

TODAY'S GLOBAL LAND GRAB FOR **FOOD** PRODUCTION: SOME FREQUENTLY ASKED QUESTIONS (GRAIN 06/2011)

1. Who are the main landgrabbers?

By profile:

States

(supporting outward FDI in farmland by domestic firms or through sovereign enterprises):

- | | |
|--|----------------|
| ■ Bangladesh | ■ Japan |
| ■ China | ■ Libya |
| ■ Djibouti | ■ Malaysia |
| ■ Gulf states (Bahrain, Kuwait, Oman,
Qatar, Saudi Arabia, United Arab
Emirates) | ■ Mauritius |
| ■ Iran | ■ South Africa |
| ■ India | ■ South Korea |
| | ■ Singapore |
| | ■ Syria |

Multilateral agencies

(directly funding or participating in land acquisitions on a commercial basis)

- African Development Bank (through African Agriculture Fund)
- European Bank for Reconstruction and Development
- Islamic Development Bank (through Foras International Investment Company)
- West Africa Economic and Monetary Union
- World Bank (through International Finance Corporation and Multilateral Investment Guarantee Agency)

Private sector

- private equity firms (Emerald Knight, Emergent Asset Management, Chayton Capital, Leopard Capital...)
- pension funds (TIAA-CREF, CalPERS, APG, AP2, NZ Superannuation Fund...)
- investment banks (Rabobank, Morgan Stanley...)
- hedge funds (BlackRock, KKR, Galtere...)
- agribusiness firms, broadly defined (Olam, Bunge, Dreyfus, Marubeni, Landkom, Agrogeneration, Adecoagro, Karuturi....)

By country of origin:

- Aotearoa/New Zealand (Fonterra, New Zealand Superannuation Fund...)
- Argentina (Cresud, El Tejar, Los Grobo...)
- Australia (Macquarie...)
- Bahrain* (Trafco, MAP, Ithmaar Bank, Al Salam...)
- Bangladesh* (Nitol-Niloy Group, Bhati Bangla Agrotec...)
- Brazil (Monica Semillas...)
- Canada (Lawrence Asset Management, Canadian Economic Development Assistance for Southern Sudan...)
- China* (Beidahuang Group, COFCO, ZTE, Chongqing Grain Group, Chongqing Seed Corp, China State Farms Agribusiness Corporation, China National Agricultural Development Group Corporation, Shanghai PengXin Group...)
- Djibouti*
- Egypt* (Citadel Capital, Sudan Egyptian Agriculture Company...)
- France* (Pergam Finance, Louis Dreyfus/CalyxAgro, Agrogeneration, AFD, Danone...)
- Germany (Deutsche Bank, Allianz, Aquila Capital...)
- India* (Varun, Ruchi, Karuturi, Shree Renuka Sugars....)
- Iran*
- Israel (Vital Capital)
- Japan* (Marubeni, Sumitomo, Itochu, Kobebussan, Mitsubishi...)
- Kuwait* (Kuwait Investment Authority, Americana Group, Kuwait China Investment Company...)
- Libya* (LAP)
- Lithuania (Agrowill)
- Luxembourg (Socfin...)
- Malaysia* (Sime Darby)
- Mauritius*
- Mongolia*
- Netherlands (Rabobank, APG...)
- Qatar* (Mawashi, Zad, QIA, Hassad Food...)
- Saudi Arabia* (Hadco, Al Rabie, Al Rajhi, Foras, Tadco, Almarai, Binladin Group, Al Qudra Holding, Prince Budr Bin Sultan...)
- Singapore* (Temasek, Vitagrains, Olam, Noble, Wilmar...)
- South Africa (AgriSA, Agri-Vie, Joint Aid Management...)
- South Korea* (Daewoo Logistics, Hyundai, LG, Korea Agro-Fisheries Trade Corporation, Lotte Group....)
- Sweden (Black Earth, Alpcot Agro, AP2...)
- Switzerland (EBG Capital, Addax, Glencore, Pictet...)
- Syria*
- Taiwan*

- Thailand (Charoen Pokphand Group, Mitr Phol, Riceland, Khon Kaen Sugar Industry...)
- United Arab Emirates* (Abraaj Capital, Emirates Investment Group, Abu Dhabi Fund for Development, Iffco, Dubai World...)
- United Kingdom (Lonhro, cru, Bidwells, Schroders, Barclays, Emergent Asset Management, Commonwealth Development Corporation, Lord Rothschild, Terra Firma, Jim Slater, Landkom, Chayton Capital...)
- USA (Jarch Capital, Kohlberg Kravis & Roberts, Cargill, Morgan Stanley, BlackRock, Jim Rogers, George Soros, Bunge, Altima, TIAA-CREF, CalPERS, Galtere, Carlyle Group, Harvard Endowment Fund, African Commercial Development...)
- West Africa* (WAEMU/UEMOA)

** with government support or involvement (policy frameworks, financial assistance or incentives, directives, bilateral treaties)*

2. Where are they getting land?

Top investment target is said to be Africa, followed by Asia, Latin America and Eastern Europe. According to media reports, the following countries are affected:

Africa & Middle East : Algeria, Angola, Benin, Botswana, Cameroon, Democratic Republic of Congo, Egypt, Ethiopia, Gabon, Ghana, Guinea, Iraq, Kenya, Liberia, Madagascar, Malawi, Mali, Mauritania, Morocco, Mozambique, Nigeria, Republic of Congo, Senegal, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe.

Americas : Argentina, Bahamas, Bolivia, Brazil, Canada, Colombia, Guyana, Mexico, Paraguay, Peru, Uruguay, USA

Asia-Pacific : Aotearoa/New Zealand, Armenia, Australia, Azerbaidjan, Burma, Cambodia, India, Indonesia, Kazakhstan, Laos, Mongolia, Pakistan, Papua New Guinea, Philippines, Tajikistan, Thailand, Turkey, Uzbekistan, Vietnam

Europe: Belarus, Bulgaria, Croatia, Estonia, Georgia, Lithuania, Moldova, Romania, Russia, Ukraine.

3. For what?

According to the World Bank (2011), which reviewed 405 land deals (up to the end of 2009):

- food production: 37%
- cash crops: 21%
- biofuels 21%
- livestock, conservation & game reserves, plantation forestry: 21%

4. How much money is going into this?

- Globally, estimates range from US\$25 billion (HighQuest Partners for OECD, 2010) to US\$50 billion (World Bank, 2009) already “committed”. HighQuest, who surveyed investors in 2010, say the figure could “substantially exceed” US\$150 billion in the next five years.
- Of the current total, pension funds account for US\$5-15 billion, several sources say.
- Firms attending the Global AgInvesting conference in New York in May 2011 said they plan to nearly double their global farmland holdings from US\$10bn to US\$18bn in the next three years (+67%) .
- Foreign investors spent US\$2.4 billion on farmland in Brazil between 2002 and 2008. By comparison, China’s Chongqing Grain Group is about to spend the same amount on one massive (200,000 ha) soybean project in the state of Bahia.

5. How many hectares are we talking about?

No one knows. Most of it goes unreported or only documented by media.

- World Bank (2011): 56m ha transacted in deals reported in 2009
- Global Land Project (2010): 62m ha transacted in just 27 African states in deals reported in 2009
- International Land Coalition (2011): 80m ha transacted between 2001-2011

6. How are the investments being made?

- While there are still few farmland REITs (real estate investment trusts - a kind of mutual fund) and no ETFs (exchange traded funds), there are approximately 200 private equity funds dedicated to farmland that investors can buy into. These are usually short term (5 yrs) investments with high rates of return.
- According to Hancock Agricultural Investment Group (the largest institutional owner of US farmland, with holdings in Canada and Australia as well) clients such as pension funds do not buy into pooled funds, but have farmland portfolios tailour-made for them to match their investment objectives. These are longer term investments (up to 30 yrs), also with high rates of return.
- In Africa and in some parts of Asia and Latin America, investors usually sign contracts directly with governments, who claim state authority over the lands, whether at the national or local level. These are long term investments (20-99 years), often requiring large capital outlays for infrastructure. The first ten years often involve generous tax holidays and other forms of direct financial support from the host state. Sometimes the talks reportedly involve local community “representatives”, but rarely.

7. What are the main impacts?

- **Food security?** These deals have nothing to do with food security, just the expansion of agribusiness for solvent markets (oftentimes not the country where the food is being grown). The projects develop industrial-style plantation agriculture, for export. It's not about charity, nor development. (Those who argue for bringing some corporate social responsibility in, via codes of conduct or other, are not taken seriously. Those are voluntary guidelines, designed to mitigate reputational risk for the investors alone.)
- **Livelihoods?** The benefits or payoffs are for a few corporate players and relatively wealthy folk who buy into these deals in order to gain something. By contrast, for local communities in the South, these deals mean livelihood loss, denial of rights, families getting thrown off their land - and land is a cultural and spiritual heritage, not a commodity, for many of these people - for a very long period of time.
The promoters love to talk about job creation, but they never detail the nature of those jobs (casual/daily, seasonal, short term [e.g. just sowing, not weeding]) nor do they quantify the livelihood losses. They love to talk about technology and development, too, but they never detail the water use, land degradation, agrichemical spraying that they will incur.
- **Water!** For many investors, and states that support them, these land deals are essentially “water plays”. And it is true: they are trying to control access to water, for the production of food commodities over a long term. What this says about the long term sustainability of our current food production systems is something we need to be worried about and act upon. (Obviously, water and land grabs are no solution!)
- **Governance?** These deals bring on more corruption, violence and social exploitation - which barely goes accounted for except by some media or human rights groups. Deaths directly attributed to conflicts around foreign land grabs for food production have been reported in several countries (Ethiopia, Sierra Leone....). One government has already fallen, but in several others countries challenges are being raised towards the regime in power in relation to land grab deals (Ethiopia, Kazakhstan, Mali, Senegal, Uganda).

For these reasons, and plenty more, the real challenge is to ask “How we are going to feed ourselves tomorrow?” and redirect support to small scale, sustainable family farming under community control -- urgently and across the planet. That is what we need consensus and cooperation on -- not on how to make land grabs work.

8. What US funders can do

- Support communities and social movements that are trying to stop these deals
- Bring the issue into US knowledge and help mobilise to stop the deals there (e.g. pension funds, university endowments, corporate investors)
- Help fight for freedom of information around these deals (there is a lot of silencing and stifling going on)

Reading and resources

From GRAIN

- farmlandgrab.org (updated daily + weekly email service)
- [Planet for sale](#), 90-min documentary by Alexis Marant, CAPA/ARTE
- [It's time to outlaw land grabbing, not to make it 'responsible'!](#), LVC-FIAN-LRAN-GRAIN, April 2011
- [New agricultural agreement in Argentina: A land grabber's 'instruction manual'](#), January 2011
- [Saudi investors poised to take control of rice production in Senegal and Mali?](#), November 2010
- [Unpacking a Chinese company's land grab in Cameroon](#), October 2010
- [World Bank report on land grabbing: beyond the smoke and mirrors](#), September 2010
- [The World Bank in the hot seat](#), May 2010
- [Turning African farmland over to big business](#), Seedling, April 2010
- [Land grabs threaten Anuak](#), interview with Nyikaw Ochalla, Seedling, April 2010
- [Stop land grabbing now](#), LVC-FIAN-LRAN-GRAIN, April 2010
- [Land grabbing in Latin America](#), March 2010
- [Land grabbing and the global food crisis](#), December 2009
- [The new farm owners](#), October 2009
- [Mauritius leads land grabs for rice in Mozambique](#), September 2009
- [CGIAR joins global farmland grab](#), September 2009
- [Rice land grabs undermine food sovereignty in Africa](#), January 2009
- [Seized: The 2008 landgrab for food and financial security](#), October 2008

Other key groups and initiatives:

- [**La Via Campesina**](#)
- [**FIAN**](#) (FoodFirst Information Network)
- [**Oakland Institute**](#)
- [**Dakar Appeal**](#) against the land grab – to be launched at the G20 Agriculture Ministers meeting on 22-23 June 2011 – with over 500 organisations behind it

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