



NTS ALERT

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'Land Grab' and its Discontents

In the last two years, there has been a proliferation of acquisitions of farmland in resource-rich but capital-starved countries in the Global South. International reports attribute this trend to governments who are driven by long-term food security concerns, and who have lost faith in the market system as a consequence of the 2008 global food crisis, which saw food exporting nations imposing export restrictions when faced with global 'food shortages' and rising prices. What are the implications of these 'land grab' deals on the affected communities? This month's second issue of the NTS Alert discusses the opposing views on 'land grab', and offers recommendations on how governments and business corporations can protect their investments while preserving the human rights of affected communities.

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Overview of Global Food Security: From Plenty to Crisis

In a report titled '2050: A third more mouths to feed', the Food and Agricultural Organization (FAO) opines that the past 50 years has seen remarkable growth in agricultural production, with increases in food production across the world (FAO, 2009). The FAO also pointed out that since the advent of the Green Revolution in the early 1960s, gross world food production (cereals, coarse grains, roots and tubers, pulses and oil crops) has grown from 1.84 billion tonnes in 1961 to 4.38 billion tonnes in 2007 (an increase of 138 per cent). FAO added that despite a substantial increase in the world population, from three billion in 1960 to 6.7 billion in 2009, per capita agricultural production has still outpaced population growth as a result of improved agricultural technology amongst other things. This resulted in the global lowering of cereal prices and undernourishment levels in the 1970s and 1980s. The gains in agricultural production have lifted millions of people out of poverty and provided the platform for rural and urban economic growth in many parts of the world.

'Land Grab' as a Response to Rising Food Security Concerns

Since the 2008 global food crisis, two issues have triggered the global race for farmlands in developing countries. Firstly, future food projections suggest that more food will have to be produced to meet the demands of a rising world population; and secondly, many governments

have lost faith in the market system as a fair and viable mechanism to supply their demands for food.

According to FAO projections in 2009, the world population will increase from 6.8 billion today to 9.1 billion in 2050, which means that there will be a third

Figure 1: Asian Peasant Coalition members head to Mendiola, Manila in April 2010 to protest against global land grab

more mouths to feed than there are currently. During that time, the global demand for cereals (food and animal feed) will reach three billion tonnes. To meet those demands in 2050, the annual cereal production will have to increase by almost a billion tonnes (2.1 billion tonnes are produced today) while meat production will have to increase by more than 200 million tonnes, as compared to present levels. More importantly, 72 per cent of this meat and cereal production will be consumed in developing countries, up from the 58 per cent today.

Many governments have lost faith in the market system as a consequence of the 2008 global food crisis. During that period of global food 'shortage' and rising commodity prices, a number of the world's major food producing countries imposed bans or limitations on their food exports.



Source: Danny Pata/Farmlandgrab.org. Available at Farmlandgrab.org

One aftermath of the food price crisis in 2007 and 2008 is the proliferation of farmland acquisition, in resource-rich but capital-starved developing countries, by investors from capital-rich but resource-starved countries.

As pointed out in the previous issue of the *NTS Alert* (May 2010, Issue 1), these investors are typically from countries in the Middle East, Europe and the developed nations in Asia. On the other hand, receiving governments are from countries in Africa, South America and Southeast Asia (SEA). Based on secondary data collected by the International Food Policy Research Institute (IFPRI), the SEA nations of Cambodia, Laos, the Philippines, Vietnam and Indonesia have received land acquisition investments mainly from Middle Eastern countries such as Kuwait, Saudi Arabia, Bahrain and Qatar. China seems to be the only Asian country amongst this group of investors in SEA although South Korea and Japan have made inroads elsewhere, at least according to reports in the *Jakarta Post* and *Tempo Interactive*.

In addition to the growing distrust of regional and global markets, investing nations are also facing increasing pressures on their own natural resources and water security. The *Al Arabiya News Channel* reported last year that desertification threatens 20 per cent of the already dry Middle East and North Africa lands. Thus, affected countries in the Middle East, which are short of land and water, have to venture abroad to find alternative means of producing food for domestic consumption, and have therefore been actively involved in farmland acquisition in recent years.

At the same time, the FAO declared that there are still sufficient land resources available to meet the demands of present and future world populations. However, much of these arable lands, found mostly in the developing countries of SEA, South America and Africa, require significant investments in order to maximise their productivity.

These arable land-rich countries have readily available water sources and abundance of labour but lack capital and advanced technological capabilities. They believe that their national food production could be boosted with the infusion of foreign capital and new technologies. According to analysts, receiving nations also anticipate that foreign direct investments (FDIs) would lead to other economic benefits such as the creation of new jobs, and improved national food security and socio-economic infrastructures such as roads, schools and hospitals. Other experts expect that such FDIs would also lead to other socio-economic benefits such as the empowerment of women and opportunities for vulnerable groups such as children, the elderly and indigenous communities.

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‘Land Grab’ and its Discontents

A number of international civil society organisations (CSOs), non-governmental organisations (NGOs) and the media are vocal in their scepticism towards these land acquisition deals, which they dubbed as ‘land grab’. They consider these acquisitions or investments in farmlands, which occur mainly in developing nations, as a form of neocolonialism or new colonial capitalism. They charge that these investors, who represent the interests of wealthy nations, are only interested in asserting their political will and sustaining their economic power by dominating the governments of developing nations and exploiting their natural resources. Interestingly, these assertions seem to ignore that similar ‘land grab’ deals also occur in intra-state affairs, as in the case of Indonesia. In January 2010, the Indonesian government launched the Merauke Integrated Food and Energy Program in its province, West Papua, with the intent to harvest rice, wheat and palm oil by 2012 (IRIN news, March 2010). However, local farmers are concerned that this project will undermine traditional agriculture and food security in the region, according to the West Papua Advocacy Team and the activist-based media group GreenLeaf.

Commenting on the project in West Papua, Elisha Kartini, an activist from the Indonesian Farmer Union (SPI), told the UN news network Integrated Regional Information Network (IRIN), that ‘food is not just a commercial commodity but is also a basic human right, and leaving food provision to the private sector can hinder people's access to food because corporations are driven by profit’ (IRIN news, March 2010).

Nevertheless, a number of international NGOs have rebutted such claims and argued instead that there are notable merits in these land acquisition deals, which have been largely overlooked by sceptics. These organisations, such as the FAO, International Fund for Agricultural Development (IFAD), and the International Institute of Environment and Development (IIED), assert that the proliferation of large-scale land acquisitions is not necessarily a negative trend if it means that developing countries could leverage on opportunities amidst uncertainties surrounding the present and future global food security situation.

As it stands, discussions on 'land grab' remain equally balanced. The following sub-sections will highlight the pros and cons of these land acquisition projects, as reported by the media and other non-state actors.

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The Argument for 'Land Acquisition'

The report 'Land Grab or Development Opportunity', which was released by the FAO, IFAD, and IIED in 2009, highlighted the merits of land acquisition deals. It points out that receiving nations have much to benefit from such FDIs because it would bring about macro-level benefits such as an increase in government tax revenues and national gross domestic product (GDP), thus creating opportunities for economic development and growth. Above all, such FDIs could also lead towards improvements to the conditions and livelihoods of people in the agricultural and rural community, in the form of better local infrastructures such as schools and medical facilities. Furthermore, expectations of receiving countries are high that these FDIs would also lead to increased investments in agricultural technologies, and perhaps to a certain extent, even resulting in technology transfers, which would inadvertently stimulate innovation and productivity. This assumes that the transfer of technology is accompanied by capacity building for people in receiving nations. In fact, the report goes as far as to claim that these land acquisition deals could actually lead to an increased supply of food for the domestic market while simultaneously producing food for the export markets as well, provided that the resource nation does not impose export controls.

Further, agricultural industries in these developing countries could benefit from the injection of capital and technology, which could mitigate the effects of decades of under-utilisation. It is only through these land acquisition deals that the necessary capital can be raised to improve stagnating productivity and low production levels.

At the same time, there is also optimism within a specific segment of the wider international community that the proliferation of these land acquisition deals could also lead towards a reduction in global oil prices. This is partly due to the fact that some of these land deals focus on the cultivation of corn and soya with the intent to grow them as biofuels. For instance, in June 2009, *The Economist* reported that Saudi Arabia, Kuwait and Chinese companies have been buying more than 20 million hectares of farmland in countries such as Sudan and Ethiopia for the cultivation of biofuels, amongst other things.

Nevertheless, IFAD cautioned that these land acquisition deals could be beneficial for all stakeholders only if it was done under the right terms and conditions. In addition, IIED researchers and co-authors of the report on 'Land Grab or Development Opportunity', Sonja Vermeulen and Lorenzo Cotula noted that the specifics of land acquisition deals vary greatly and that blanket statements about 'land grab' are highly misleading. 'Ultimately, whether international land deals seize opportunities and mitigate risks depend on their terms and conditions – what business models are used, how costs and benefits are shared, and who decides on these issues and how,' said Cotula in a press release issued by IFAD in 2009. 'This calls for proper regulation, skilful negotiation and public oversight,' added Cotula. However, Vermeulen also warned, in the same press release, that 'in many countries, provisions for including local people in decision-making are usually absent or poorly implemented and this increases the risk of them losing access to land and other resources'.

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The Argument against 'Land Acquisition'

A significant number of CSOs, NGOs, international media groups and human rights activists are not entirely convinced that these land acquisition deals can ultimately benefit everyone concerned, particularly the farmers, the poor and the vulnerable. In the last few years, street demonstrations have taken place all over the world particularly in Africa and Southeast Asia in protest against land acquisition deals, which demonstrators perceived as victimising local farmers, to the extent of displacing entire villages as in the case of Cambodia.

In fact, international NGO Grain! reported in April 2010 that nearly 400 villagers from the Kandal province near Phnom Penh protested against an alleged land grab deal that resulted in their displacement. According to this report, the villages claimed that their land was sold to an enterprise from Australia without their prior consent and knowledge. Earlier in June 2009, the *Phnom Penh Post* reported that another group of villagers claimed they were forced to protest when excavators and bulldozers arrived to clear their lands, presumably without having issued prior notice and in the absence of consent. A similar protest occurred at another village in Cambodia's Kampong Speu province in March. In another incident, members of the Asian Peasant Coalition, demonstrated in Manila in April 2010, over what they perceived as the unjust treatment of farmers and villagers in global land acquisition deals, according to reports on landgrab.org.

Human rights activists find it appalling that land acquisition deals, for the purpose of growing biofuels, are made in countries and regions where food poverty exists. In fact, a number of land deals are made in countries that are *themselves* recipients of food aid. A case in point, as highlighted by Grain!, is the 2008 deal made by the Cambodian Prime Minister, Hun Sen, that leased Khmer paddy fields to Qatar and Kuwait for the purpose of growing rice for those countries. According to Grain!, the deal occurred at a time when the World Food Programme (WFP) was in the midst of sending US\$35 million worth of food aid to the Cambodian countryside. Grain! reports further revealed that similar deals were also made between a number of Middle Eastern countries and the Philippines, Laos, Myanmar and Indonesia.

In addition, the Oakland Institute in its 2009 'The Great Land Grab' report, pointed out that several Chinese companies have secured deals in a number of SEA countries such as Laos and Myanmar for the planting of rubber trees in place of rice fields. The sap from these rubber trees will then be exported back to China to meet its rising manufacturing needs. Meanwhile, the WFP's 2007 Comprehensive Food Security and Vulnerability Analysis found that two thirds of the rural population in Laos are either food insecure or at risk of food insecurity should one or more livelihood shocks occur. At the same time, the 2009 Global Hunger Index, which is updated annually by the IFPRI, labels Laos and Myanmar as countries with a 'serious' hunger status.

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What can be done?

First and foremost, it is not entirely clear yet whether these land acquisition deals would necessarily yield negative effects on global hunger, food poverty and global food prices. It is still early days on most accounts and their impacts are uncertain. Understandably, the proliferation of global 'land grab' deals raised many eyebrows because it occurred at such a rapid pace and in countries which are considered by the international community as either weak due to their political instability or the prevalence of human insecurity issues such as poverty and hunger. Above all, these land acquisition deals were eyed with suspicion and scepticism because they were negotiated between business corporations and governments under a veil of secrecy. These negotiations lack the transparency which could have allayed the fears of most observers and analysts. Unfortunately, despite the myriad of protests from CSOs, NGOs, the media and human rights activists, these negotiations remain far from public scrutiny.

There is almost near unanimity amongst international observers and within the analyst community that governments, sovereign wealth funds, private business corporations, and other parties who are involved in these land acquisition deals should be transparent about the terms and conditions of their negotiations. Documents such as proposals, recommendations, surveys and technical papers should be made available for public scrutiny, assessments and perhaps recommendations as well. In addition to this, there is also a demand for the inclusion of a human rights agenda in the terms and conditions of land acquisition deals.

For instance, the CSO group, '3D' (Trade - Human Rights - Equitable Economy), proposes a human rights approach whereby governments of receiving countries are obliged to include a human rights agenda in its agricultural, trade and investment policies particularly in drawing up the terms and conditions of its land acquisition deals. In doing so, these governments should also implement laws and policies that promote and ensure the realisation of its human rights objectives. Additionally, the '3D' group calls for a special emphasis to protect vulnerable groups such as women, children and indigenous communities. The group also advocates the strengthening of the legal awareness and rights of communities affected by these land acquisition deals. The motive behind this is to ensure that affected communities will be better informed about their rights and thus better prepared to negotiate and bargain with the state and investors. Lastly, the group supports more monitoring on the development of land acquisition deals at the international level. For instance, it proposes the use of UN Special Procedures where Special Rapporteurs would regularly submit reports on the effects of land acquisition deals to the UN Human Rights Council.

Meanwhile, the FAO, IIED and IFAD, in a 2009 report, called for a more customised solution tailored to the specific needs of stakeholders involved. For instance, in the interest of investors and with the intent to maximise their investments, these organisations suggested that investors first undertake a careful study and analysis of their ability to manage large-scale farming projects. This is vital as an absence of such awareness could lead to the untimely withdrawal of investments, or worse, mismanagement of farmlands. Investors are also encouraged to adopt innovative business models, such as Fairtrade Foundation initiatives, that promote the participation of local farmers and industries to stimulate and benefit local enterprises. The Fairtrade Foundation uses a market-based approach to help farmers obtain better trading conditions, increase productivity and attain sustainability. Furthermore, investors are also encouraged to be clear and transparent in their engagements with local communities. This requires that the terms of engagement be declared upfront and made known to all local stakeholders.

As for receiving governments, the FAO, IIED and IFAD recommended, in the interest of protecting the environment, that state-of-the-art assessments of the social and environmental impacts of proposed investments be done in advance and its findings included in invitations for proposals from potential investors. These governments should strive to determine upfront whether potential investors have the capacity to manage large-scale agricultural investments effectively. They should also ensure that land contracts be designed to promote and protect sustainable development on the premise that the human security of future generations should not be compromised as a result of present land acquisition deals. Finally, these governments must make every possible effort to protect and secure existing local land rights to prevent

local communities from being disposed and displaced. Hence, laws and policies need to be enacted to protect legal rights and compliance.

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Final Analysis

The above discussion has shown that farmland acquisition in Southeast Asia is an emerging trend. Proponents of this trend argue that this would help capital-starved Southeast Asian countries develop their agriculture industries faster and in the process bridge the yawning development gap between urban and rural areas. Investments will also result in more jobs, better socio-economic infrastructures, and improvements in agricultural techniques and technology. Foreign funds could also provide much-needed capital for small farmers, particularly as they face funding difficulties amid the current global credit crunch. Critics however express concern about the lack of transparency surrounding deals negotiated between Southeast Asian governments and investors. Details of land areas, locations, lengths of leases and capital invested have been scant in government statements, and news reports on the deals often present contradictory information. Unless addressed, this information gap could open the way for abuse and corruption.

In the final analysis, whether 'land grab' offers a long-term solution to food security in Southeast Asia and in the investing countries remains debatable. As it stands, it appears that the effects of land acquisition deals are a double-edged sword. The rush to acquire farmlands could either destabilise societies especially in conflict-ridden areas or improve their socio-economic well-being through sustained national economic growth. Nonetheless, how this pans out would depend on how governments govern these land acquisition deals.

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About the Centre:

The Centre for NTS Studies, based in the S. Rajaratnam School of International Studies, was inaugurated by the Association of Southeast Asian Nations (ASEAN) Secretary-General Dr Surin Pitsuwan in May 2008. The Centre maintains research in the fields of Climate Change, Energy Security, Health Security, as well as Internal and Cross Border Conflict. It produces policy-relevant analyses aimed at furthering awareness and building capacity to address NTS issues and challenges in the Asia Pacific region and beyond. The Centre also provides a platform for scholars and policymakers within and outside Asia to discuss and analyse NTS issues in the region.

In 2009, the Centre was chosen by the MacArthur Foundation as a lead institution for the MacArthur Asia Security Initiative, to develop policy research capacity and recommend policies on the critical security challenges facing the Asia-Pacific.

The Centre is also a founding member and the Secretariat for the Consortium of Non-Traditional Security (NTS) Studies in Asia (NTS-Asia). More information on the Centre can be found at www.rsis.edu.sg/nts

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