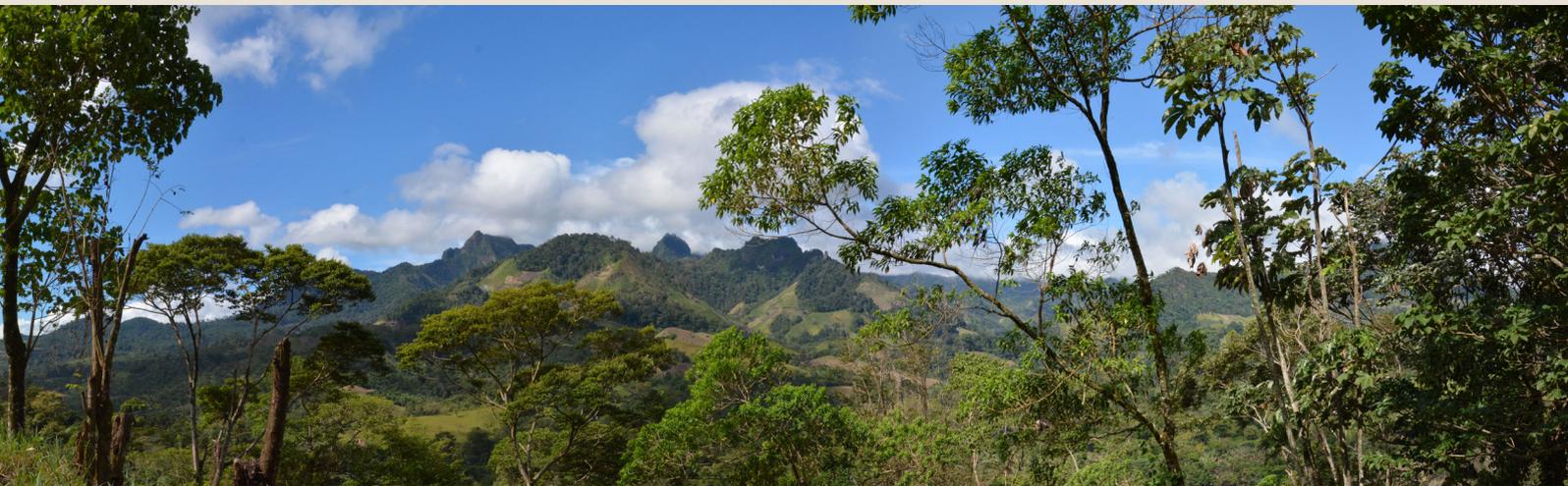


Fact Sheet

Land Grabbing in Latin America



Introduction

Since the end of the 1970s, agriculture has been considered an entirely unattractive business. Overproduction and low agricultural prices promised merely modest returns that could not compete with boom sectors such as the new economy or the financial sector. Only when food prices exploded in 2007/2008, sparking food riots in numerous countries and catapulting the number of hungry people to more than one billion, were farming and livestock producing re-evaluated. Since then, agricultural prices are fluctuating at a significantly higher level. Agricultural economists predict that the upward trend is likely to continue in the future, since the demand for food and fodder is rising in line with the global population. It therefore comes as no surprise that the agricultural and food industries are whetting the appetites of investors. Banks, investment and pension funds are channelling the money of their often wealthy clients into the entire food business. Their portfolios include manufacturers of fertilizers, seeds and food, as well as commodity traders, farms and arable land.

The world is witnessing a genuine land rush. Investors are looking for fertile land with high potential. Most commonly, they find this in Africa,

Southeast Asia, Latin America and also in parts of Eastern Europe. However, there are only rough estimates on the extent of land deals available, which are often based on unreliable sources of media reports. On such a basis, researchers from the Land Matrix Partnership estimated that during the past years 1,217 large land deals have been concluded or negotiated in developing countries covering a total of 83 million hectares, be it in the form of lease, purchase or concession agreements. Africa accounts for the lion's share, with 56 million hectares; in Asia the number reaches 17.7 million hectares, and in Latin America, 7 million hectares (as a comparison: Germany's national territory comprises 35.7 million hectares).¹

For Latin America, FAO studies came to the surprising conclusion that although foreign agricultural investments had increased significantly during the past ten years, land grabbing – defined as large-scale land acquisition intended for food exports – had only taken place in Argentina and Brazil.² According to this definition, neither the Afro-Colombian communities displaced by paramilitary groups, nor the Paraguayan small farmers driven off their land by soy farmers, nor the Guatemaltecan Maya villages destroyed by palm plantations, were victims of land grabbing.

Territorial control

These studies are obviously unable to unveil the true extent of land grabbing. FAO considers only very large international deals of more than 1,000 hectares. The Land Matrix partnership documents land deals of 200 hectares or more – still a considerable size given that the average farm in, e.g., Germany has only 45 hectares. If smaller plots as well as the numerous domestic deals were included, the figures would indeed be much higher. In addition, foreign investments in domestic companies buying up land are also not accounted for.

These studies also ignore the fact that control over land may be transferred without the land being sold or leased. Many contract farming models, for instance, subject farmers to detailed instructions on how to cultivate their own plots. Some even require the mortgaging of farmers' land as a security for loans or seeds. Similarly, climate change mitigation schemes such as REDD (Reducing Emissions from Deforestation and Degradation) seeking to preserve forests as carbon sinks often prohibit traditional land uses like shifting cultivation. Though exercising strict territorial control, carbon schemes typically neither provide for the sale nor the lease or concession of forests to project developers.

Due to these and other blind spots, critical researchers such as Saturnino Borrás and his colleagues call for a broader understanding of land grabbing. They define this phenomenon as 'resource control grabbing' promoted by international capital groups to gain control over vast tracts of land and associated resources such as water, carbon, crops or raw materials.³

If we understand land grabbing as profit-oriented territorial resource control, reductionisms may be avoided: 1.) The driving forces behind land grabbing not only include the food crisis, but also climate mitigation, energy supply, the financial crisis, the search for profitable investment opportunities, and fiercer competition for raw materials in a multipolar world. 2.) Besides transnational companies of the North, the main actors also include multinationals in the South as well as numerous domestic companies, many of which with close ties to transnational capital. Many of their deals, however, depend on government support. 3.) Land grabbing should not be reduced to violent displacements of tradition-

al land users. Although still widespread, these violent forms are today complemented by much more sophisticated forms of territorial control, which formally respect human rights and constitutional norms and do not necessarily involve land transfers (e.g., contract farming and REDD). 4.) Finally, the broader focus on territorial resource control helps to put the role of the African continent as the allegedly preferred target region of global land grabbing into perspective.

The agricultural compradors

Such a broader perspective allows us to identify the specific characteristics of this trend in a region such as Latin America. Borrás and his fellow researchers point out that unlike some African states, where companies from China, India or the Gulf States were often identified as dominant actors, land grabbing in Latin America has a relatively strong intraregional character. Indeed, in the Mercosur-Region, very large local agribusiness companies buy or lease immense areas of farmland. Argentinean examples include companies such as Cresud, Los Grobo, El Tejar and MSU, and Brazilian ones SLC Agrícola, Cosan, BrasilAgro and Vanguarda Agro. These companies raise their capital from domestic and foreign investors. Some of them expand not only on domestic markets but also abroad, predominantly in neighbouring countries, and sometimes also overseas. Several Latin American countries are therefore not only targets but also home to land grabbers.

Argentinean company Cresud, for instance, currently controls 650,000 hectares of land in Argentina alone, 470,000 hectares of which are owned by the company. The remaining part is made up of concessions or leases. Its land is predominantly used for wheat, maize and soy cultivation as well as livestock production. In Bolivia, Cresud manages 17,000 hectares, in Paraguay 142,000, and in Brazil 175,000 hectares. It is listed on the Buenos Aires stock exchange and the NASDAQ in New York. After Deutsche Bank affiliate DWS Investment bought a chunk of its shares, its financiers now also include German private investors. Yet, its environmental impact is bleak: In the Northern Argentinean province of Salta, Cresud destroyed one of the sources of livelihood of the indigenous Wichí communities by deforesting 56,000 hectares of biodiverse Quebracho forests to make way for its cattle farms.

COSAN, the largest sugar and ethanol producer in Brazil, is another example of the Latin American “comprador class” – a term used by dependency theorists to denote the linkages between national bourgeoisies of former colonies with transnational capital. In 2012, COSAN cultivated 400,000 hectares of sugarcane, partly on its own plantations and partly on contract farmers’ land. It is listed on the São Paulo stock exchange Bovespa and the New York stock exchange. DWS Investment also became one of its shareholders. Its subsidiary RADAR is involved in the lucrative property business purchasing and developing undervalued land. In 2011, COSAN and the British-Dutch Royal Dutch Shell created the joint venture Raízen, which supplies the Brazilian and the international market with ethanol. In 2012, Raízen came under fire after one of its suppliers grew sugarcane on demarcated territory of the indigenous Guarani-Kaiowá people. Following international protests, Raízen committed to refraining from sourcing illegally produced sugarcane in the future.

The Brazilian company Pinesso, which produces soy and seeds on approximately 120,000 hectares, is one of the pioneers of its industry since it made the leap to the African continent. In Sudan, it harvests cotton for the world market on 20,000 leased hectares. Now, it is planning to expand to Mozambique. Its competitors such as SLC Agrícola aim to follow suit. The expansion to Mozambique is supported by a trilateral cooperation between the governments of Brazil, Japan and Mozambique. The ProSavana programme aims to transform the Nacala corridor in Northern Mozambique into an African version of the Brazilian Cerrado savannah – a “green desert” of monocultural soy and sugarcane plantations. The programme particularly aims to attract Brazilian agribusinesses to the Nacala region. This cooperation has a historical precedent: Back in the 1970ies, Japanese development cooperation, which today is co-financing the ProSavanna programme, began to cooperate with the Brazilian government in the framework of the PRODECER programme. For three decades this programme financed large infrastructure projects to open up the Cerrado for agribusinesses. The consequence: This biodiverse eco-system is today the Brazilian region with the highest rates of deforestation, even ahead of Amazonia.

Political placebos

However, the debate in Latin America focuses less on domestic companies and more on land

grabbing by foreign investors, above all Chinese and Arab companies. The so-called “extranjerización”, which is perceived as neo-colonialism, is the subject of heated debates and has called in governments. In several countries, legislative proposals aim to limit foreign land ownership. Brazil and Argentina have already taken measures, and similar proposals have been debated in Uruguay, Ecuador and Colombia. In Paraguay, these discussions were disrupted by the parliamentary coup of the conservative opposition against President Fernando Lugo.

However, the real extent of land under foreign ownership is largely unknown. In Brazil, according to figures of the National Institute for Colonization and Agrarian Reform (INCRA), there are 34,000 properties owned by foreigners, corresponding to a total area of more than 4 million hectares. Yet, since many investors use Brazilian front men, “letterbox companies” or domestic companies as dummies, independent sources estimate the foreign-controlled ownership to be much higher, at approximately 30 million hectares.

Against this background, Brazil’s Attorney-General, Luís Lucena Adams, in 2010 announced a new interpretation of a law dating back to 1971, according to which foreign investors cannot purchase more than 50 parcels, so-called “módulos rurais”, of a Brazilian municipality. But since the “módulos rurais” differ in size depending on region and physical infrastructure, the total area for sale can still amount to 250 to 5,000 hectares. However, the area in foreign hands must not exceed 25 percent of municipalities’ arable land. A single investor may not own more than 10 percent of the municipal area. At the same time, the Attorney-General assured that the measure would not have retroactive effect and would not thwart foreign investments. Rather, it aims to foster a “tighter cooperation between foreigners and national companies”. It is precisely this objective, however, that is criticised by social movements such as the global small farmers movement Via Campesina. They claim that this measure would not prevent foreign investors from setting up affiliates in Brazil or acquiring shares in Brazilian companies, thereby enabling them to purchase even more land. Currently, the members of the Brazilian Congress are again debating a possible revision of this regulation.

Yet, governments can hardly close the door on land grabs by means of these foreign ownership

caps, and many are also not seriously interested in doing so. In fact, these restrictions only tend to foster closer linkages between domestic and foreign capital and a more rapid expansion of intensive production methods. As long as domestic and foreign capital flows in large amounts into locally registered real estate and agricultural companies, land concentration can continue to grow unimpededly. Other forms of corporate territorial control, such as large-scale leases or contract farming, are not even touched upon by these purely cosmetic measures, let alone carbon projects like REDD. Consequently, far more radical approaches would be needed to tackle the manifold forms of land grabbing.

Endnotes

- 1 Ward Anseeuw *et al* 2012: Transnational Land Deals for Agriculture in the Global South. Analytical Report based on the Land Matrix Database. April, Bern/Montpellier/Hamburg.
- 2 Sergio Gómez 2011: Acaparamiento de tierras. Reflexiones sobre la dinámica reciente del mercado de la tierra en America Latina. October, FAO (UN-Food and Agriculture Organisation).
- 3 Saturnino M. Borras Jr. *et al* 2012: Land Grabbing in Latin America and the Caribbean. In: The Journal of Peasant Studies, Vol. 39, no. 3-4, July - October 2012, pp. 845-872.

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HANDS OFF THE LAND

TAKE ACTION AGAINST LAND GRABBING