers. Investment of Korea’s Daewoo Logistics Corporation in 1.3 million hectares in Madagascar for maize and oil palm production sparked political conflicts, resulting in the overthrow of the government in 2009.<sup>2</sup>

Russia has vast available arable land and, therefore, can attract foreign investors to accumulate arable land for agricultural production. Millions of hectares are said to be lying fallow in Russia. If

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<sup>1</sup> Oane Visser and Max Spoor, “Land Grabbing in Post-Soviet Eurasia: The World’s Largest Agricultural Land Reserves at Stake,” *Journal of Peasant Studies* 38: 2 (2011): 309.

<sup>2</sup> Joachim von Braun, and Ruth Meinzen-Dick, “Land Grabbing” by Foreign Investors in Developing Countries: Risks and Opportunities,” *IFPRI Policy Brief* 13 (2009).

these were put to use, Russia has the potential to feed an additional 450 million people.<sup>3</sup> The geographical division between the European part of Russia and Siberia (including the Russian Far East) reasonably divides the directions of their dependence on investors according to their country of origin. European investors tend to invest in “Black Earth” in the European part of Russia, while China and Korea tend to be active in “Siberia and the Russian Far East.” As a manifestation of the Russian government’s goal to develop their grain production (especially wheat and maize) as a strategic export commodity, Russia exported wheat to more than 90 countries, the largest of which are Egypt and Turkey. The Azov port, facing the Azov Sea, is well equipped and a key port for exporting Russian wheat. On the other hand, the main product of Siberia and the Russian Far East is not wheat, but soybeans. More than 90% of cropped areas are occupied by soybeans in the Jewish Autonomous Oblast, and the Amur Oblast was the top producer of soybeans in Russia in 2015.<sup>4</sup>

### **Politicizing Chinese Agribusiness**

Chinese agribusiness holds 380,000 ha of agricultural land in Russia, most of which (approximately 80% of the total) is operated by companies in Heilongjiang.<sup>5</sup> In the Jewish Autonomous Oblast, 27,000 ha (23% of total sown land in the oblast) is occupied by organizations with foreign capital, almost all of whose capital is estimated to rely on the Chinese.<sup>6</sup> There are some reasons for northeast Chinese actors to expand their land grabbing in Siberia and the Russian Far East. It has also been said that the northeast Chinese region shares some common features with agricultural land in the Russian Far East. As the Chinese northeast accounts for more than 41% of China’s soybeans, crop patterns are similar between northeast China and the Russian Far East. Northeast China and Russian Far East depend on mechanized large-scale farming for crop production.<sup>7</sup> Based on these common features, northeast Chinese agribusiness is highly motivated to engage in agriculture in the Russian Far East. The Russian government has kept its preference for large-scale farming since the collapse of the USSR. In the Russian Far East, vast arable land is not under the control of private ownership, but under the control of large-scale state enterprises or local administrations. It is easier for investors to participate in agriculture in the Russian Far East without collecting small acres of land from numerous owners that would have been necessary had the land been redistributed to peasants after the collapse of the USSR. Furthermore, rent for arable land is significantly cheaper than in China, which stimulated a “Farm Rush” by Chinese to the Russian Far East.<sup>8</sup>

Large-scale investment in agriculture often provokes negative reactions in the Russian

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<sup>3</sup> Visser and Spoor, “Land Grabbing in Post-Soviet Eurasia: The World’s Largest Agricultural Land Reserves at Stake,” 307–308.

<sup>4</sup> Izumi Sakaguchi, “Russian Agricultural Sector Accelerating Import Substitution [Yunyu-daitai ga Kasoku suru Roshia no Nougyou Bunya],” *Russia & NIS Business Monthly* 61:8 (2016): 1–24.

<sup>5</sup> Jiayi Zhou, “Chinese Agrarian Capitalism in the Russian Far East,” *BICAS Working Paper* 13 (2015): 14.

<sup>6</sup> Svetlana Mishchuk, “Russian–Chinese Agricultural Cooperation in the Russian Far East,” *Regional Research of Russia* 6: 1 (2016): 64.

<sup>7</sup> Zhou, “Chinese Agrarian Capitalism in the Russian Far East.”

<sup>8</sup> *Ibid*, 13.

periphery. China and Korea are said to have a strategy of “land grabbing” in African countries and in Russian Siberia and the Far East. The practical and pragmatic concern in introducing foreign investment in agriculture is to utilize arable land for agriculture; however, the real concern often turns to the fact that foreign investment in farmland gives the land to Chinese investors.

The government of Zabaykalsky Krai signed an agreement with a private Chinese company to lease more than a thousand square kilometers of farmland for a term of 49 years; however, this agreement has been criticized by political elites. Igor Lebedev (deputy director of the State Duma and a member of the LDPR political party) mentioned that the LDPR group in the State Duma estimated this issue to be an important geopolitical problem and warned that twenty years later, the governor of Zabaykalsky Krai would be Chinese and its territory would become part of China.<sup>9</sup> The new governor of the Jewish Autonomous Oblast, Alexander Levintal, also shared this concern over the Chinese threat. He warned that 80% of the farmland in the Jewish Autonomous Oblast is controlled by Chinese investors, legally or illegally.<sup>10</sup> Contrasting sharply with Levintal’s attitude toward Chinese investment was that of former governor Alexander Vinnikov, who emphasized the importance of attracting and enjoying the benefits of Chinese investment in agriculture.<sup>11</sup> A change in governors of the borderlands can impact local positionality.

The Chinese reaction did not go straight to the problem of land grabbing. The Chinese company (Hua’e Xingbang) soon announced that 75% of all farm jobs would be reserved for locals.<sup>12</sup> Land grabbing by Chinese investors often reminds Russian locals of the inflow of Chinese workers. In this sense, land grabbing and the migration threat are parallel in their discussions. Regional and local authorities often use these threats to pursue their interests in the regions.

Richard Weitz suggested tensions in the borderlands between Russian and China could increase when poorly managed development, combined with pollution, land seizures, and climate, drive poor Chinese peasants into Russia.<sup>13</sup> This stereotyped image in the borderlands of the Russian Far East should be questioned in the following two senses. First, does Chinese large-scale investment (or land grabbing) in farmlands really provoke an inflow of Chinese workers in the Russian Far East? Second, does it really introduce “poor Chinese peasants”?

### **Chinese Migration Does Not Matter**

The difficulty in the Russian Far East comes from the fact that agriculture and land grabbing are always accompanied by the introduction of the investor’s ethnic workforce. According to a report

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<sup>9</sup> Accessed July 21, 2016: <http://gazetarb.ru/news/section-society/detail-412242/>

<sup>10</sup> Accessed July 16, 2015: [http://www.zrpress.ru/business/dalnij-vostok\\_15.07.2015\\_73322\\_80-zemelnykhr-sursov-v-evrejskoj-avtonomnoj-oblasti-kontroliruetsja-kitajtsami.html](http://www.zrpress.ru/business/dalnij-vostok_15.07.2015_73322_80-zemelnykhr-sursov-v-evrejskoj-avtonomnoj-oblasti-kontroliruetsja-kitajtsami.html)

<sup>11</sup> See the interview with Aleksandr Vinnikov. Accessed July 21, 2016: <http://ruchina.org/china-russia-article/china/35.html>

<sup>12</sup> Accessed July 21, 2016: <http://www.ewinextgen.com/eurasia/2015/8/13/russias-far-east-lease-with-china-a-new-problem>

<sup>13</sup> Richard Weitz, “Superpower Symbiosis: The Russia-China Axis,” *World Affairs* 175: 4 (2012): 71–78.

by Promar Consulting,<sup>14</sup> nine Korean enterprises have already accumulated land on a large scale in Primorsky Krai, with a land acquisition of 168,000 ha. The Korean government placed a high priority on employing ethnic Koreans in the Russian Far East. Korean investment in agriculture in the Russian Far East is said to promote assistance to ethnic Koreans in the Russian Far East. North Korea has aims to promote their labor export and secure a stable food supply. Both countries have more interest in agriculture in the Russian Far East politically than economically.

Japanese investment in agriculture in the Amur Oblast is exceptional among Northeast Asian countries. A Russia-Japanese joint stock venture was established by the Hokkaido-Russia Agribusiness Complex in 2013 that cultivates 35,000 ha in the Romnensky District. The director of this joint company is Russian, and all fourteen farm workers are local.

Chinese and Korean investments in farming in the Russian Far East are often made by the initiatives of state or provincial authorities. Additionally, Chinese and Korean investors tend to bring in their own workforce, including their ethnic minorities in the Russian Far East. The motivation to use their own ethnic workers is not peculiar to Chinese investors in the Russian Far East. Contrary to these tendencies, Western investors tend to transfer their technologies and managers to the host countries<sup>15</sup> and do not raise migration problems in the European part of Russia where they invest. Therefore, large investments in farmland do not necessarily cause a large inflow of foreign workers.

Chinese local government in Heilongjiang Province is motivated to ease their local labor surplus with agricultural farms due to the recent mechanization of agriculture. However, soybean production does not require a large number of workers. Therefore, Chinese investment in soybean production does not in principle cause a large inflow of Chinese workers to the Russian Far East. One case study showed that a local Department of Agricultural Development Planning in Heilongjiang Province under the Chinese Ministry of Agriculture organized four farms for soybean production and assigned approximately 200 workers to the Russian Far East.<sup>16</sup> Takaya suggested that these farms did not ease the surplus of labor, and their business motivation did not lie in easing it but in acquiring land resources to increase their sales in Russia. Vegetable production, a rather labor-intensive sector, is often organized by private Chinese farms in the Russian Far East. It has been said that two-thirds of vegetables and foodstuffs in the Russian Far East are imported from China or harvested in the Russian Far East by Chinese enterprises or private farms.<sup>17</sup> Vegetable production does not require large-scale land accumulation. Therefore, Chinese land grabbing for soybean production is not directly accompanied by a large inflow of Chinese workers.

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<sup>14</sup> Promar Consulting, *Research and Analysis of Russian Agriculture, Forestry and Fisheries Policy, and of Free-Trade Agreement: Final Report [Roshia ni okeru Nougyou Suisan Seisaku, Jiyu Boeki Kyoutei nado no Chousa, Bunseki]* (2013). Accessed August 20, 2016: [http://www.maff.go.jp/j/budget/yosan\\_kansi/sikkou/tokutei\\_keihi/seika\\_h24/kokusai\\_ippan/pdf/60100513\\_15.pdf](http://www.maff.go.jp/j/budget/yosan_kansi/sikkou/tokutei_keihi/seika_h24/kokusai_ippan/pdf/60100513_15.pdf)

<sup>15</sup> Visser and Spoor, "Land Grabbing in Post-Soviet Eurasia: The World's Largest Agricultural Land Reserves at Stake," 315.

<sup>16</sup> Kazuko Takaya, "China's Grain Policy and Agricultural Investment in Russia [Chuugoku no Shokuryou Seisaku to Tai Roshia Nougyou Tousei]," *Ritsumeikan Economic Review* 63: 3–4 (2014): 17–38.

<sup>17</sup> Ibid.

Land for agriculture, called *selo* in Russian, used to be located in the suburbs or remote areas away from the city. Such areas do not have sufficiently dense populations. For example, the Leninsky District (Raion) in the Jewish Autonomous Oblast has 24 local settlements populated by only 19,496 locals for 6,000 km<sup>2</sup>. This district has a low population density, three residents per square kilometer. Their land, 132 km away from Birobidzhan by highway and facing the Chinese border, is mainly used for agriculture. The Oktyabrsky District shares the same geographic conditions. The Oktyabrsky District has 15 local settlements populated by only 10,178 locals for 9.4 thousand km<sup>2</sup>, and its population density is 1.59 residents per square kilometer. They face China at the Amurzet checkpoint. The Leninsky and Oktyabrsky Districts mainly keep their leading position of soybean production. They are mono-production districts; more than 92% of their agricultural land is used in the production of soybeans. Maintaining this soybean production demands agriculture workers; however, their low population densities and relatively low wages do not attract local workers in these districts and cities in the oblasts. The Jewish Autonomous Oblast demonstrates “a catastrophic lack of labor resources,” and “the use of Chinese migrant workers has been considered one of the main ways to retain agriculture in the oblast.”<sup>18</sup> The local space for agriculture in the borderlands requires Chinese workers due to the serious shortage of local workers.

The Amur Oblast took a bold step when it imposed a zero quota for work permits for Chinese farmworkers in 2013. Even in 2011, before the zero quota policy against Chinese agricultural migrant workers, the Amur Oblast did not issue many work permits for agricultural workers. The use of work permits is an official instrument for showing the demand for foreign workers by local economic actors and an instrument for regulating the flow of foreign workers. Therefore, it shows the economic needs of local economic actors and the attitude of authorities in the region.

In 2011, 139 organizations officially introduced foreign workers. The total number of work permits issued for these organizations was 6,107. Among these farms/enterprises, we identified 26 organizations as Chinese or partly Chinese investments.<sup>19</sup> These farms/enterprises introduced 1,481 foreign workers. Domestic organizations introduced 40.9 foreign workers per organization. Foreign organizations introduced 57.0 foreign workers per organization. From these facts, it is not completely fair to claim that Chinese investment in agriculture causes the introduction of more Chinese workers than that caused by Russian organizations. Whether they are Chinese or not, producers demand Chinese workers, especially skilled workers. We must carefully reconsider the stereotyped image that Chinese large-scale investment in farmlands provokes the inflow of poor Chinese peasants.

## Concluding Remarks

Land acquisition and employment of ethnic workers close to the investor’s country of origin are very sensitive issues in the Russian Far East. Foreign investors should keep in mind that

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<sup>18</sup> Mishchuk, “Russian–Chinese Agricultural Cooperation in the Russian Far East.”

<sup>19</sup> Dr. Svetlana Mishchuk (Institute for Complex Analysis of Regional Problems, Far Eastern Branch) helped me to identify them.

ethnocentric human resource management can cause anti-foreigner sentiment in the Russian Far East. International investment in farming is becoming more important in Russia because Russia still reserves vast amounts of land and has much potential for making agriculture a more strategic economic sector for exporting products to their neighbors. It is not against the Russian government's interest to stimulate large-scale investments with the aim of using food exports as a political tool in cultivating international relations.<sup>20</sup> In this sense, in the long term, local elites in the Russian Far East are required to keep in mind that it makes no sense to exaggerate anti-foreigner sentiment related to land grabbing, and they are also required to make efforts to reserve local skilled workers for accepting foreign investment in agriculture. It will contribute to food security and economic integration in Northeast Asia.

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<sup>20</sup> Oane Visser, Natalia Mamonova and Max Spoor, "Oligarchs, Megafarms and Land Reserves: Understanding Land Grabbing in Russia," *Journal of Peasant Studies* 39: 3–4 (2012): 925.