



Land grabbing and the global food crisis

GRAIN

11/2011

Land grabbing?

Here, we're referring to:

- the **acquisition** (lease, concession, outright purchase)
- by **corporations** or **states**
- of **large areas** of farmland (>10,000 ha),
- in **another country** and
- on a **long-term** basis (often 30-99 years),
- for the production of **basic foods** that will then be **exported**



A *new* problem? Yes.

Origin

- Food crisis → “Farming abroad” now seen as new food supply strategy by import-dependent governments
- Financial crisis → Farmland now seen as new source of returns (new asset class) by the finance industry

Focus: Staple foods, rather than coffee and rubber

Scope and speed:

- More than 60 countries targeted by hundreds of investment groups and a dozen or so governments.
- Globally, World Bank (2011) says 56 m ha leased or sold 2008-9. ILC (2011) says 80 m ha since 2001. According to the Land Matrix (2012) it's 227 m ha.
- In Africa, Global Land Project (2010) says 62 m ha in 27 countries in 2009. Oakland Institute (2011) says 50 m ha in 20 countries.
- High Quest Partners says private sector has already invested US\$15-50 billion, and expects this amount to triple in the near term (to US\$45-150 billion).

This is clearly not something happening in isolation. It is part of a larger process of expansion and restructuring of global agribusiness (corporate integration, emergence of new actors, rising South-South capital flows, deepening financialisation of agriculture) that displaces and destroys peasantries and other rural peoples and takes control of natural resources.

The lead actors

States: In certain cases States seek, support and facilitate the deals. The main governments seeking land: the Gulf States, South Korea, China, Japan and the former Libyan regime. But also Singapore, India, Malaysia, Mauritius, South Africa, WAEMU...

Companies: They undertake the projects (whether on their own or under prodding from the State). Mixture of agribusiness firms, industrial groups and, most of all, investment funds.

Multilateral agencies: Development banks, bilateral cooperation and international institutions are involved in promoting these deals.



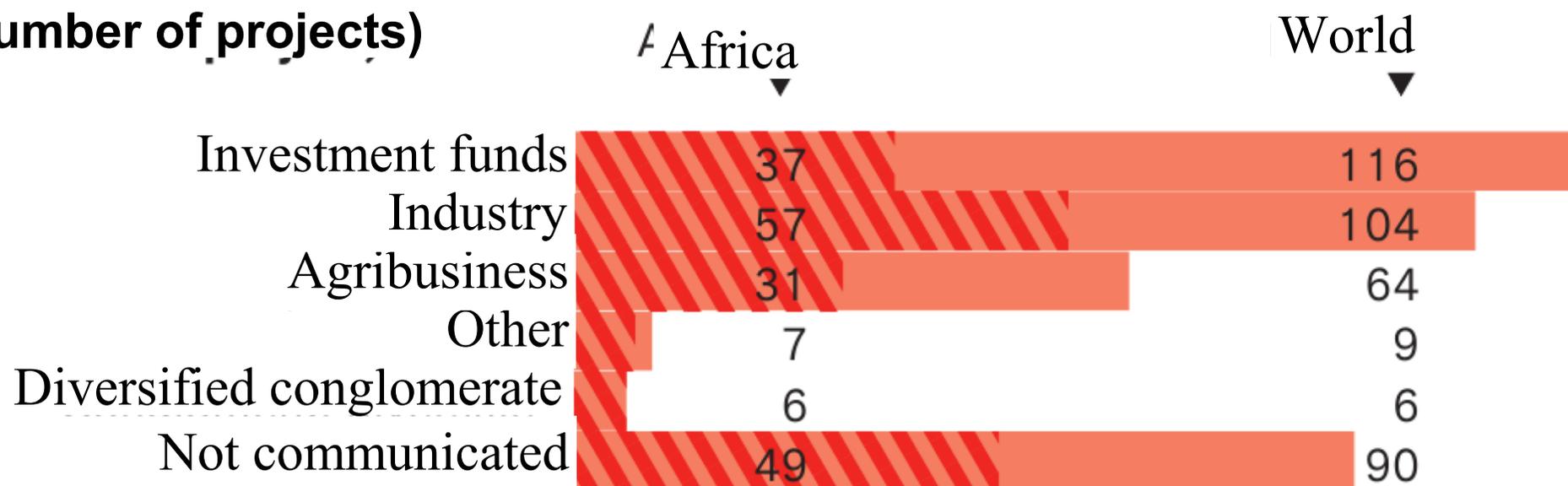
(former) Philippine president in farmland negotiation with Gulf States



India's Karuturi farming in Ethiopia, with plans to expand to Tanzania, Uganda and Kenya.

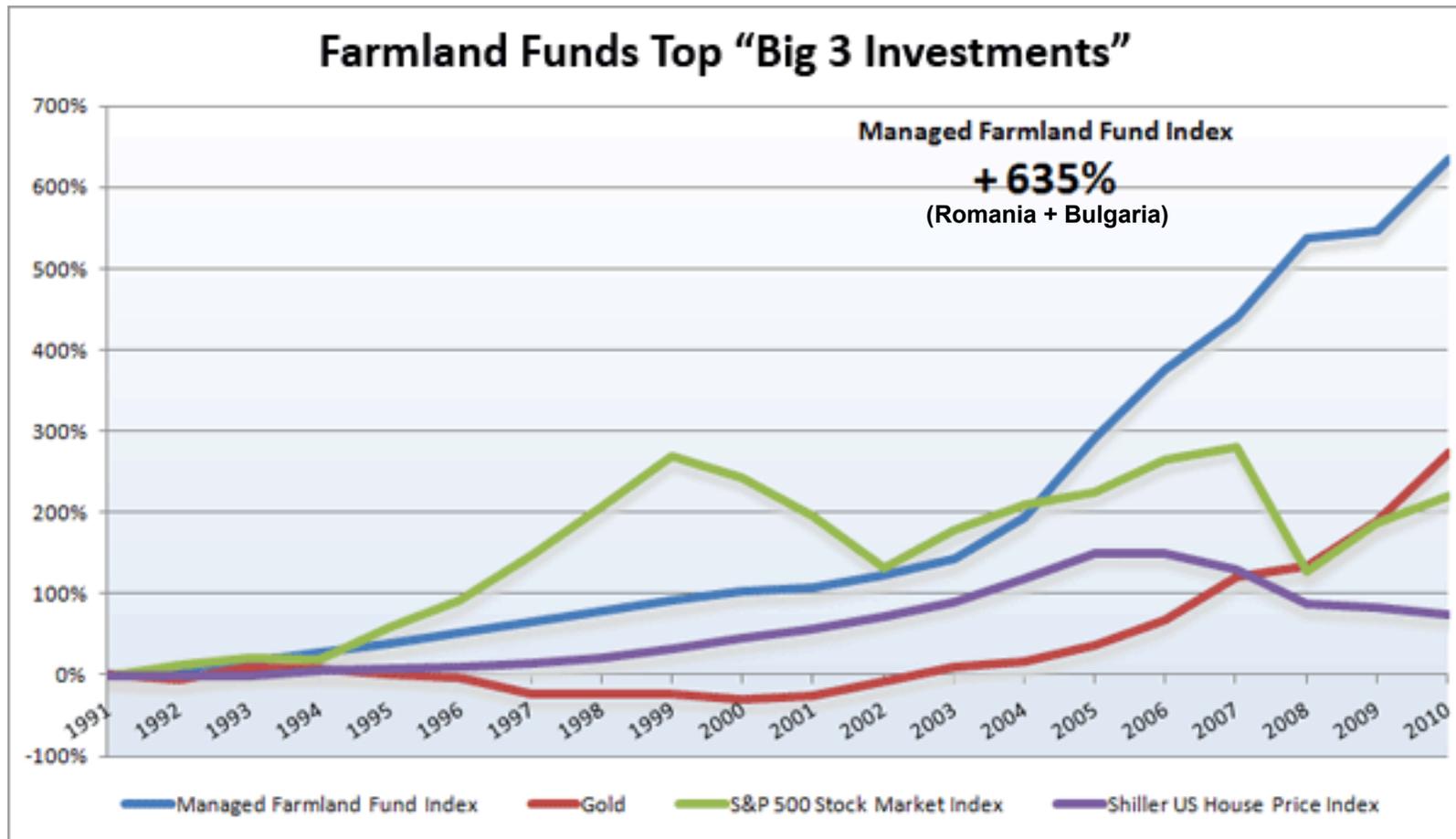
What sectors are the private actors coming from?

**Principal activity of the investor
(number of projects)**



Source : compilation de Rabah Arezki, Klaus Deininger, Harris Selod
d'après les articles de journaux recensés par le site Grain, www.grain.org

The financial sector's interest



Source: Black Sea Agriculture, 2011

The different funds

Pension funds *US\$30 trillion* *+23% since 2010*

Sovereign wealth funds *US\$ 4.7 trillion* *+14% since 2010*

Private equity funds *US\$2.4 trillion*

Hedge funds *US\$ 1.9 trillion*

Figures are from Q3 2011

Today, the pension fund industry is three times larger than the other three put together!

Pension funds

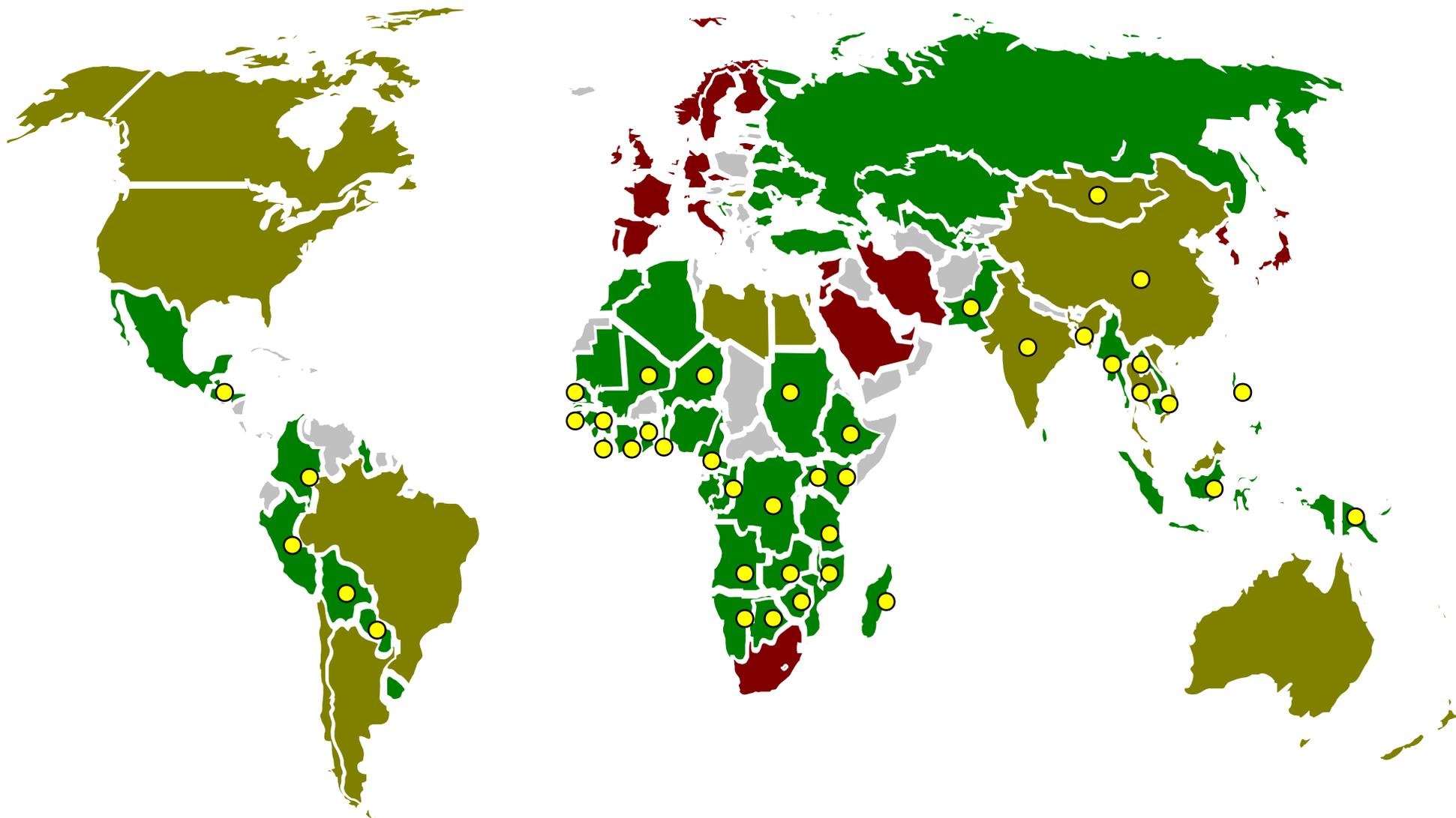
The biggest institutional investors in farmland

- Manage US\$30 trillion in total, with \$15-\$20 billion in global farmland
- Plan to double their farmland investments in the next 5 years
- Who are they? TIAA-CREF and CalPERS in the US; APG, ABP and PGFZ in the Netherlands; AP2, AP3 and Alecta in Sweden; PKA and ATP in Denmark; etc.
- Where are they buying farms? Americas (Brazil, USA), Africa (Sierra Leone, sub-Saharan Africa), Australia, Eastern Europe



Farmland: a new cash cow for the financial industry.

The geography of these land grabs



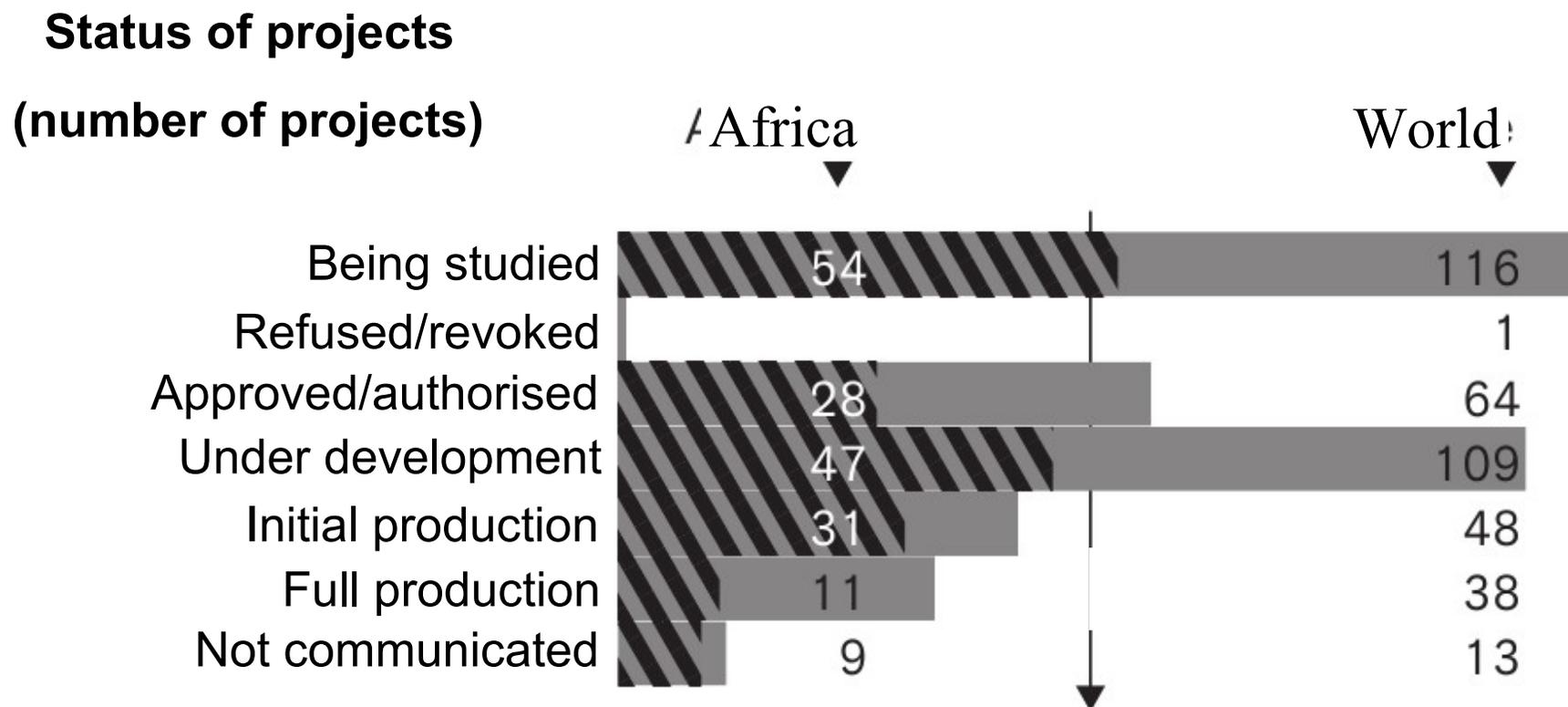
- Landgrabbers: countries of origin of investors acquiring farmland overseas for food production
- Landgrabbed: countries targeted by these investors
- Both: countries that are both sources and targets of these investors
- Countries where over 10 % of the population is undernourished

Gulf States alone: 100 food security deals in the land of the food insecure

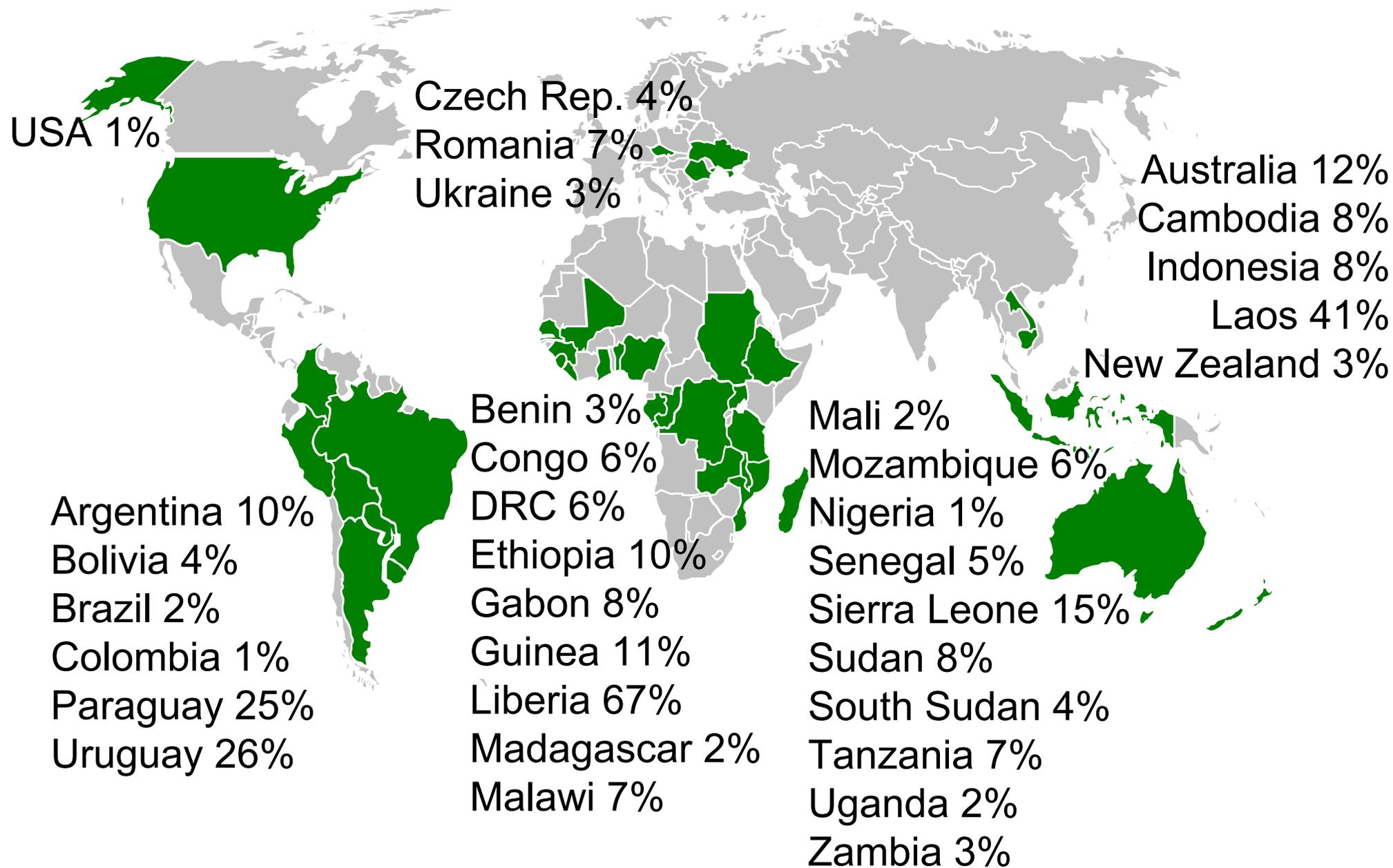
Target countries	Number of land grab deals	% of pop. officially hungry	Target countries	Number of land grab deals	% of pop. officially hungry
Sudan	20	26%	Indonesia	3	6%
Pakistan	15	24%	Burma	2	5%
Philippines	9	18%	India	2	20%
Egypt	8	4%	Morocco	2	<5%
Turkey	6	<5%	Kenya	1	31%
Ethiopia	5	46%	Tanzania	1	44%
Kazakhstan	5	<5%	Senegal	1	20%
Australia	5	<5%	Laos	1	19%
Ukraine	4	<5%	Mali	1	29%
Vietnam	4	14%			
Thailand	4	17%	Total	102	
Cambodia	3	33%	Average		18%

Compiled by GRAIN in August 2009 based on data from Gulf Research Centre, World Food Programme, FAO and press reports (2009). Total land area involved not calculated, but we estimate it in the tens of millions of hectares.

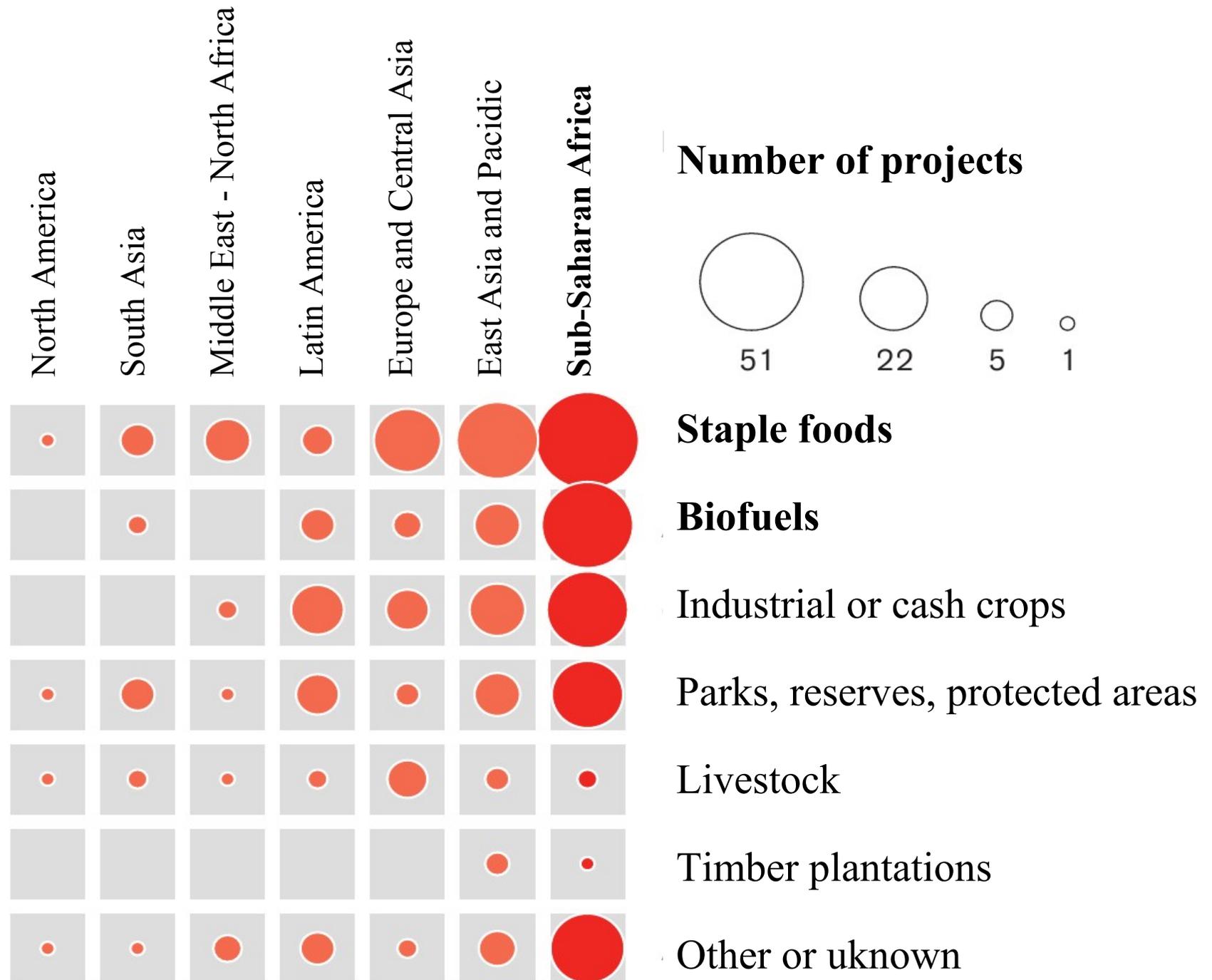
Current status of projects (according to the World Bank)



Percentage of farmlands controlled by foreigners for agri-food production in selected countries

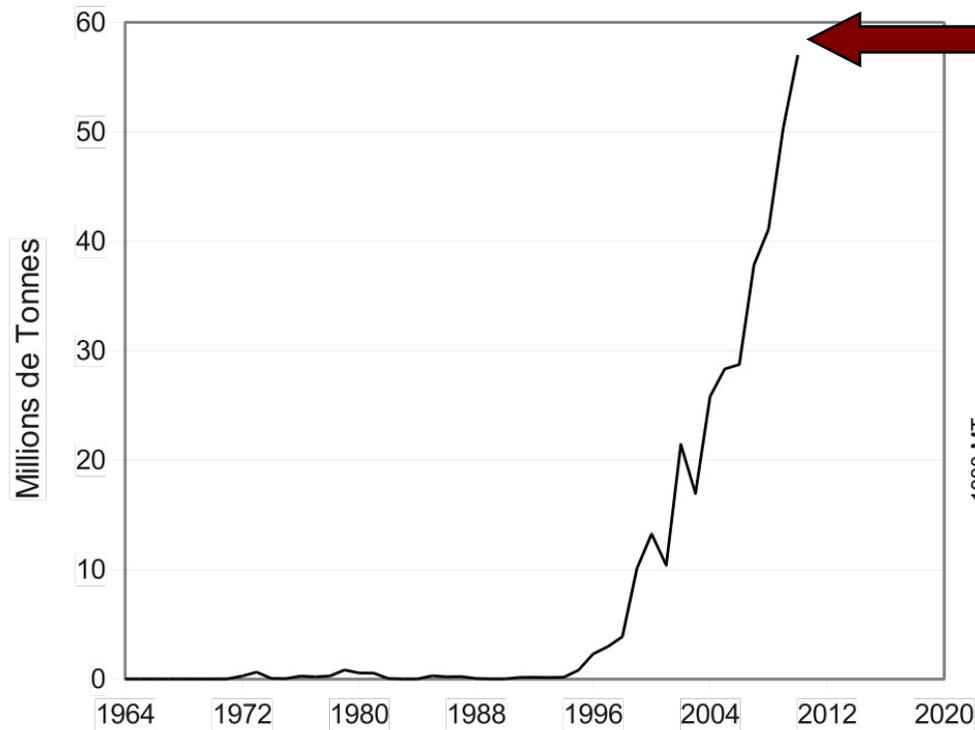


Where the investments are going



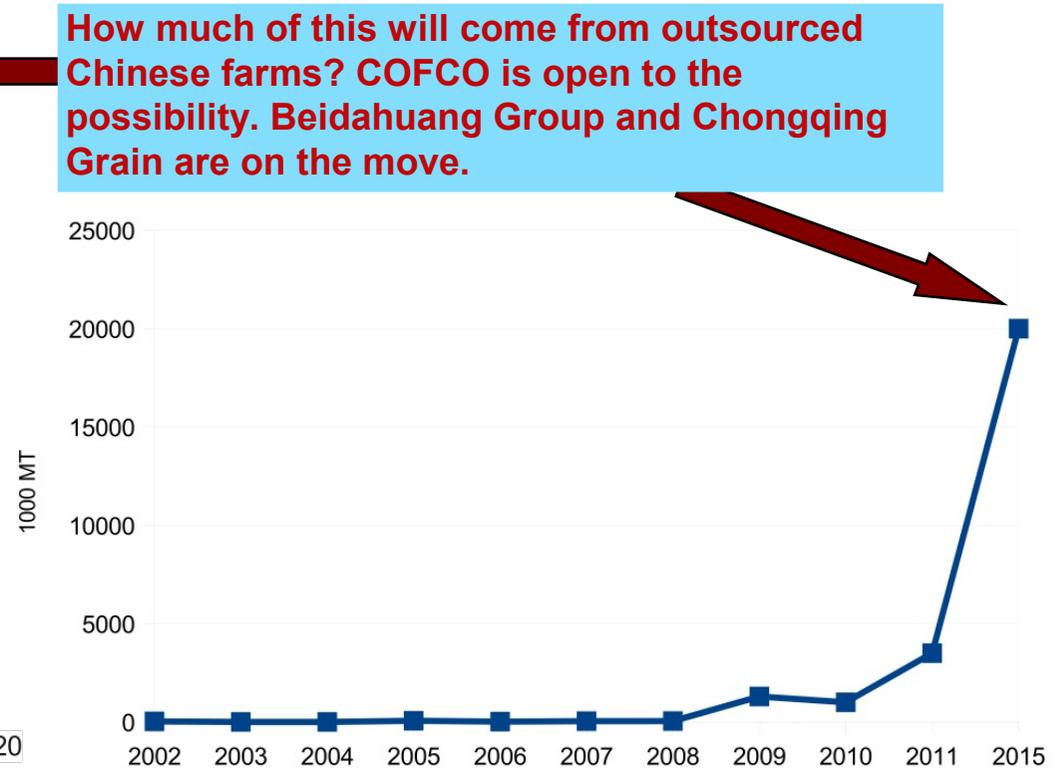
China's (looming) importance

Soy imports into China



Source: USDA

Maize imports into China



Sources: USDA, gov.cn, Olam

How much of this will come from outsourced Chinese farms? COFCO is open to the possibility. Beidahuang Group and Chongqing Grain are on the move.

And then there is rice and wheat. Sunny Verghese, CEO of Olam, believes China will become a net importer of rice as of 2015.

The new farm owners



Hyundai is leasing 10,000 ha in Russia to grow cereals for the Korean market



Public and private investors from the Gulf are already involved in over 100 overseas farmland deals involving tens of millions of hectares, mostly in Africa and Asia



Established by Lord Rothschild in 2008 to buy farmland in Brazil, Agrifirma controls 42 000 ha there and has invested more than US\$241 m, making returns of 20%

Philippe Heilberg, ex-trader for Solomon Brothers and AIG, now CEO of Jarch Capital (US), bought 400,000 ha of farmland in South Sudan.



Neil Crowder of Chayton Capital, a UK private equity fund. He quit Goldman Sachs to invest in agriculture in Zambia, Botswana and 4 other countries with the support of the World Bank's MIGA. Controlling land is crucial to his strategy even if he cannot directly own it in some cases.



José Minaya of TIAA-CREF (USA). This giant pension fund already holds more than 600,000 ha (US\$2.5 billion) in Australia, Brazil, Poland, Romania and the US



Jeffrey Currie of Goldman Sachs calls land grabbing 'a good thing'. Goldman Sachs recently bought 10 poultry farms in mainland China for US\$300 million.



The PM of Kazakhstan promised the Chinese government it would make available 1 million ha for China to grow soybeans.



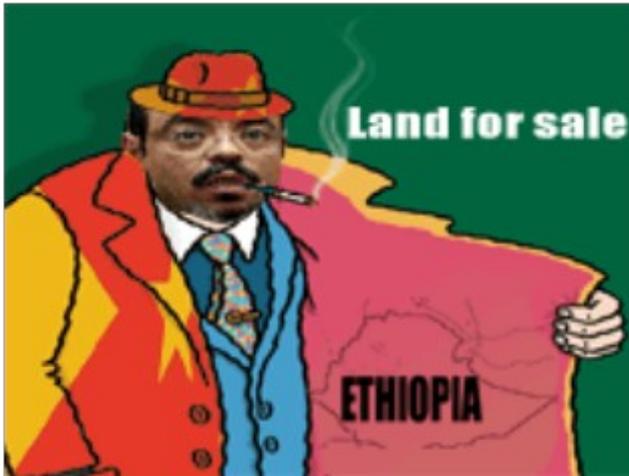
Sunny Verghese, CEO of Olam, has 300.000 ha in Gabon



Susan Payne of Emergent Asset (UK). They have over 150,000 ha in Angola, Botswana, South Africa, Swaziland, Mozambique and Zambia.

and so many more...

Meles Zenawi is regarded as one of the biggest land grab dealers



The Gulf states create new funds for the overseas acquisition of farmlands



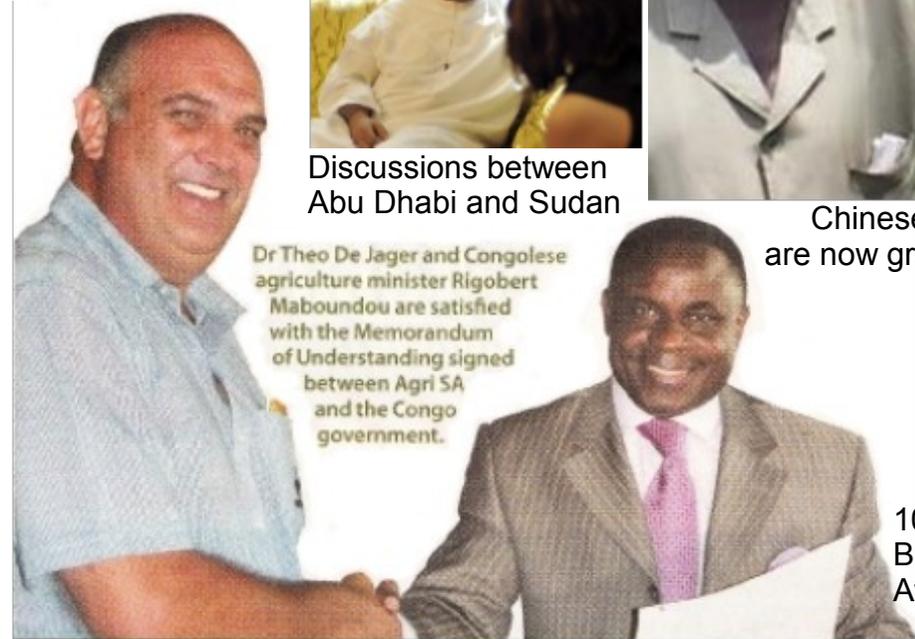
Portuguese investors buying lands in Sierra Leone



Discussions between Abu Dhabi and Sudan



Chinese companies are now growing rice in Cameroon



Dr Theo De Jager and Congolese agriculture minister Rigobert Maboundou are satisfied with the Memorandum of Understanding signed between Agri SA and the Congo government.

10m ha in Congo-Brazzaville for South African farmers



Sheikh Al Amoudi got 500,000 ha in Ethiopia

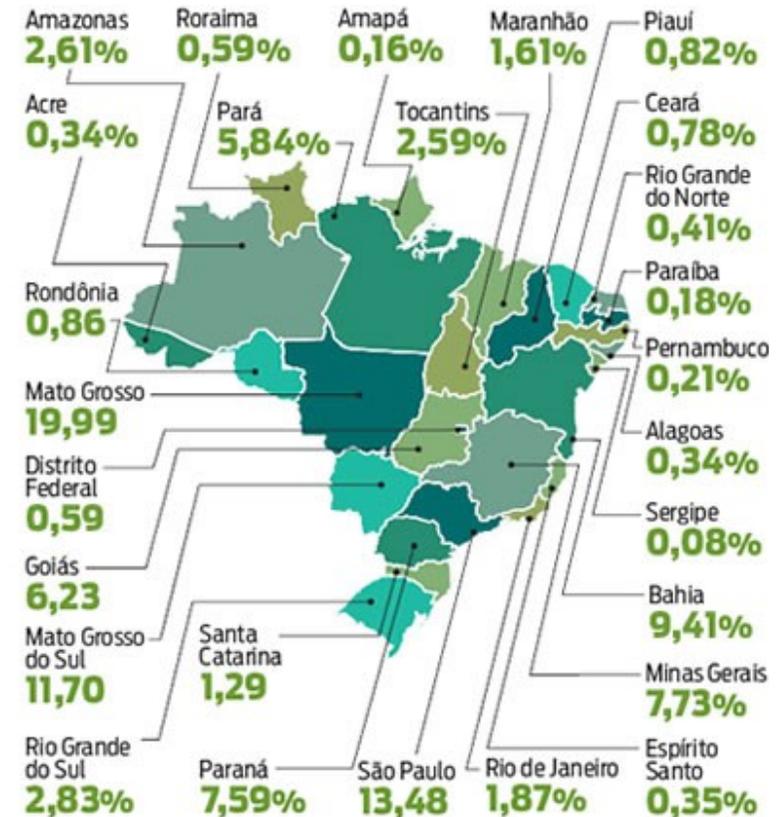
A few glimpses

BRAZIL

- 2010: **Hyundai** seeks 10,000 ha to grow soybeans for South Korea
- 2010: **Chongqing Grain Group** got 100,000 ha in Bahia for US\$300 million to grow soybeans. Is also investing in the processing, warehousing and transport of soy products there in exchange for exclusive rights to farmers' harvests.
- In Goiás, **other Chinese companies** will invest US\$4 billion in the soy chain in return for 6 million tonnes of soybeans per year for export to China.
- 2011: **Mitsui** of Japan took control of Multigrain, which owns over 100,000 ha in Brazil (to produce soybeans for Japan).

EMBAIXADAS RURAIS

Porcentagem de áreas agrícolas adquiridas por não brasileiros





ARGENTINA

- 2011: China's **Beidahuang Group**, which already manages 2 million ha of farmland abroad, negotiated a contract for control of 330,000 ha in the state of Rio Negro in Patagonia. They agreed to invest US\$1.5 billion in local infrastructure in return for exclusive rights to the state's output of soybeans, maize and other crops for 20 years.
- 2011: **Beidahuang** also signed an agreement with Cresud, the largest farming company in Argentina, to collaborate in the acquisition of Argentine farmland, mainly for soybean production.
- 2011: The Saudi group **Al-Khorayef** acquired 300,000 ha in the state of Chaco to produce food for export to Saudi Arabia.



URUGUAY

- Argentine companies (**El Tejar, Los Grobo, etc**) own nearly all of the 500,000 ha planted to soybeans in the country.
- **CalyxAgro**, a subsidiary of **Louis Dreyfus Commodities**, owns 5,760 ha in Uruguay and rents 7,832 ha to produce wheat and soybeans.
- 2011: **New Zealand Farming System**, just purchased by Singapore's **Olam**, owns 28,786 ha and rents another 5,093 ha in Uruguay

KENYA

- 2009: the government signed a deal with the **Qatar** Investment Authority to provide 40,000 ha in the Tana River Delta, to grow fruits and vegetables for Qatar, in exchange for the construction of a port on Lamu Island. But after social unrest, the deal was cancelled... to be taken over by **Chinese** investors?
- In 2004, **Dominion Farms** (USA) took control of 7,000 ha in the Yala Swamp to grow rice. Local conflicts erupted. Dominion is now setting up in Nigeria (2011) where it has been promised 30,000 ha.



TANZANIA

- 2010: The **Korean** government acquired 100,000 ha to grow crops for the production of vegetable oil, starch and wine through a bilateral cooperation agreement.
- 2010: European and US investors (including **Norfund**, Norway's development investment bank, and the first president of **eBay**) back **Agrica's** (UK) 6,000 ha rice project in Tanzania.
- 2011: **Agrisol Energy** acquired 332,000 ha to produce cereals for biofuels and livestock (poultry, cattle) with backing from **Pharos**, **Summit Group** and the **University of Iowa**.
- 2011: **Karuturi** negotiates the acquisition of 113,000 ha.



ETHIOPIA

- 2011: The **Ethiopian government** has already leased or sold 3.6 million ha to foreign companies and promises to make another 7 million ha available. The top takers are Indian (35 companies so far), followed by Saudis, Europeans and Israelis.
- **Karuturi** (India) is one of the largest landowners with 300,000 ha in Gambela (rented for 0.8\$US/ha/yr) and 11,000 ha in Oromia. The company will produce maize, rice, palm oil and sugar for the global market.
- **Sheikh Al-Amoudi** (Saudi Arabia) acquired 10,000 ha in Alwero in 2008, then 130,000 ha in Gambela and wants another 500,000 ha. Goal: to produce 1 million tonnes of rice per year, to sell for US\$1 billion per year on the global market.



SIERRA LEONE



- 2011: Socfin, subsidiary of the French group **Bolloré**, rents 12,500 ha for the production of palm oil. (Bolloré controls over 51,000 ha of oil palm plantations in Nigeria, Côte d'Ivoire and Cameroon.) The project faces strong resistance from local communities.
- 2011: **Vietnamese** companies plan to launch several large-scale rice (and rubber) production projects in Sierra Leone in 2012. **Chinese** investors will also participate.
- 2010: **Addax**, a Swiss company, acquired 10,000 ha for the production of sugar for ethanol, starting in 2013. As of 2011, a range of European development banks (Sweden, Netherlands, Belgium, Germany) have joined the project.



LAOS

- 2011: A Thai company (**RTL World Trade Co**) is surveying 50,000 ha for export production of cassava, palm oil and sugar. It is already growing cassava on 3,000 ha. **Khon Khaen Sugar** already has a 90 yr concession for a 20,000 ha sugarcane plantation.
- 2010: The Government of **Kuwait** plans to invest US\$20 million to irrigate 4,500 ha to produce rice for export to Kuwait.
- 2010: The Government of **Mongolia** acquired a 10,000 ha concession to produce rice for Mongolia.
- In 2004, the Municipality of **Chongqing** acquired 5,000 ha to produce rice and other cereals for its own needs.

PAPUA NEW GUINEA



-The country faces an unprecedented surge in land grabs by foreign companies, mainly from **Malaysia, China, and Singapore**, for the production of palm oil. Already 5.2 million ha -- 10% of the entire country, and mostly community-held forests -- have been taken.

PHILIPPINES



- Already in 2007, The Government of the Philippines signed 19 deals leasing 1.2 million ha to **Chinese** companies for the production of rice, maize, sugar and fish. The deals were suspended (but not cancelled) after strong public outrage.
- In 2008, the government signed a contract with the government **Bahrein** to lend them lands for rice production.
- 2010: **AgriNurture**, a local company, signed a contract with Far Eastern Agricultural Investment Company of **Saudi Arabia**, to produce food on 50,000 ha for the Saudi market. In 2011, AgriNurture negotiated similar deals with **Beidahuang** and other Chinese companies, while **Cargill** bought a 28% stake in the company.
- 2011: Korea's international cooperation agency (**KOICA**) seeks 100,000 ha to grow crops for markets in Korea and the Philippines (rice, maize, sugar).
- 2011: Japan's **Sumitomo**, which already produces fruits for Japan on 25,000 ha it controls in Mindanao, seeks more lands for the expansion of its operations.
- 2011: **Saudi** companies set up joint ventures to acquire 5,000 ha in Mindanao to grow rice, fruits, etc for export to Saudi Arabia.

The response?

There is a sharp political split:

- Some want to protect these financial flows and the agricultural model that they are designed to support by pushing to make these deals "**win-win**"
- Others believe that there nothing positive can come from this approach, so they are mobilising broad **resistance** to stop it and to work instead for food sovereignty as the real solution to the food crisis.



Taro Aso raised the issue at the G8 in July 2009...



...while La Via Campesina raised it outside, in the streets, during the FAO's World Food Security Summit in November 2008.

The RAI principles (promoted by the World Bank & Co.)



React
(to the bad
publicity)

Accept
(the status quo)

Ignore
(what needs to
be done)

A website to follow the daily news
and speak out:

farmlandgrab.org

multilingual

open publication

(anyone can publish information themselves)