

The rush for farmland

Plantations owned by rich foreigners in poor countries have long been thought of as the epitome of colonialism. Nowadays, in the wake of the 2008 price hike for foodstuffs, agricultural investors are once again lining up to buy land from African and Asian governments. What are the consequences?

The village of Meanchey in Cambodia's north-eastern province of Kratie (Kracheh) consists of attractive wooden houses with tile roofs on metre-high stilts, nestled in the lush greenery of banana plants, palms and hardwood trees, with small rice, sweetpotato and cassava fields here and there. Fat pigs wallow in the mud, teased by children wearing simple, but decent clothing, while most of the grown-ups are taking their siestas. „We indigenous Steang people have lived in and from this forest for centuries," laments village elder Saroen Deth. „We practice nomadic agriculture, and gather fruit, mushrooms, and rattan." Saroen then leads the visitor a few hundred metres outside the village – where all of a sudden the forest ends and gives way to a freshly cleared, reddish-brown wasteland under the burning sun. Several bulldozers can be seen around the edges of this wasteland, eating their way deeper and deeper into the forest.

„In July of 2008, the bulldozers of the Vietnamese company CVI arrived and began clearing the forest and several of our cassava and rice fields," the old man says. „Workers then started planting rubber trees everywhere." The troubled inhabitants of Meanchey protested to the District Governor, who merely stated that the company would develop the area and create jobs, said

Saroen. „But we do not want to work as slaves on a rubber tree plantation."

The small farmers of the Steang people in Cambodia have been dealt a bad hand – as have indigenous peoples, small farmers, or semi-nomadic herdsmen in many poor African and Asian countries: even though they all have traditional use rights to their land, they rarely have legally watertight deeds and even more to the point, hardly any political power. Powerful politicians, military and corporations are cooperating with foreign agricultural investors with increasing frequency to take advantage of this situation in what is known as „land grabbing," often with corrupt administrations behind the scenes.

■ Farmland is highly coveted

Farmland in developing countries, which had largely escaped the notice of investors for decades after the colonial era, is once again seen as a highly

profitable asset in the wake of the food price crisis of 2008. By 2050 there will be nine billion people on Earth to feed. Meanwhile, the worldwide arable land area is decreasing: it is being overexploited, eroded, and salinated; it is degenerating into desert wasteland as a consequence of climate change or else succumbing to urbanisation. In the last 20 years the available arable land area per capita has thus been reduced by 50 percent. New „Green Revolutions," such as the one in the 1970s, that bring about tremendous yield increases are not expected, in spite of genetic engineering. And on top of all of this comes competition from the growing demand for biofuels.

Countries such as the Arab nations, Israel, South Korea, Japan and China that produce too little food for their

Families such as these from Meanchey village, see little hope for the future in the forest. They'll soon have to migrate to the town.

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Photo: T. Kruchem

Bulldozers of a Vietnamese company are clearing the forest land around the village of Meanchey to prepare the land for commercial rubber tree planting.

own use therefore need to provide for their needs. Investors from such countries, namely agricultural and financial investors, are hence acquiring enormous tracts of land in the poorest countries of Africa and Asia. The investors believe that they can produce large quantities of food and bio-fuel feedstocks for their requirements more cheaply in these countries than elsewhere. For the governments of poor countries are chronically looking for ways to earn money, land is cheap, and legal issues are generally quickly resolved if one has the right connections. Hence around 20 million hectares of cropland has fallen under the control of foreign investors since 2006 in various and sundry forms. Some examples:

Asia: Laos has leased 15 percent of its national territory to Scandinavian, Japanese and Chinese rubber and food producers for up to 70 years. In Cambodia, where 80 percent of the population is dependent on subsistence agriculture, Kuwait and Qatar have recently leased 200,000 hectares of cropland for 99 years to grow rice for export. In Indonesian West Papua, there are plans to put nine million hectares of land, most of which is covered by rainforest, in oil palm production; 13 predominantly Malaysian and Chinese companies have already obtained concessions.

Africa: In 2008, China purchased 100,000 hectares of cropland in starvation-plagued Zimbabwe. In Ethiopia, Mali, Madagascar, Mozambique and Sudan, foreigners in 2008 acquired a total combined land area that is considerably greater than the German state of Hesse. For example, the CEO of the New York company Jarch Capital, Philippe Heilberg, concluded a



Photo: T. Kruchem

50 year lease for 400,000 hectares in Southern Sudan with authorities with no international recognition. „A risky investment,“ he admits. „But the soils are ideal for grain production, water is plentiful, and the prospects are enormous if Southern Sudan becomes independent.“

■ „Do it“ – says the World Bank

Heilberg knows: A new Southern Sudanese government needs foreign currency – as does Cambodia’s Premier Hun Sen, under whom the textile industry, tourism, and the construction industry have collapsed because of the worldwide economic crisis. The cashew, rubber tree and cassava plantations that Chinese and Vietnamese investors planted in recent years have thus proven to be an important source of foreign currency. Rice export promises much the same thing: Cambodia has good soils and plenty of water, but so far its rice harvest per hectare is only half that of Thailand und Vietnam. The problem: the farms are very small, and there are as yet hardly any irrigation systems. In an effort to change that, Hun Sen is welcoming rice investors with open arms.

Meanwhile, where governments are hesitant, international financial institutions are helping the investors. For example, the International Finance Corporation (IFC), a World Bank subsidiary that has jumped on the „growth of world agricultural production“ bandwagon, is pressuring governments into offering foreign agricultural investors large amounts of prime land under favourable legal and financial terms. The prospect of all sides making a profit is used as a key argument.

With agricultural investments in developing countries, there is indeed the possibility that local and worldwide food production would increase considerably. Agroindustrial management of highly inefficiently managed land in many places could lead to sustainable improvement of worldwide food security, and agricultural investing would doubtless also generate cash flows for the countries involved. Plus there are hopes: for new streets, bridges, and irrigation systems that would integrate formerly isolated regions in national markets, for technological advancement of farms which in some cases still operate with Stone Age equipment, and for the development of a food processing industry that may create



Photo: T. Kruchem

Wood planks from wild rubber trees are a source of income for the inhabitants of Meanchey who make a livelihood from the forest.

many jobs and promote rural development.

■ Driven from their own land

Just how much such development would actually take place, however, is debatable. What is clear is that the primary targets of agricultural investments are severely impoverished countries with authoritarian governments. Contracts are routinely negotiated between governments and companies behind closed doors – generally without any parliamentary or civil society participation. There are usually no contractual duties of the investors to invest in roads, schools, clinics and irrigation systems or to provide sufficient jobs for small farmers, or else such duties are very vaguely worded. The investors on the other hand are given carte blanche to export their harvests and are largely exempt from taxes.

Furthermore, the land areas in poor countries earmarked for new plantations, even though they may be inefficiently managed, are seldom truly free. As a general rule, investors thus tend to displace small farmers, indigenous peoples who live off the forest, and semi-nomadic herdsmen. Even

now small farmers are being driven off in favour of foreign investors in countries such as Cambodia, Indonesia and Laos; huge land areas on which the local population traditionally grazed their livestock and collected wood are being fenced off in Ethiopia and Tanzania; in densely populated Punjab in Pakistan where Saudi Arabian investors have acquired land, there are plans to relocate entire villages.

From the point of view of the affected rural population, the hazards of agricultural investment outweigh the potential benefits in other respects as well. In Cambodia for example, commercial operations striving for a second or third harvest during the dry season use large quantities of chemical fertilisers and pesticides. These chemicals are polluting the waterways, especially the Tonle Sap Lake, of which the fish stocks cover 70 percent of the Cambodian protein requirement. Additionally, the clear cutting of forests to obtain farmland is causing the soil to erode into the lake bed, thus endangering the habitat of the fish.

Experts know that the close coexistence between rice farming and fishing in Cambodia only works because the sensitive ecosystem has not been too

heavily stressed by intensive farming thus far. The same holds true for other agro-ecosystems around the world – especially in regions where different ways to use the land compete for water. Plantation agriculture for short-term profit in such regions can rapidly result in long-term destruction of ecosystems. As a consequence, the economic basis of the small farm economy, and hence the very fabric of rural society, is also destroyed.

Large-scale foreign investment in land also fuels land speculation in many places. In the grip of secondary land markets, where tough business habits prevail, small farmers are put under even greater pressure to sell. And last but not least, the road to dispossession of more and more small farmers is being paved by the increasingly widespread use of hybrid seed, chemical fertilisers, and pesticides that goes hand in hand with the growth of the plantation economy. Small farmers become dependent on supply companies, often get into debt, and have to sell their land.

■ Investors creating new jobs?

Based on past experiences, land acquisition by foreigners increases the number of landless small farmers. In Cambodia, for example, two out of three small farmers now no longer own any land, or else own less than a hectare. And only a fraction of the people that could live on subsistence farms will find work on new mechanised large plantations on the same land area. History (in Central America, for example) shows us what the fate of such contract farmers or farm workers is. Nor is it likely in many places that new jobs in new agricultural product processing companies will suddenly

spring up overnight. What possible incentive is there for international agribusinesses to process their grain, which they intend to export anyway, in regions with poorly developed infrastructures, no skilled workforce, and no reliable logistics?

Some small farmers are fighting back. For instance, the residents of the village of Meanchey have been negotiating for some time in an effort to stave off economic, social and cultural uprooting. They have had no success in court and in desperation finally resorted to any and all means of protesting, with the result that village elder Keth Saroen is now facing imprisonment on property damage charges. Small farmers taking an aggressive stance are faring no better elsewhere. In most of the countries affected by land grabbing, they do not have a strong lobby, and the court systems are rife with incompetence and corruption.

Millions of small farm families who have lost their land to investors thus inevitably end up in the slums of large cities. And in a situation where grain exports contribute to the food shortage, the food security of both the poor rural and the poor urban populace will be even further jeopardised.

■ Conflicts, appeals, and codes

The resulting potential for political conflict varies from country to country. Countries with strong rivalries

In the tree nursery, the company is already growing rubber tree plants soon to be cultivated on the clear-cut forest areas.

among the leadership (Madagascar) or highly mobilised civil societies (Pakistan, Indonesia, the Philippines) are threatened with political explosions, which also entail risks for investors. In semi-totalitarian countries like Cambodia, Laos and West Papua, however, or in sparsely populated Mozambique, the rural population has very little political power.

The two-faced nature of land acquisition by foreigners is increasingly coming under the scrutiny of the world public. Opportunities to improve the food security of the rapidly growing world population are seen on the one hand, the enormous dangers of plain „land grabbing“ are seen on the other hand. International organisations such as FAO are appealing to decision-makers to act responsibly, and to establish codes of behaviour. According to such appeals, land acquisition contracts should be drawn up in a transparent, democratic manner in accordance with the law; investments should improve the food security of the population concerned



Photo: T. Kruchem

and should be socially and ecologically sustainable. How such appeals and codes can be finalised and implemented on a local level and who will do so, however, remains to be seen.

In the investor-threatened Cambodian village of Meanchey, an elderly, betel nut-chewing lady named Deu Skun listened to the conversation with village elder Saroen Keth. Finally Deu Skun, within earshot of the bulldozers nearby, pointed out two tall trees: „From up there our spirits, Netá and Areá, are watching over us, protecting us from disease, snakes, and drought. Just what are we supposed to do if the company cuts down the last of these trees and our Netá and Areá go away? No one will be protecting us anymore, and our children will have no future. We Steang cannot move to the city. We will die if we have to leave our forest.“

Zusammenfassung

Seit der Nahrungsmittelpreiskrise von 2007/2008 erwerben ausländische Investoren zunehmend Land in armen Ländern, um dort Nahrungsmittel und Biosprit für ihren Bedarf zu produzieren. Solche Investitionen können ländliche Entwicklung und Ernährungssicherheit weltweit fördern. Zugleich jedoch besteht die Gefahr, dass durch pures „land grabbing“ zahllose Bauern ihr Land verlieren, die Ernährungsunsicherheit vielerorts wächst und soziale und ökologische Systeme zerbrechen. Internationale Experten fordern deshalb, dass Verträge

über ausländischen Landerwerb künftig transparent, rechtsstaatlich und demokratisch erarbeitet werden; sie sollen sozial und ökologisch nachhaltig gestaltet sein.

Resumen

Desde la crisis de los precios de los alimentos en 2007/2008, los inversores extranjeros vienen adquiriendo crecientes extensiones de tierras en los países pobres, a fin de producir allí alimentos y biocombustibles para abastecer sus necesidades. Tales inversiones pueden fomentar el desarrollo rural y la seguridad alimentaria a nivel mundial. Sin

embargo, al mismo tiempo existe el peligro de que la apropiación de tierras (*land grabbing* en inglés) se convierta en un verdadero despojo y prive a muchos campesinos de sus tierras, incrementando la inseguridad alimentaria en muchos lugares y llevando a la destrucción de sistemas sociales y ecológicos. Por tal motivo, los expertos internacionales exigen que en el futuro los contratos relativos a la compra de tierras por parte de extranjeros se formulen de manera transparente, democrática y respetuosa del estado de derecho; a la vez, deben ser social y ecológicamente sostenibles.