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Dis/Articulating Agri-food Spaces: The Multifaceted Logics of Agro-investments

Introduction

Global agri-food spaces are constantly in flux. Understood as a product of the spatial practices of distinct groups of actors within the food system, global agri-food spaces form temporary stable patterns of agricultural production and consumption relations, producing connections as well as interruptions across different locations, places, and geographies. At the same time, there are periods in time that are perceived as critical moments where new actors emerge that start to challenge established patterns within the food system. This chapter focuses on one of such transformational moments: the emergence of new types of agro-investments over the past ten years. Conceptualizing such investments as projects that reshape existing spatialities within agricultural commodity chains, this chapter demonstrates how the varying motives under which investment capital operates give rise to diverse and partly diverging respatializations of agricultural commodity chains. These respatializations, we argue, furthermore have the potential to challenge the dominant patterns within the agri-food system.

Our analysis starts with the food price hikes in 2007/08 and 2011, which many observers have considered as a transformative moment in global agri-food relations.[1] After two decades of volatile and overall declining food prices, there was a sudden increase in food prices as a result of a special and unprecedented combination of factors with short- and mid-term aspects: the temporary decline of agricultural production and food stocks coupled with rising demand, export restrictions, new agro-fuel policies, as well as financial speculation on commodity markets.[2] These factors were further embedded within long-term developments, such as declining investments in rural areas and state-led re-regulation of agricultural and financial policies.

1 See, e.g., J. Clapp and M.J. Cohen (eds.), *The Global Food Crisis: Governance Challenges and Opportunities*, Waterloo: Wilfrid Laurier University Press, 2009; C. Rosin et al. (eds.), *Food Systems Failure: The Global Food Crisis and the Future of Agriculture*, Abingdon: Routledge, 2014.

2 J. Gertel and S.R. Sippel, "The Financialisation of Agriculture and Food", in: M. Shucksmith and D.L. Brown (eds.), *International Handbook of Rural Studies*, Abingdon: Routledge, 2016, pp. 215–226.

https://doi.org/10.1515/9783110643008-013

Together, these events were considered as signalling a structural crisis in agriculture and its organizational and institutional frameworks.[3] Food price hikes particularly affected the livelihoods of those groups of people who already need to spend a major part of their income on food, leading to "food riots" in numerous urban centres across the Global South. At the same time, this conjunction of events also triggered a renewed interest in agricultural production and farmland, as different groups of actors – including private and state-owned companies, sovereign wealth funds and agricultural investment funds – sought to respond to the new pressures arising from a broader restructuring of the global food system as well as to benefit from the new identified investment opportunities.

A large body of literature has emerged in critical agri-food studies that examines the new types of capital permeating agri-food around the globe.[4] While this literature has made important contributions to uncover the commonalities of current agro-investments, relatively less emphasis has been placed on the contradictions and discrepancies involved and resulting from the great diversity and heterogeneity of the underlying logics that characterize current investments in food and farming. Indeed, within the same investment location, we often find a multiplicity of investors from different geographies and institutional contexts at work, which, while all investing in agricultural resources, pursue substantially different investment strategies that have highly varied outcomes for the agricultural contexts in which investments take place. In other words, the widely shared perception amongst scholars that the 2007/08 food price crisis represents a sort of turning point for investor interest in farmland runs the risk of essentializing the current wave of agro-investments as an internally coherent and operationally congruent phenomenon.[5] In an effort to de-essentialize our understanding of agro-investments, we suggest that a spatial

3 P. McMichael and M. Schneider, "Food Security Politics and the Millennium Development Goals", *Third World Quarterly* 32 (2011) 1, pp. 119–39.

4 See, e.g., B. White et al., "The New Enclosures: Critical Perspectives on Corporate Land Deals", *The Journal of Peasant Studies* 39 (2012) 3–4, pp. 619–647; M. Edelman, C. Oya and S. M. Borras Jr., "Global Land Grabs: Historical Processes, Theoretical and Methodological Implications, and Current Trajectories", *Third World Quarterly* 34 (2013) 9, pp. 1517–31; I. Scoones et al., "The Politics of Evidence: Methodologies for Understanding the Global Land Rush", *The Journal of Peasant Studies* 40 (2013) 3, pp. 469–483; P. McMichael, "Land Grabbing as Security Mercantilism in International Relations", *Globalizations* 10 (2013) 1, pp. 47–64.

5 S. Ouma, "From Financialization to Operations of Capital: Historicizing and Disentangling the Finance-Farmland-Nexus", *Geoforum* 72 (2016), pp. 82–93; R. Pedersen and L. Buur, "Beyond Land Grabbing: Old Morals and New Perspectives on Contemporary Investments", *Geoforum* 72 (2016), pp. 77–81; J.E. Goldstein and J.S. Yates, "Introduction: Rendering Land Investable", *Geoforum* 82 (2017), pp. 209–211.

lens is helpful to tease out the differences in investment logics and strategies that different groups of actors pursue as well as to better comprehend their broader implications for the reconfiguration of global agri-food relationships.

Starting with Australia as an example of one particular investment geography, this chapter explores and contrasts the investment dynamics of two groupings of actors that have been in the spotlight of the debate on the new wave of global agro-investments: companies from China, on the one hand, and "Western" actors backed by financial capital, on the other. Both groups of actors have become important sources of foreign capital in Australia over the past ten years and, within this context, have acquired substantial amounts of farmland. Although both types of actors target similar assets in food production – especially large-scale farm holdings in the areas of grain and livestock production – there are fundamental differences in the motives that inspire their investment strategies. The chapter, firstly, identifies the varying motives behind the respective capital flows, together with the interest in acquiring agricultural resources. Secondly, the chapter considers how investments decisions are part of, and integrated into, a global agri-food strategy the actors pursue. Based on this, the multifaceted logics are uncovered that underpin Chinese and finance-backed agricultural investments, which produce variegated commodity chain respatializations that entail simultaneous but fundamentally different processes of "dis/articulating" agri-food spaces.

To be clear, we do not wish to present the two groups of actors we examine here as clear-cut or natural "categories" of investors. Indeed, the logics behind the current wave of agro-investments are often fuzzy and fluid and, following Visser,[6] should rather be conceptualized as continuum, ranging from practices that turn farmland into a commodity and resource to practices that render it as a financial "asset". Even though we acknowledge the empirical complexity and "fuzziness" of agro-investments and their multilayered, opaque, as well as shifting characteristics, which are often difficult to disentangle, the prototypical presentation of Chinese and finance-backed investment logics is appropriate inasmuch it allows us to flesh out our theoretical argument with more clarity.

We frame our analysis conceptually by taking the notion of the "commodity chain" as an analytical lens to examine the spatial reconfigurations of global agri-food relationships, combining this with a relational perspective on space. Following Doreen Massey,[7] we understand space as a "product of interrelations"

6 O. Visser, "Running out of Farmland? Investment Discourses, Unstable Land Values and the Sluggishness of Asset Making", *Agriculture and Human Values* 34 (2017) 1, pp. 185–198.
7 D. Massey, *For Space*, London: Sage, 2005.

that is made up of interactions. Conceptualized in this way, space becomes "the sphere of the possibility of the existence of multiplicity in the sense of contemporaneous plurality", and thus is never finished or closed but always in the process of being made.[8] Agri-food spatialities, then, are not fixed container-like territories but are the result of production-consumption linkages, which are articulated with each other and in constant flux while at the same time becoming manifest in individual territorial scopes.[9]

We, furthermore, take up two inspirations from authors who have sought to spatialize commodity chains analysis.[10] Global commodity chains approaches have emerged as a widely used perspective to study global agri-food relations. Drawing on the work of Wallerstein, Hopkins, and Gereffi and colleagues,[11] the global commodity chain emerged as a popular means to follow agricultural products from "farm to fork", thereby conceptually linking production in one part of the world to consumption in another. While being the "appropriate organizational field to use in studying economic globalization",[12] with regard to their underlying conceptualization of space, as Berndt and Boeckler note, global commodity chains approaches are marked by a certain methodological territorialism.[13] Conceptually, authors either ask how individual "locations" (such as cities, regions, or nation-states) influence commodity production or follow the

8 Ibid., p. 9.

9 J. Gertel and S.R. Sippel, "Introduction: Seasonality and Temporality in Intensive Agriculture", in: J. Gertel and S.R. Sippel (eds.), *Seasonal Workers in Mediterranean Agriculture: The Social Costs of Eating Fresh*, Abingdon: Routledge, 2014, pp. 3–22, at 12.

10 D. Leslie and S. Reimer, "Spatializing Commodity Chains", *Progress in Human Geography* 23 (1999) 3, pp. 401–420; J. Bair and M. Werner, "Commodity Chains and the Uneven Geographies of Global Capitalism: A Disarticulations Perspective", *Environment and Planning A* 43 (2011) 5, pp. 988–997; J. Bair and M. Werner, "The Place of Disarticulations: Global Commodity Production in La Laguna, Mexico", *Environment and Planning A* 43 (2011) 5, pp. 998–1015; C. Berndt and M. Boeckler, "Performative Regional (Dis)Integration: Transnational Markets, Mobile Commodities, and Bordered North–South Differences", *Environment and Planning A* 43 (2011) 5, pp. 1057–1078; J. Bair et al., "Dis/Articulating Producers, Markets, and Regions: New Directions in Critical Studies of Commodity Chains", *Environment and Planning A* 45 (2013), pp. 2544–2552.

11 For a comprehensive overview, see J. Bair, "Global Capitalism and Commodity Chains: Looking Back, Going Forward", *Competition & Change* 9 (2005) 2, pp. 153–180.

12 G. Gereffi, "International Trade and Industrial Upgrading in the Apparel Commodity Chain", *Journal of International Economics* 48 (1999), pp. 37–70, quoted in: C. Berndt and M. Boeckler, "Performative Regional (Dis) Integration: Transnational Markets, Mobile Commodities, and Bordered North–South Differences", *Environment and Planning A* 43 (2011) 5, pp. 1057–1078.

13 Berndt and Boeckler, "Performative Regional (Dis)Integration", pp. 1057–1078.

trajectories of commodities from one such location to the other. In both cases, locations appear as a pregiven as goods, people, ideas, and capital are investigated as they move *between* places. Instead, Berndt and Boeckler suggest to turn the "territorial logic upside down" by asking how these mobilities (re) produce locations.[14] Following this reversed logic, we take the mobilities of investment flows as our starting point and explore how they connect locations and people in new ways, thereby reshaping the existing spatialities within agri-food chains.

A second inspiration comes from the notion of "dis/articulation" as introduced by Bair and Werner.[15] Focusing on "dis/articulations" within commodity chains, Bair and Werner emphasize the reproduction of uneven geographies that are both constitutive of, as well as constituted by, the configurations of global productions.[16] Disarticulations are presented as a way to "explicate the layered histories of dispossession, disinvestment, and accumulation" that shape a location's position in global circuits of commodity production.[17] Drawing on Hall's concept of articulation as a process of forging unity out of difference, articulations are in turn understood as an ongoing material and ideological work to link up relations of production and complexly structured social formations. Adding a spatial component to this work of linking, Bair and Werner elaborate:

> It is not only the work of linking up constructions of social difference with processes of valuation and capital accumulation, but also that of reproducing geographical difference by linking and delinking places to commodity chains that are formed and reformed through these moments of connection and severance.[18]

Following Bair and Werner, we explore the dynamics of linking/delinking and connection/severance within agri-food chains. Instead of addressing the implications of disinvestments, however, we focus on new forms of investments, which, as we argue, can equally include important moments of delinking agri-food spaces. Our aim in using the notion of dis/articulation is thus to highlight the dual and simultaneous dynamic of de/linking introduced by the two groupings of actors and their investment motives, which either sever existing linkages by

14 Ibid., p. 1061.

15 Bair and Werner, "Commodity Chains and the Uneven Geographies of Global Capitalism", pp. 988–997; Bair and Werner, "The Place of Disarticulations", pp. 998–1015.

16 Bair and Werner, "Commodity Chains and the Uneven Geographies of Global Capitalism", p. 989.

17 Bair and Werner, "The Place of Disarticulations", p. 1001.

18 Bair and Werner, "Commodity Chains and the Uneven Geographies of Global Capitalism", p. 993.

breaking up agri-food productions into investible units or forge connections by linking up production steps in integrated supply chains. In sum, developing a spatial lens on current food system dynamics thus means to start from the practices of actors within the agri-food system and to explore how these practices constantly produce new agri-food spatialities and, in doing so, refer to as well as challenge existing spatialities. Spatially reframed, the commodity chain thereby becomes an important analytical lens – a "spatial format" – to explore these projects of respatialization pursued by various actors, along with their implications for the dominant patterns, or "spatial order", of the food system.

Empirically, the chapter draws on several months of qualitative fieldwork conducted by the authors between 2016 and 2018. Whereas Böhme's research has focused on the Chinese companies that are active in Australia's agri-food sectors and took place in Australia and China, Sippel has investigated financial actors and their activities in the Australian context. In what follows, we first outline the respective backgrounds, motives, and resulting investment strategies of Chinese actors and financial actors individually. Based on that, we position them towards one another with regard to the respatializations they advance within global agri-food commodity chains.

Articulating Agri-Food Spaces: Chinese Investment in Australian Agriculture

Since the beginning of the decade, Australia has experienced a growing inflow of capital originating from China in its food and agriculture sector. Chinese companies from both the private and the state-owned sector have been acquiring agricultural assets along the entire agricultural supply chain, from farms to processing plants to logistics facilities to branding. Australia is not unique but part of a broader trend in Chinese companies looking to invest in food and agriculture in different regions all over the world. Linked to a policy evolution in the way Chinese officials think about national food security, the current trend in overseas investments in food and agriculture marks a decisive shift from China's long-favoured preference for self-sufficiency towards more engagement with global markets and the deepening of food trade relationships. The reasons behind this departure from self-sufficiency are complex and mutually reinforcing. They include natural resource constraints, environmental degradation resulting from rapid industrialization, and dietary

shifts linked to rising incomes and urbanization.[19] The greater international engagement of Chinese agri-businesses also reflects the growing competitive pressures China's domestic agriculture sector has been facing since its accession to the World Trade Organization in 2001 and the subsequent liberalization of agricultural imports.[20] Constrained by fragmented farming areas, the existence of a still sizeable small-scale peasantry together with rising costs for inputs, many agricultural products are not competitive in face of cheap imports from large agricultural export nations such as the US, Brazil, or Canada. These combined factors have resulted in a drastic increase in imports, turning China into the world's largest importer of agricultural products.[21]

Although the new vision for "feeding China" calls for giving imports and international markets a greater role, it would be a mistake to assume that the Chinese state is prepared to relinquish control over national food security to global market forces or to the interests of Western-dominated agri-food traders. As Ye explains,[22] two pillars characterize China's new food security strategy. One is a continued effort to promote domestic agro-industrial development, aimed at increasing output, productivity, and efficiency. The other is to gain better control over the flow and supply of China's food imports. To this latter end, the Chinese government has designed a set of policy measures that encourage Chinese companies to "go out" and actively participate in global agri-food production and trade. The aims of China's agricultural "going out" strategy are multidimensional and include the diversification of China's current import sources, for example by forging new agricultural ties with newly emerging agricultural exporters such as

19 F. Gale, J. Hansen and M. Jewison, "China's Growing Demand for Agricultural Imports", EIB-136. US Department of Agriculture, Economic Research Service (2015), https://www.ers.usda.gov/webdocs/publications/43939/eib-136.pdf?v=0; Australian Government, "Feeding the Future: A Joint Australia-China Report on Strengthening Investment and Technological Cooperation in Agriculture to Enhance Food Security", Australia-China Joint Working Group, https://dfat.gov.au/about-us/publications/trade-investment/feeding-future/Documents/feeding-the-future.pdf (accessed 21 May 2018).

20 F. Gale, J. Hansen and M. Jewison, "China's Growing Demand for Agricultural Imports", EIB-136. US Department of Agriculture, Economic Research Service (2015), https://www.ers.usda.gov/webdocs/publications/43939/eib-136.pdf?v=0

21 J. Dong et al., "Kuoda Nongchanpin Jinkou Manzu Duoyan Xiaofei Xuqiu" [Expand Imports of Agricultural Products to Meet Diverse Consumer Needs], *Farmer's Daily*, 23 May 2018, http://www.xinhuanet.com/politics/2018-05/23/c_1122876313.htm

22 X. Ye, "Zhunque Bawo Guojia Liangshi Anquan Zhanlüe de si ge Xin Bianhua" [Correctly Grasping Four New Changes in the National Food Security Strategy], *People's Daily*, 14 January 2014, http://theory.people.com.cn/n/2014/0117/c83865-24152538.html

Russia or Ukraine; the promotion of technological and diplomatic cooperation in agriculture; and the expansion of agricultural investments in different commodity sectors and along the entire agricultural supply chain.[23]

Within China's emerging global food strategy, Australia is valued for its abundant natural resources, its "clean and green" image, as well as its advantage in the production and export of dairy, sheep, and beef products.[24] Take the beef industry as an example; Australia is now China's largest source of imported beef, accounting for 34 per cent of China's official beef imports.[25] While China's beef market is highly competitive, with players such as Brazil, Uruguay, New Zealand or the US all contending for market share, Australia is in a relatively advantageous position due to a number of market access and trade agreements it signed with China. The China-Australia Free Trade Agreement (ChAFTA), coming into force in 2015, will eliminate import tariffs on frozen beef products by 2024. In addition, Australia and China signed protocols for the export of chilled beef, which goes into premium retail channels such as high-end restaurants and supermarkets and commands higher prices than frozen beef products. Furthermore, in 2015, Australia became the first country worldwide to be granted access to export live cattle to China for slaughter.[26]

The case of beef provides an instructive example how the context from which investment capital emerges has a decisive impact on the way in which investors respatialize agricultural commodity chains. As the examples below will show, the political decision to promote China's integration into global

23 H. Zhang and Q. Cheng, "China's Food Security Strategy Reform: An Emerging Global Agricultural Policy", in: F. Wu and H. Zhang (eds.), *China's Global Quest for Resources: Energy, Food and Water*, Abingdon: Routledge, China Policy Series, 46, 2016, pp. 23–41; X. Lü et al., "Kuaguo Liangshang Fazhan Zhanlüe dui Zhongguo Nongye 'Zouchuqu' de Qishi" [Development Strategies of Transnational Grain Traders and their Significance for China's Agricultural "Going Global" Strategy], *Shijie Nongye* [World Agriculture] 11 (2014), pp. 15–17; X. Ye, "Zhunque Bawo Guojia Liangshi Anquan Zhanlüe de si ge Xin Bianhua" [Correctly Grasping Four New Changes in the National Food Security Strategy], *People's Daily*, 14 January 2014, http://theory.people.com.cn/n/2014/0117/c83865-24152538.html; X. Di and W. Zhang, "Zhongguo Nongye 'Zouchuqu': Tedian, Wenti ji Fazhan Silu" [China's Agricultural "Going Global": Characteristics, Issues, and Development Ideas], *Guoji Jingji Hezuo* [International Economic Cooperation] 7 (2013), pp. 43–46.

24 E. Gooch and F. Gale, "China's Foreign Agriculture Investments", EIB-192, US Department of Agriculture, Economic Research Service (2018), https://www.ers.usda.gov/webdocs/publications/88572/eib-192.pdf?v.

25 Meat & Livestock Australia (MLA), "Market Snapshot China Beef: Australian Trade Overview", (2015), https://www.mla.com.au/globalassets/mla-corporate/prices–markets/documents/os-markets/red-meat-market-snapshots/mla_china-market-snapshot_may-2015.pdf.

26 Ibid.

agricultural markets has opened a new frontier for access to resources abroad. In their efforts to navigate this frontier and to enhance their control and power over the increasingly global flow of food into China, Chinese agricultural entrepreneurs, investors, and businessmen seek to build integrated supply chains that produce new articulations across a multiplicity of agrarian spaces, from cattle farms in Australian ruralities to the dinner tables of Chinese middle-class families.

Internationalizing China's Beef Sector

The internationalization of China's beef sector is in many ways emblematic of the goals as well as contradictions of China's agricultural development trajectory since the beginning of the reform era in the late 1970s. Encouraged by development policy and increased marketization, China has experienced strong growth in its domestic beef industry over the past decades. China's cattle herd is now the world's third largest, after India and Brazil.[27] While small-scale peasant farmers continue to produce the majority of China's beef, the government has made great efforts to promote the concentration and intensification of the industry. Modern-style factory farms are seen as an answer to issues of quality assurance and output constraints.[28] Yet, the Chinese beef industry is not able to keep up with the explosive growth in domestic demand. The year 2010 marked a turning point for the industry as a combination of high domestic demand and rapidly increasing production costs pushed domestic beef prices up, with imports now being cheaper than domestically produced beef.[29] Since 2012, China has been a net importer of beef, with imports increasing 15-fold in 5 years, which are forecast to remain so in the foreseeable future due to persisting constraints in land, feed, water, and supply chain development.[30]

27 Ibid.

28 T. DuBois and A. Gao, "Big Meat: The Rise and Impact of Mega-Farming in China's Beef, Sheep and Dairy Industries", *Global Research* (2017), https://www.globalresearch.ca/big-meat-mega-farming-in-chinas-beef-sheep-and-dairy-industries/5607796.

29 Q. He and N. Wang, "Fuhe Xiaofei Shengji Qushi, Kanhao Jinkou Niurou Qianjing" [Optimism About the Prospects of Imported Beef Based on Trend Towards Upgrading Consumption], *Huatai Zhengjuan Yanjiu Baogao* [Huatai Equity Research], 11 September 2016, https://crm.htsc.com.cn/doc/2016/101208/40c2f977-abb6-46a1-ae3b-13717ca577cc.pdf.

30 Agriculture and Agri-Food Canada (AAFC), "Sector Trend Analysis: Inside China Beef Trade", (2017), http://www.agr.gc.ca/resources/prod/Internet-Internet/MISB-DGSIM/ATS-SEA/PDF/6863-eng.pdf.

With beef imports now constituting a sizeable share of China's domestic beef consumption, the beef import industry has turned into a lucrative business for Chinese companies attempting to capitalize on the anticipated growing demand for beef by Chinese consumers. Since 2010, interest in the sector has skyrocketed, driven not only by Chinese firms with established operations in the domestic beef sector but also by investors and entrepreneurs from other areas attracted by high profit margins. These players have been trying to establish a dominant position in China's emerging international beef cattle trade by looking for secure, long-term supply relationships, for example via supply agreements with foreign producers and partnerships. Direct investments into the beef cattle supply chain overseas are another important avenue by which economic actors attempt to capitalize on China's growing beef demand. In Australia, much of China's investment interest has concentrated on the acquisition of primary production assets. Chinese investors have acquired cattle farms across all of Australia, from northern Australia's extensive cattle farming through to southern Australia's intensive cattle systems characterized by higher stocking rates and land productivity. Whereas farm acquisitions have generated considerable political debate, Chinese investments further down the supply chain have received relatively less attention. Next to cattle farming, Chinese capital is now involved along the entire beef supply chain, including the feedlot, processing, and transportation sectors. While some investors are involved in China's domestic beef production or own distribution and retail networks in China, other investments come from unrelated industries such as real estate or industrial manufacturing.

Although the Chinese beef sector promises profit opportunities for those firms able to secure stable supplies from the international market, it is at the same time characterized by fierce competition over price and the constant arrival of new domestic and foreign players.[31] In response to these pressures, the Chinese beef industry has seen increasing vertical integration along the beef supply chain. According to Heffernan, "vertical integration occurs when a firm increases ownership and control of a number of stages in a commodity system".[32] Table 1 illustrates this process, with 10 out of 15 companies owning assets at multiple points in the supply chain. Most investors own assets at the production stage. A smaller number of investors have begun building their supply chains from the processing stage without ownership of farms further upstream.

31 DuBois and Gao, "Big Meat".

32 W.D. Heffernan, "Concentration of Ownership and Control in Agriculture", in: F. Magdoff, J.B. Foster and F.H. Buttel (eds.), *Hungry for Profit: The Agribusiness Threat to Farmers, Food, and the Environment*, New York: Monthly Review Press, 2000, pp. 68–69.

Table 1: Companies wholly owned or backed by Chinese investment with operations in the Australian beef sector, 2011–2018.

Company	Australia				China	
	Production	Feedlot	Processing	Transport	Processing	Distribution
ABL Red Meat		X				X
Australia Aulong Auniu Wang (AAAW)	X					X
Hengyang Group[a]			X		X	
Fucheng Group	X				X	X
Hailiang Group	X					X
Harmony Agriculture and Food (HAAFCO)	X	X	X	X	X	X
New Hope Group			X		X[b]	X[c]
Rifa Salutary Pastoral	X					
Shanghai CRED	X	X				
Consolidated Australian Pastoral Holdings (CAPH)	X		X			
Taihua Foods			X		X	X
Tianma Bearings Group	X					
Union Agriculture	X					

Yang Xiang Assets	X
Xinyangfeng Fertilizer Company	X

Compiled from company materials and news reports.

[a] In early 2018, Hengyang divested from one of the two slaughterhouses it owns in Australia. The processing facility was acquired by Harmony Agriculture and Food (HAAFCO), a Sino-Australian joint venture with Chinese majority ownership.

[b] New Hope Group also owns beef processing facilities the US.

[c] New Hope Group also owns beef distribution channels in the US.

Discussions with investors and industry insiders have shown that a complex set of factors determines at which point of the supply chain an investor will enter, including overall business strategy, size and industry background of the acquiring firm, as well as acquisition opportunities and market cycles. As one investor told us, reflecting on the flexibility with which investors have begun to integrate supply chains:

> [S]ome of them own farms, some don't, and some of them own the cattle from the feedlot but have contracted growers. It's a bit like building Lego, you can almost do it anyway you want. (Interview, Shanghai, 2018)

It is also important to note that vertical integration is not necessarily achieved only by acquiring assets at different stages of the chain but also via contracts with operators further downstream regarding the feeding, slaughtering, and packaging of beef cattle according to the grower's specification. Especially for smaller investment projects, the goal is to retain possibilities of control over the beef product all the way through to the Chinese consumer rather than to own the supply chain itself.

Backward, Forward, and Multidimensional Strategies of Integration

Even though many investors aim to achieve vertical integration, the strategies these actors use exhibit some fundamental differences. As our research shows, vertical integration strategies fall into at least three broad categories, which we term backward integration, forward integration, and multidimensional strategies of integration. While backward and forward integration focuses on the rearticulation of bilateral agri-food relationships between China and Australia, multidimensional strategies of integration are underpinned by a global vision of the agri-food system, seeking to link agri-food production and consumption across multiple geographies.

Starting with backward integration strategies, these are used by Chinese firms that invest in Australian agriculture to support the supply of products into their existing distribution channels:

Australia Aulong Auniu Wang (AAAW) represents a typical backward integration strategy. AAAW is owned by Dashang Group, a large Chinese retailer that operates department stores and supermarkets across China's north-east. Since 2015, Dashang Group has acquired five cattle stations in the Hunter Region in New South Wales as well as Queensland, where the company breeds

Australian beef. AAAW has contract arrangements with feedlot and processing firms in Australia and exports chilled and frozen beef products under its "Hunter Valley" brand to the retail stores it operates in China. To complement its beef line, the company also owns and operates vineyards in France and Australia. Backward integration strategies like that of AAAW are spurred by a need to secure a consistent supply of beef products at stable prices for an existing retail operation. To be profitable in China's challenging market environment, Chinese retailers need to ensure they can offer beef products at competitive prices. Owning one's own source of beef supply is hence often seen as a way to control the beef price and, consequently, the profit margin. In the words of a managing director of a Chinese-invested beef producer in Australia:

> Retail is tough because there's so much competition. So, the margins generally are quite similar and transparent. If you're only going to be able to sell a product for so much, for you to extract more profit out of it, what do you do? You have to reduce your cost of input. And the best way for you to do that is for you to be able to own and control that. (Interview, Sydney, 2017)

Investors engaged in forward vertical integration, in contrast, do not have existing distribution channels in China. Their business background is often outside the agriculture sector, but they see increasing beef demand as an investment opportunity and attempt to grow their existing business by diversifying into the beef sector.

Harmony Agriculture and Food (HAAFCO) provides a typical example of a forward integration strategy. In 2016, HAAFCO was set up as a joint venture between Australian interests and Chinese majority shareholder Dalian Hesheng Holdings. Hesheng is a diversified business conglomerate with interests in numerous industries, including chemicals, financial services, and real estate. Since its inception, HAAFCO has acquired two grazing properties in Western Australia and Victoria, respectively, as well as two feedlot facilities and a slaughterhouse. In addition, HAAFCO's majority owner, Hesheng, is involved in a joint venture with Chinese state-owned logistics companies Sinotrans Group and China Merchants Group, which own and operate two ships approved for the live cattle export trade between Australia and China. In December 2017, HAAFCO was amongst the first Australian beef companies to send a live cattle consignment from Australia to the port of Qingdao, a government-designated development zone for the import of meat products, where Hesheng also recently acquired quarantine and processing facilities. Finally, HAAFCO has gained access to distribution networks in China via Hesheng's acquisition of Chinese iconic meat brand "Qingdao Snowdragon". Having achieved a fully integrated vertical supply chain, the company aims to increase total production

capacity to 100,000 heads of cattle per year. Forward integration strategies endeavour to connect Australian beef supply and the Chinese consumer market, but unlike backward-integrated businesses, the starting point is not an existing retail or distribution business in China operating on fixed margins. Rather, forward-integrated investors aim to capture the full value along the supply chain. With the efficiencies of large-scale operations and the removal of intermediary agents in the supply chain, a vertically integrated model offers investors the opportunity to gain more control over price as well as quality assurance, thereby strengthening their position in China's fiercely competitive market place.

Lastly, a small group of Chinese investors pursues multidimensional integration strategies, seeking to link various locations of production with multiple consumer markets within the global agri-food system. While central governmental policy has been advocating Chinese companies to "go global" and develop into internationally competitive agribusinesses since 2006, few Chinese companies to date have established themselves as true global players. One of China's domestic agribusinesses poised to become such a global player is the New Hope Group, China's largest private agriculture group and a significant overseas investor.

New Hope started its business as an animal feed company in 1982, but since then has moved into higher value-added sectors in poultry, pork, and dairy production. A merger with Chinese poultry producer Liuhe Group in 2005 significantly enhanced the company's integration into China's domestic protein production chain, where it operates along all stages from feed production, breeding, slaughtering, and processing to fully cooked meals. Although the New Hope Group has been engaged in overseas investment projects since the late 1990s, recent investments have shifted the focus from greenfield projects in developing countries to acquisitions of processing and technology assets in countries with modern, agro-industrial sectors. In 2013, New Hope, in conjunction with its private equity arm Hosen Capital, acquired Australian beef processor Kilcoy Pastoral Company. Kilcoy is Queensland's largest dedicated feed grain beef processor, producing beef products for more than 20 markets globally. Since then, New Hope has made further strategic investments to transform Kilcoy from a slaughterhouse into what the company refers to as a "global premium protein provider". Key acquisitions that have been added since include the Ruprecht Company, a US-based producer of value-added beef products and Kilcoy's largest US customer as well as Weidao Food Company, a Chinese producer and supplier of meat protein-based products to high-end restaurants in China. These acquisitions have not only enabled New Hope to strengthen its distribution channels in some of the world's key beef markets, but also to access advanced product research and development capabilities. New Hope's

global beef business will be run by a newly formed entity, Kilcoy Global Foods, headquartered in Australia, which integrates company operations and supply chain stages in Australia, the US, and China. New Hope is eager to capitalize on China's dietary transition to higher value-added protein products; however, its ambitions go beyond the Chinese market. Rather than narrowing its focus on how to connect foreign resources with Chinese demand, New Hope's leaders think of beef production as a global industry that is increasingly interlinked with emerging economies such as China. By connecting markets and technologies and developing its supply chains across three strategic locations, the ultimate goal is to become a competitive player in a global industry.

Disarticulating Agri-Food Spaces: Finance-Backed Investment in Australian Agriculture

A second category of recent capital inflows into Australian agriculture comes from the financial sector. The way in which agricultural resources are being reconceptualized in this context can be considered as a second way of reorganizing the sociospatial relationships within agri-food commodity chains. This reorganization, at its core, aims to create new "asset geographies",[33] that is to say to construct assets that deliver reliable income streams.[34] Against the backdrop of the conjunction of short- and long-term events in 2007/08 outlined in the introduction, financial actors have shown a heightened interest in agricultural assets, and more recently expanded their investments to encompass further elements of agricultural supply chains. As with Chinese investments, this process is not unique to Australia but part of a broader dynamic identified in the literature as "financialization" of agriculture and food.[35] Social studies of financialization investigate how finance exceeds its traditional role of providing capital and starts to reshape the underlying

33 A. Leyshon and N. Thrift, "The Capitalization of Almost Everything: The Future of Finance and Capitalism", *Theory, Culture and Society* 24 (2007) 7–8, p. 109.

34 A. Leyshon and N. Thrift, "The Capitalization of Almost Everything: The Future of Finance and Capitalism", *Theory, Culture and Society*, 24 (2007) 7–8, pp. 97–115; K. Birch, "Rethinking Value in the Bio-Economy: Finance, Assetization, and the Management of Value", *Science, Technology, & Human Values* 42 (2017) 3, pp. 460–490.

35 See, e.g., J. Clapp, "Financialization, Distance and Global Food Politics", *Journal of Peasant Studies* 41 (2014) 5, pp. 797–814; S.R. Isakson, "Food and Finance: The Financial Transformation of Agro-food Supply Chains", *Journal of Peasant Studies* 41 (2014) 5, pp. 749–775; J. Gertel and S. R. Sippel, "The Financialisation of Agriculture and Food", in: M. Shucksmith and D.L. Brown (eds.), *International Handbook of Rural Studies*, Abingdon: Routledge, 2016, pp. 215–226; H.

logics of the economy and society more generally.[36] Agri-food scholars have observed such processes of financialization across various levels of the agri-food system, with one entry point being agricultural resources and their assetization, that is to say their construction as financial asset classes.[37]

Based on, but distinct from, commodification, "assetization" refers to the transformation of things into revenue-generating and tradable resources.[38] The interest in "tangible assets" such as agricultural resources has to be seen within the broader context of the search for, and corresponding expansion of, reliable income-yielding assets, which Leyshon and Thrift identify as a key driver of the 2000s international financial system.[39] This search was rooted in the macroeconomic conditions of low interest rates and low inflation across large parts of the world since the mid-1990s, leading to flat yield curves and abundant liquidity. Within this context, infrastructures such as highways, airports, or public water supply networks have served as one area for the construction of new income streams based on "tangible" or "real assets". The interest in agricultural resources stems from the same context, coupled with assumptions regarding the impact of agricultural resources on financial portfolios as well as assessments of risk-return relationships and how these play out within different regional contexts.

At the global level, farmland investments were notably spurred by the rise in commodity prices in 2007/08 and 2011. Investor discourses furthermore promoted agricultural resources as alternative assets by advancing neo-Malthusian arguments of resource scarcity (i.e. finite availability of land versus rising global demand for food),[40] on the one hand, and by constructing food (in)security narratives as both legitimizing and incentivizing investments, on the other.[41] Within this global context, Australia appeared as a highly profitable low-risk environment for investments, while, at the same time, large portions of

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Bjørkhaug et al., *The Financialization of Agri-food Systems: Contested Transformations*, Abingdon: Routledge, 2018.

36 N.A.J. van der Zwan, "Making Sense of Financialization", *Socio-Economic Review* 12 (2014) 1, pp. 99–129.

37 J. Clapp, S.R. Isakson and O. Visser, "The Complex Dynamics of Agriculture as a Financial Asset: Introduction to Symposium", *Agriculture and Human Values* 34 (2017) 1, pp. 179–183.

38 K. Birch, "Rethinking Value in the Bio-Economy: Finance, Assetization, and the Management of Value", *Science, Technology, & Human Values* 42 (2017) 3, pp. 460–490.

39 A. Leyshon and N. Thrift, "The Capitalization of Almost Everything: The Future of Finance and Capitalism", *Theory, Culture and Society* 24 (2007) 7–8, p. 100.

40 M. Fairbairn, '"Like Gold with Yield': Evolving Intersections Between Farmland and Finance", *Journal of Peasant Studies* 41 (2014) 5, pp. 777–795.

41 N. Larder, S.R. Sippel and G. Lawrence, "Finance Capital, Food Security Narratives and Australian Agricultural Land", *Journal of Agrarian Change* 15 (2015) 4, pp. 592–603.

land came on the market as major landowners divested their holdings following a prolonged period of drought in the 2000s.[42] Similar to the Chinese investments outlined above, however, the finance-driven respatialization of agri-food relationships does not refer to land exclusively but is also applied to further elements of agricultural productions, such as water or livestock. Below, three brief examples illustrate how actors have started to construct agriculture-based income streams in the Australian context.

Constructing Agriculture-Based Income Streams

The creation of income streams based on agricultural productions is closely connected with a number of assumptions regarding the performance of farmland in financial portfolios, as grounded in financial theory. Simply put, farmland returns consist of two parts, the income return, defined as the portion of the farm revenues or profits attributed to the land as opposed to labour and management, and the capital return, being the change in the market value of the land from year-to-year.[43] Thus, farmland is seen as both productive and appreciating. Based on these calculations, income streams are constructed in various ways by combining the (anticipated) appreciation of farmland values with the returns gained from the associated production in a so-called "own-operate" model, or based on the (anticipated) land appreciation only, in combination with the rent (received from leasing out the land) in an "own-lease out" model.

The US-based asset management company Westchester, which manages retirements saving for Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF), is a prominent example of the application of the "own-lease out" model where the acquired farmland is subsequently leased to tenants that pay a certain price for the lease depending on the value of the land. Westchester manages a global farmland portfolio with some USD 8 billion assets and commitments under management across 7 countries, including the US, Brazil, and Poland.[44] In Australia, Westchester started acquiring

42 N. Larder, S.R. Sippel and N. Argent, "The Redefined Role of Finance in Australian Agriculture", *Australian Geographer* 49 (2018) 3, pp. 397–418.

43 M. Painter and C. Eves, "The Financial Gains from Adding Farmland to an International Investment Portfolio", *Journal of Real Estate Portfolio Management* 14 (2008) 1, pp. 66.

44 Westchester Agriculture Asset Management, "Company Profile", http://www.wgimglobal.com/company-profile.

farmland in 2007[45] and has continuously increased their holdings since, amounting to at least 200,000 hectares of farmland owned across New South Wales, Western Australia, Queensland, and Victoria.[46]

The approach of Macquarie Group's investments in primary production in turn represents the own-operate model. The Sydney-based Macquarie Group is a global investment bank and financial services provider and, among others, was a pioneer in infrastructure investments, operating private and public infrastructure funds spread across a multitude of sectors (including toll roads, airports, and energy and communication) and geographies.[47] Currently, Macquarie Infrastructure and Real Assets runs two agricultural funds (Macquarie Pastoral Fund and Macquarie Crop Fund), which manage some 4.5 million hectares of farmland, mostly located in Australia and some investments in Brazil.[48]

Limiting "investment risks" for investors is a key element of successful income stream generation as the goal is not only to create an income stream, as such, but also one that delivers the desired returns for investors while contributing aspects such as non-correlation with other asset classes. Various strategies are employed to limit the investment risks and to realize the desired returns for investors while "asset geographies", based on agricultural productions, are being created. One strategy is the creation of diversity in regard to the investment regions. Regional diversity is mostly based on assumptions about climatic factors, such as rainfall patterns, in different regions or across the northern/southern hemisphere. This means that financial investors attempt to acquire farms across different climatic regions within Australia as well as at a global scale. For example, Westchester's pursues the "goal of owning farmland in all the major grain exporting countries around the world".[49] A second key strategy is to establish economies of scale to balance the risks associated with individual agricultural productions; as one interviewee stated:

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45 Westchester Agriculture Asset Management, "Global Thoughts", Newsletter 1 (Winter 2011) 2, pp. 1–4, http://www.wgimglobal.com/sites/default/files/assets/newsletter/final-nwsltr-12-5-11-1-revised.pdf

46 A. Magnan, "The Financialization of Agri-food in Canada and Australia: Corporate Farmland and Farm Ownership in the Grains and Oilseed Sector", *Journal of Rural Studies* 41 (2015), pp. 1–12.

47 M.I. Torrance, "Forging Glocal Governance? Urban Infrastructures as Networked Financial Products", *International Journal of Urban and Regional Research* 32 (2008) 1, pp. 1–21.

48 Macquarie Infrastructure and Real Assets, "Credentials", 31 March 2018, http://static.macquarie.com/dafiles/Internet/mgl/com/mirafunds/about-mira/docs/mira-credentials.pdf?v=8

49 Westchester Agriculture Asset Management, "Global Thoughts".

> You need to design a portfolio that smooths the volatility of those returns. Because you're going to have one farm which is failing and one is doing very well. If you're not big enough to create that scale, then yes, you will expose yourself to a high degree of volatility. (Interview 2017)

Within the "own-lease out" model, this volatility can be smoothed out to certain extent, with the operational risk being shifted to the tenant. At the same time, however, the tenant relationship itself can present a potential risk as "you may have a year where there's no tenant, you can't find a farmer, then you must farm that farm yourself" (Interview 2017). The tenant risk can be minimized in the operation model. Therefore, the different models are associated with different risk characteristics.

A similar income stream construction based on an "own-lease out" relationship has recently emerged for irrigation water.[50] The construction of income streams based on irrigation water relies on a unique and highly complex system of water markets that has been created in Australia over the past twenty years as part of the broader neo-liberal restructuring following the belief that markets are best placed to solve environmental problems. Even though the anticipated positive environmental effects of water trading have not been achieved, the water market has opened up the possibility to construct income streams based on the acquisition and subsequent lease out of water entitlements by financial investors. Asset management firms such as Blue Sky Alternative Investments Limited and Kilter Rural have identified this opportunity and started to purchase and then lease out water entitlements on behalf of their investors.[51] In addition to the immediate income stream achieved from lease incomes, the rationale behind investments equals the case of farmland, namely that water entitlements will appreciate over time and thereby deliver long-term capital growth as water is becoming increasingly scarce.

Lastly, during our research we found a third way of establishing an agriculture-based income stream, illustrating the creativity employed by actors in constructing such income possibilities for investors. In this case, the investor uses capital flows to acquire cattle that are being raised on "host farms". While the host farmer receives a fixed amount of capital to raise the cattle as well as potentially undertake farm improvements, the investor receives the income that is

50 N. Larder, S.R. Sippel and N. Argent, "The Redefined Role of Finance in Australian Agriculture", *Australian Geographer* 49 (2018) 3, pp. 397–418.

51 Blue Sky Alternative Thinking, "Our Real Assets", (2018), https://blueskyfunds.com.au/what-we-do/real-assets/; Kilter Rural, "Welcome to Kilter Rural", (2017), http://www.kilterrural.com/

realized from selling the cattle. In this way, the investor receives a predictable income stream within a short turn over of 12 months without needing to commit to a long-term investment of buying one particular farm in a specific location and taking on the associated risks around farm management:

> They [the investors] don't have to buy the farm, so they haven't got a big equity layout. They're effectively getting what they want. They're getting the beef, not the farm, while they're getting the produce from the farm. It's still the same as running a farm. They're getting a diversity of spread, because they're not fixed on the one location. If they bought the farm and tried to raise beef, they would be in a position where they effectively would be fixed to that farm. (Interview, 2017)

As our interviewee explained, for the host farmer this works as "a release of capital":

> It's very rarely that you'll find a farm where they have a 100 per cent equity, and they have a surplus of cash to run the operation. In most cases, even if they have a 100 per cent equity, they will borrow against that equity to draw down the cash to run their operations, including buying the livestock. [. . .] The way that we sell it to our farmers is we're saying, "Look, you don't have to go and borrow that AU$2.5 million to buy livestock. We will give you the livestock, and we will give you an AU$1.50 a kilo for every kilo that you put on. And you can then go to the bank and borrow that, put improvements on here, which is a capital improvement, which will give you value". (Interview 2017)

The provision of such new sources of equity capital to farmers is a common argument also often made by farmland and water investors, which, given the high levels of debt among Australian farmers, responds to the need for alternative capital sources to maintain farming.[52] Hence, in a nutshell, the cattle income stream also relies on a certain division and distribution of activities, capital flows, and benefits as well as mechanisms of risk sharing between the different parties. The interests between the parties align with the aim of receiving equity capital – non-debt cash flow – on the side of the "host" as well as the income stream derived from the benefits that can be made, or are anticipated to be made, from agricultural production on the side of the investor. Contrary to farmland and water investments, however, investment decisions do not include appreciation of the asset but are purely grounded in certain assumptions regarding the development of commodity markets, in this case the development of global cattle markets. At the same time, economies of scale are

52 N. Larder, S.R. Sippel and N. Argent, "The Redefined Role of Finance in Australian Agriculture", *Australian Geographer* 49 (2018) 3, pp. 397–418.

a crucial component as the investment is structured around a network of a large number of some 170 host farms gathered by the intermediary.

Dis/Articulating Agri-Food Spaces

How are current investment activities respatializing the existing patterns within agricultural commodity chains? After having presented the two groupings of actors and their investment activities individually, the last section draws them together and sums up the processes of dis/articulation as well as associated respatializations of agri-food relationships they entail.

First, we have shown that investment flows by Chinese companies, on the one hand, and financial actors, on the other, are incentivized in substantially different ways, leading to two fundamentally different logics applied to agricultural commodity chains (as illustrated in Figure 1). Chinese companies have invested in Australia against the backdrop of the interest of "feeding China", and thereby integrate primary production activities into a broader agri-business strategy to supply Chinese markets, or rather certain consumer groups within Chinese markets, with specific high-quality "premium" products. The direct acquisition of primary productions as a part of the "feeding China" strategy is a new dynamic that did not exist until recently. In order to realize the anticipated benefits from growing Chinese demand for beef and high-quality protein products, the mere ownership of overseas farmland for beef production, however, is considered insufficient by many Chinese investors. Rather, what is required is the construction of a "paddock-to-plate story", through which investors pursue connecting their primary production activities in Australia with market demand in China. Hence, strategies of vertical integration constitute an essential part of the investment logic driving agro-investments from Chinese actors. By increasing ownership or control over various stages of the commodity chain, from production to processing to retail and marketing, investors endeavour to strengthen their influence over commodity prices, ensure stability of supply, and enhance control over product quality – a key factor given the recent history of Chinese food scandals and low levels of consumer trust in domestic food production. Crucially, and in stark contrast to agro-investments by finance-backed actors, investment value can only be realized by forging new articulations within commodity chains that allow Chinese investors to control the supply of agricultural commodities from the Australian rural spaces of production to the geographies of demand emerging in China.

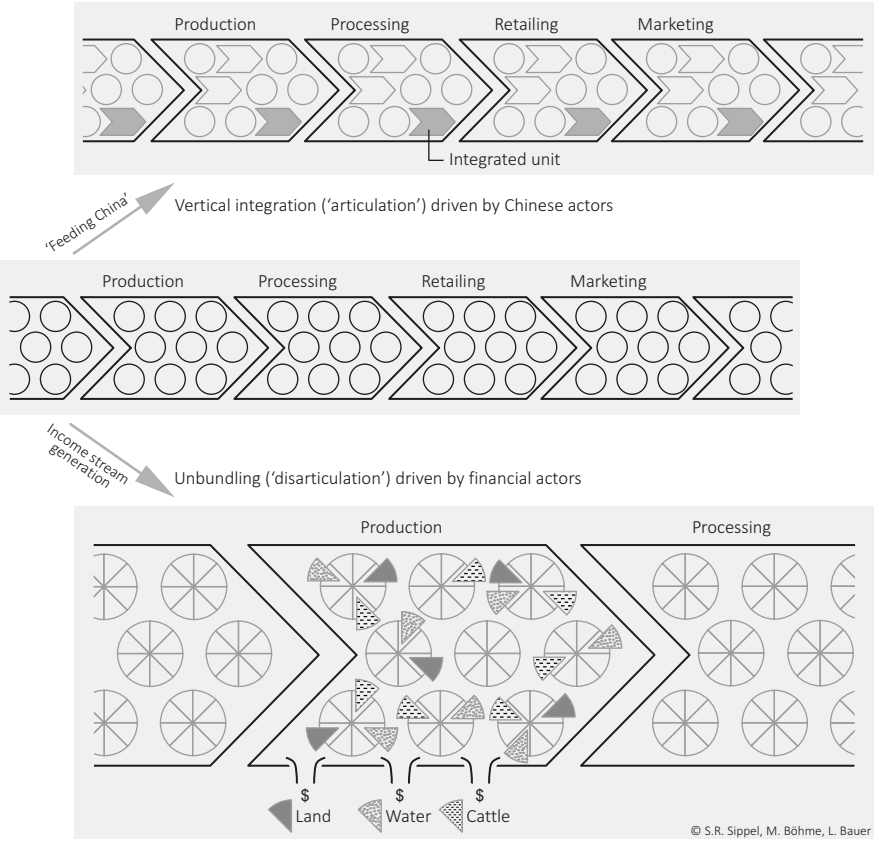

Figure 1: Respatializations of agri-food relationships.

Capital inflows from the financial sector in turn reconceptualize agricultural resources as "assets", namely as things that are able to deliver reliable income streams for investors in the future. The main goal is the investment of money for the creation of more money with agriculture serving as the "vehicle" through which this multiplication process takes place. It is therefore not the agricultural product itself nor considerations of food security, food safety, or quality of the produce that are of concern to investors but rather the question whether the capital invested will increase within the respective timeframe and to the expected degree. "Real facts" concerning the agricultural production and the quality of the food are still important as they determine the return that can be achieved. However, they are placed at the second rank as they are necessary for the reliability of the income stream but do not constitute a primary goal in itself. As demonstrated, income streams can be based on rental payments, commodity sales, and resource

appreciation, either in separate or combined ways. This process entails disarticulations within agricultural commodity chains because agricultural elements and activities need to be conceptually unbundled to deliver such income streams. The construction of agriculture-based income streams relies on specific prerequisites, namely the possibility to acquire agricultural components in an individual fashion that is detached from the rest of the farming activity as a whole. The conceptual step that is undertaken here is to compartmentalize and divide farm elements instead of imagining them as being tied or belonging together. In other words, disarticulating agricultural elements and activities within the commodity chain is a key component in the construction of income streams. These disarticulations do not just happen by themselves but require active work to change the social and institutional fabric within commodity chains, including the establishment of new markets, the promotion of a "tenant culture" in farming, or the setting up of respective legal instruments to allow for capital in- and outflows to take place.

Secondly, both Chinese and financial investments in Australia are part of global strategies pursued by the actors. Both groups of actors employ a "global gaze" at the planet, where every region is – at least hypothetically – assessed in terms of the potential value it can provide to the respective goals pursued. However, this global gaze is again motivated by different goals and associated assessment criteria. Since the official promulgation of the agricultural "going out" strategy, the Chinese government has encouraged overseas agricultural investment in a number of regions and countries. Virtually any country can be targeted for investment according to a wide range of criteria. These include the abundance of land, water, and other agricultural resources; the presence of developed commodity chains linking production, processing, and logistics; the possibility to set up technical assistance and agricultural cooperation projects with less-developed countries within China's South-South cooperation framework; as well as countries or regions where agricultural investment can be tied to broader diplomatic initiatives, such as China's "One Belt, One Road" (OBOR) initiative.[53] In the case of Australia, investment opportunities are constructed around the vision of mobilizing investment to unlock Australia's potential for becoming the "food bowl" of Asia.[54] Australia's proximity to the Asian market and its reputation as a producer of high-quality protein foods such as beef,

53 E. Gooch and F. Gale, "China's Foreign Agriculture Investments", EIB-192, US Department of Agriculture, Economic Research Service (2018), https://www.ers.usda.gov/webdocs/publications/88572/eib-192.pdf?, p. 21.

54 C. Ma, *Fu Aodaliya Touzi Zhinan* [How to Invest in Australia], Beijing: Zhongguo Shangwu ChubanShe [China Commerce and Trade Press], 2014.

dairy, and sheep, which enjoy a growing demand amongst Chinese consumers, are key components shaping investor interest.

In principal, financial investors equally consider any regional context worldwide as a potential "asset geography". In line with the goal of generating reliable income streams, investment decisions are determined by an assessment of the risk-return characteristics of investment contexts, where potential risks involved with investments are weighed against the anticipated chances for return. Limiting investment risks, that is to say reducing the risk of low or negative returns, is hence a key component in assessing and compiling investment contexts for portfolios. The potential of new asset geographies is assessed according to assumptions in regard to complementarity and correlation with other investment regions and potential political and economic risks while aiming at achieving economies of scale across regionally diverse contexts. Thus, although the agricultural strategies of the two groupings of actors investigated in this chapter are global in terms of their outlook, our research highlights that investment processes, strategies, and interactions always need to be considered in light of the specific combinations of global and regional aspects shaping them.

Lastly, both types of investments have the potential to challenge the currently dominant spatial patterns – the spatial order – within the agri-food system. New spatialities emerge that connect Australian farms and food industries with Chinese producers in new ways via integrated supply chains controlled by Chinese companies. These emerging spatialities counter existing spatial patterns within the agri-food system as they challenge the historically dominant "North-South" direction of capital flows. Moreover, players such as the New Hope Group seek to challenge the hegemony of large Western-based agri-businesses such as Cargill. The flow of finance capital into agricultural productions equally challenges existing spatialities within agricultural commodity chains. As capital from private individuals in North America and Europe is being channelled into agricultural productions, not only are new actors – savers and asset managers – becoming enmeshed in agricultural commodity chains in new ways, producing new linkages between producers and savers in different parts of the world. Financial capital also comes with new logics and rationales and thereby reconfigures the existing power geometries between commodity chain actors.

To conclude, the conjunction of events in 2007/08 can be interpreted as a transformative moment in global agri-food relationships that has renewed the interest in agricultural production and farmland from diverse groups of actors. As a result, new forms of capital have flowed into agricultural resources around the world, which involve multiple and contradictory processes of respatialization of agri-food relationships. As we have demonstrated with Australia, these agro-investments crystallize distinct investment logics: control over agricultural resources

to cater to changing consumer demands on the one hand and the construction of agriculture as a financial asset class to provide investors with a reliable income stream on the one hand and. Being at play simultaneously, these investment logics produce fundamentally different spatial outcomes, giving rise to conflicting dynamics of articulation and disarticulation within agri-food chains. Bringing these simultaneous but fundamentally different respatializations to the fore is an important step towards de-essentializing debates on global agro-investments. At the same time, while these investment logics need to be analytically separated, they cannot be treated in isolation if we are to gain a better understanding of the multilayered transformations reshaping global agri-food spaces. The focus on the spatial transformations within commodity chains allows for this diversity of aligning as well as diverging dynamics within agri-food relationships to be captured.