



Gobble, gobble: China's investments in agriculture, business spreading worldwide

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562 words

30 August 2013

Delta Farm Press

DLFP

Delta Farm Press

English

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The proposed deal by a Chinese conglomerate to buy the U.S. company Smithfield Foods, the world's largest pork producer, for \$4.7 billion (a reported 31 percent premium), will be only "the first in a long line of Chinese acquisitions" in the U.S. food and agriculture sector, says **Usha Haley**.

The West Virginia University professor who has studied Chinese business and global strategy for 15 years, told the Senate Agriculture Committee in hearings on the sale that the U.S. should prepare for China's U.S. shopping spree "as a matter of public interest."

While the Smithfield takeover would provide long-term benefits to China and short-term benefits to the company, he said, "The medium- and long-term benefits to U.S. consumers, industry, and society, are highly questionable — and the risks outweigh the benefits."

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Haley was quoted in a Bloomberg Businessweek Global Economics article as saying, "They will start controlling our agriculture. Their motives are entirely benevolent at this point, but how do we know that will continue?"

The Chinese have labeled such statements alarmist and say they're only trying to insure reliable food supplies for their huge population, and that if the deal goes through (it's now under a 45-day additional U.S. government review) it'll be business as usual for Smithfield and its employees.

Though the Smithfield deal has garnered extensive publicity because of its size and food-related issues, it's only one of many of Chinese purchases of businesses, farmland, and infrastructure in the U.S. and worldwide.

Going to a movie at an AMC theater? It's Chinese owned (\$2.6 billion). Drive a Volvo auto? Chinese owned (\$1.3 billion purchase from Ford). Use a Lenovo laptop? Chinese owned (\$1.75 billion purchase of IBM's personal computing division).

China has invested billions for stakes in U.S. energy companies (MiaSole, a California solar operation; Chesapeake Energy, oil and natural gas; Virginia's AES Corp., one of the world's leading electric power companies; Greatpoint Energy in Massachusetts), in the U.S. automotive supplier sector, in computer gaming operations, \$1.9 million for 200 acres of undeveloped land in Michigan to build a planned city, \$1.02 billion for a 50 percent interest in an Oklahoma lime field, millions for medical systems, hotels, and on and on. From half a world away, Chinese are buying homes in the U.S. sight unseen, ranging from \$400,000 to 20 million, mostly cash deals.

Chinese investor transactions in the U.S. through July 2013 totaled nearly \$5 billion, with another \$10 billion pending, the strongest first half ever.

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Drought and crop shortages in China have spurred purchases of farmland and agriculture operations worldwide; it is now the third largest source of foreign investment stocks in agriculture.

The largest foreign holder of U.S. debt is China, with more than \$1.2 trillion in bonds, T-bills, and notes, so they've got plenty of buying power.

China, which is reported to view the U.S. as "a declining power," fully expects to replace the U.S. as the world's largest economy.

Document DLFP000020130830e98u00051

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