



# LARGE-SCALE LAND ACQUISITIONS IN URUGUAY

A COUNTRY PERSPECTIVE

DECEMBER 2020

## WHAT IS THE LAND MATRIX?

The Land Matrix is an independent global land monitoring initiative that promotes transparency and accountability in evidence-based decisions over large-scale land acquisitions (LSLAs) in low- and middle-income countries across the world.

These country profiles present national-level data of LSLAs and transactions, including who the investors are, what the land will be used for, and what the potential benefits and impacts of the land deals are.

By making this information available, the Land Matrix aims to enhance broad engagement and data exchange, facilitating the continuous improvement of the data.

*Find out more at [www.landmatrix.org](http://www.landmatrix.org).*

## BACKGROUND

Uruguay (officially the Oriental Republic of Uruguay) has an area of 176,215 km<sup>2</sup> and is the second smallest country in South America after Suriname.<sup>1</sup> It has more than 144 million hectares (ha) of agricultural land, representing 82% of the national territory, a very high percentage compared to the Latin American average of less than 40%.<sup>2</sup> Appropriation and concentration of land in Uruguay is a process that dates back to colonial times, and it has greatly influenced the current structure of land ownership.<sup>3</sup>

In recent decades, the participation of financial capital in the land market has intensified the concentration process, favoured its foreignisation, and led to situations of outright land grabbing<sup>4</sup>. Between 2000 and 2011, for example, the country's agricultural area controlled by Uruguayan investors decreased from 90% to just over 50%, while companies associated with foreign investors, virtually non-existent before, increased their participation to more than 40%.<sup>5</sup> This process has also resulted in the disappearance of a significant number of small and medium-sized farms. Of note, however, unlike in other regions of

## WHAT IS A LAND DEAL?

The Land Matrix defines a land deal as any intended, concluded, or failed attempt to acquire land through purchase, lease, or concession in low- and middle-income countries.

**To be included in the Land Matrix global database, deals must meet the following criteria:**

- Entail a transfer of rights to use, control, or ownership of land through sale, lease or concession;
- Have been initiated since the year 2000;

- Cover an area of 200 ha or more;
- Involve the change of land use (often from extensive or ecosystem service provision to commercial use).

*Please note: In certain cases, deals meeting different criteria to the global database are captured at regional and country level. All 82 deals recorded for Uruguay, however, met the global criteria and have therefore been included in this country profile*

For more information about land deals and how data is captured, analysed, and used, browse our frequently asked questions at [www.landmatrix.org/faq](http://www.landmatrix.org/faq).

Latin America and the world, land grabbing processes in Uruguay have generally not been associated with forced displacement or exclusion of the former owners of the land.<sup>6</sup>

This country profile presents a detailed description of LSLAs in Uruguay based on data extracted from the Land Matrix website using regional filters. In certain cases, deals meeting different criteria to the global database were included, in particular those with a domestic scope. Deals for agricultural, forestry, and many other intended purposes were included, but those for gas, oil, and mining operations were excluded. It is important to note, therefore, that applying different filters on the Uruguay country page may generate a different data set to the one used for this country profile.

## CASE STUDY LARGE DAIRY FARMS AND THE FOREIGNISATION OF DAIRY PRODUCTION

Milk and dairy products were historically produced by family companies or by small- and medium-sized entrepreneurs in Uruguay until the 2000s, when the arrival of foreign investors in the sector heralded in large-scale dairy farms, locally known as “megatambos”.<sup>7</sup> One such company was New Zealand Farming Systems Uruguay (NZFSU), which acquired 32,028 ha in the country between 2005 and 2008.<sup>8</sup> In 2010, NZFSU, along with all its land holdings, was sold to Olam International Limited, a multinational company based in Singapore. As a global leader in the production and marketing of food that operates throughout the value chain in more than 60 countries,<sup>9,10</sup> the land Olam International Limited acquired through this transaction, distributed across 20 parcels and all in operation, is mainly used for the production of milk, pastures, and some crops. The company’s 31 dairy farms produce about 70 million litres of milk per year, with plans to increase this to 300 million litres in the coming years, about 20% of Uruguay’s total milk production.<sup>11</sup>

Even though no social or environmental conflicts related to the activities carried out by Olam International Limited have been reported so far, the magnitude of its projects and the massive area of land acquired in the country have raised concerns about a possible case of land concentration, and even land grabbing, particularly because this company has already faced land conflicts in other countries.<sup>12, 13, 14</sup>

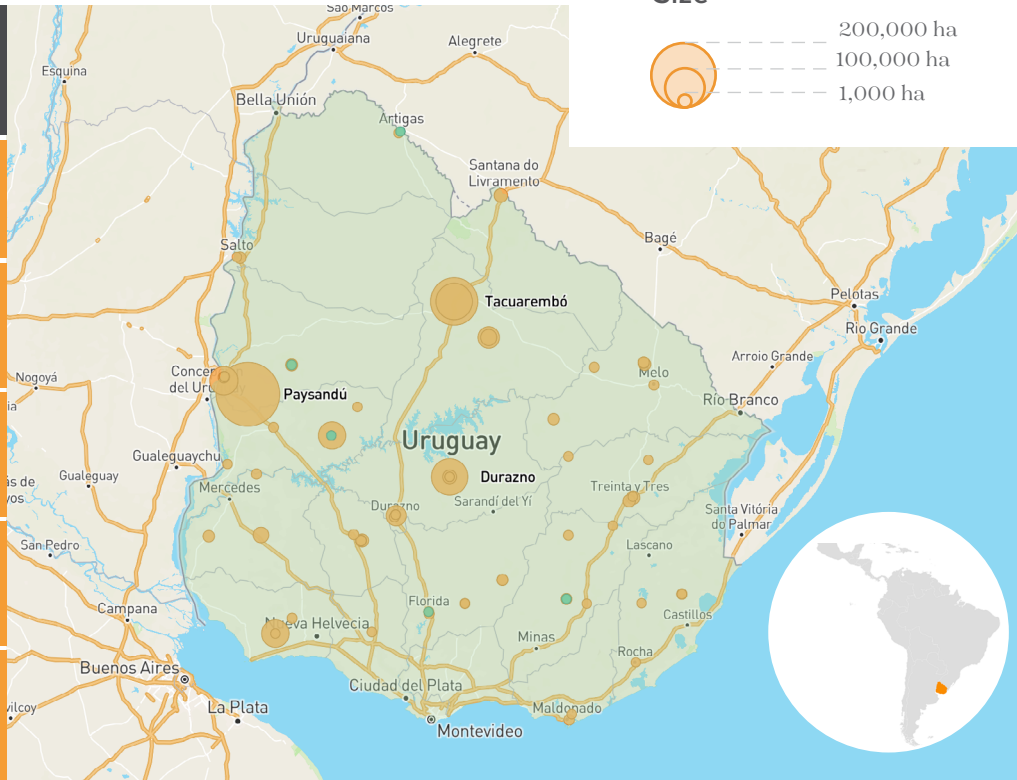
This case demonstrates the trend in Uruguay towards land acquisitions that are free of conflict and significant forced displacement of small farmers, with land owners often staying on as company partners in their former lands or relocating for economic reasons. This apparent absence of social conflicts has been associated with the consolidated capitalist character of the Uruguayan agricultural sector.

More information on these LSLAs can be found in the Land Matrix database (see deals [#3628](#), [#3629](#), [#3631](#), [#3632](#), [#3633](#), [#3634](#), [#3648](#), [#3649](#), [#3650](#), and [#3651](#)).

Concluded deals in Uruguay

Top 5 projects:  
Location, size, implementation status,  
intention of investment

1. Paysandú, **200,000 ha**  
In operation  
Timber plantation (for wood and fibre)
2. Tacuarembó, **140,000 ha**  
In operation  
Timber plantation (for wood and fibre)
3. Tacuarembó, **100,000 ha**  
In operation  
Livestock
4. Durazno, **100,000 ha**  
In operation  
Food crops & livestock
5. Paysandú, **69,957 ha**  
In operation  
Timber plantation (for wood and fibre)



Project not started

Start-up phase

In operation

Uruguay investment profile

Total number of concluded deals

**82**

Total size of concluded deals

**1,153,761 ha**

Implementation status  
(according to contract size)

In operation

**1,148,556 ha**

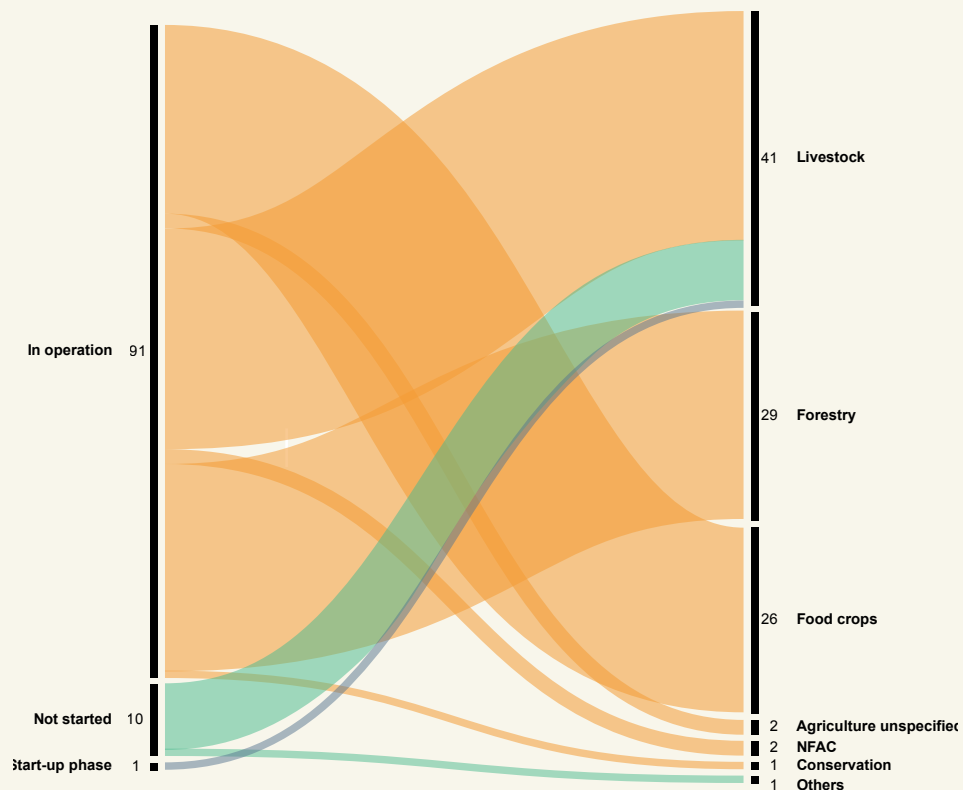
Project not started

**4,800 ha**

Start-up phase (no production)

**405 ha**

Intention of investment for concluded deals  
(according to number of concluded deals)\*



\* This figure lists the intention of investments per negotiation status. Please note, a deal may have more than one intention. In Uruguay, there are 102 different investment intentions for 82 concluded deals.

## INTRODUCTION

The Land Matrix database has 82 concluded land deals recorded for Uruguay.<sup>15</sup> Covering 1,153,761 ha, these deals represent 6.6% of the total land area of the country, and 7.9% of all its agricultural land. The number and size of LSLAs did not increase consistently between 2000 and 2019, but clear peaks were observed in 2007 and 2009. As of 2009, a significant reduction in the number of land deals was observed, and from 2013 to 2019, only one LSLA was registered (in 2018).

Although it is difficult to determine the exact causes for these oscillations, they can mostly be attributed to a combination of a number of global variables, including unstable commodity prices and financial crises, together with changes in local or regional economic and political contexts.

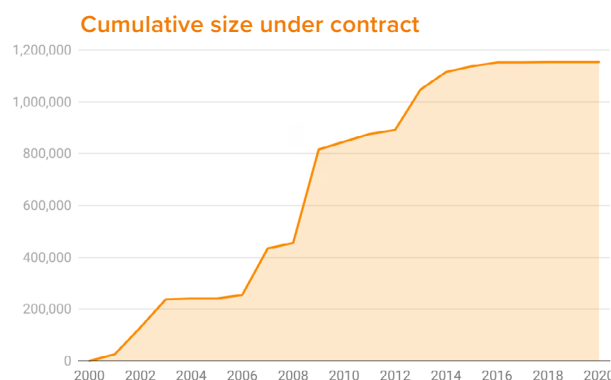
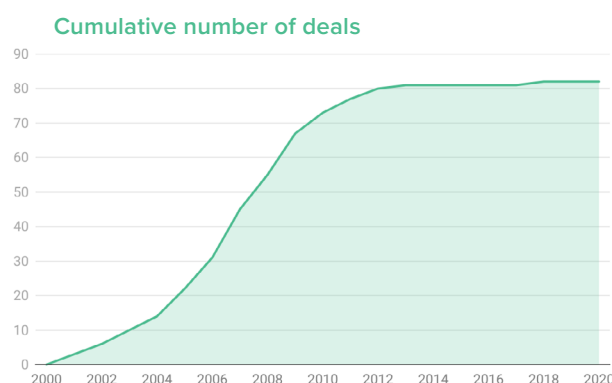
A particular aspect to take into account in Uruguay is the sustained increase in land prices observed between 2002 and 2010.

LSLAs in Uruguay currently represent 10.8% of all land deals in Latin America and the Caribbean (LAC), and 2.5% of land deals worldwide. Most of the LSLAs identified (86.6%), and almost the entire associated area (99.5%), are currently in operation.

### LSLAs by negotiation status

	Number of deals	Size under contract (hectares)	Intended size (hectares)
<b>CONCLUDED</b>			
Contract signed	82	1,153,761	0
Oral agreement	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>INTENDED</b>			
Expression of interest	0	0	0
Under negotiation	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FAILED</b>			
Negotiations failed	0	0	0
Contract cancelled	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Concluded deals over time (2000 - 2019)



*Note: This graph shows changes in size under contract, including for abandoned deals with contracts still in place. Thus, the number of deals can remain the same even if the size increases/decreases.*

## FOREIGN INVESTOR COUNTRY INVOLVEMENTS

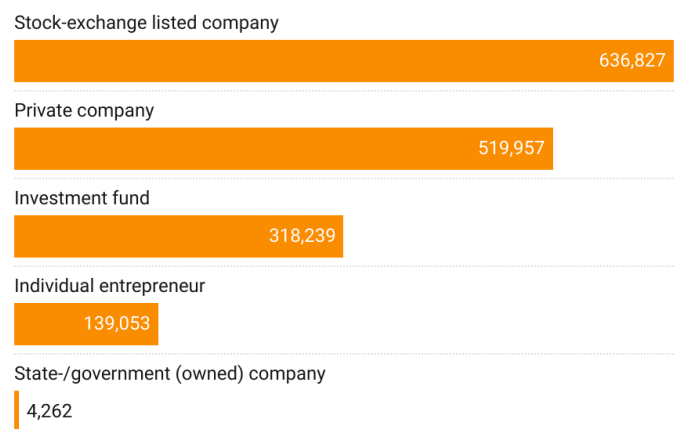
Consistent with other countries in Latin America and the Caribbean, national investors play an important role in Uruguay, taking the lead in terms of number of transactions at 22.4% of all concluded land deals. Followed by investors from the United Kingdom (11.9%), Finland (9.7%), Canada (9.0%), Chile and Singapore (both 7.5%), and Argentina (6.7%), collectively these and other foreign investors still represent a significant 41.8% of all LSLAs. However, some of these figures

need to be interpreted with caution and on a case-by-case basis, since international investors often seek local partners before embarking on a potentially risky LSLA. Nevertheless, the fact that domestic investors dominate the land market in Uruguay does have important economic and political implications and should not be overlooked when analysing land issues in this country.

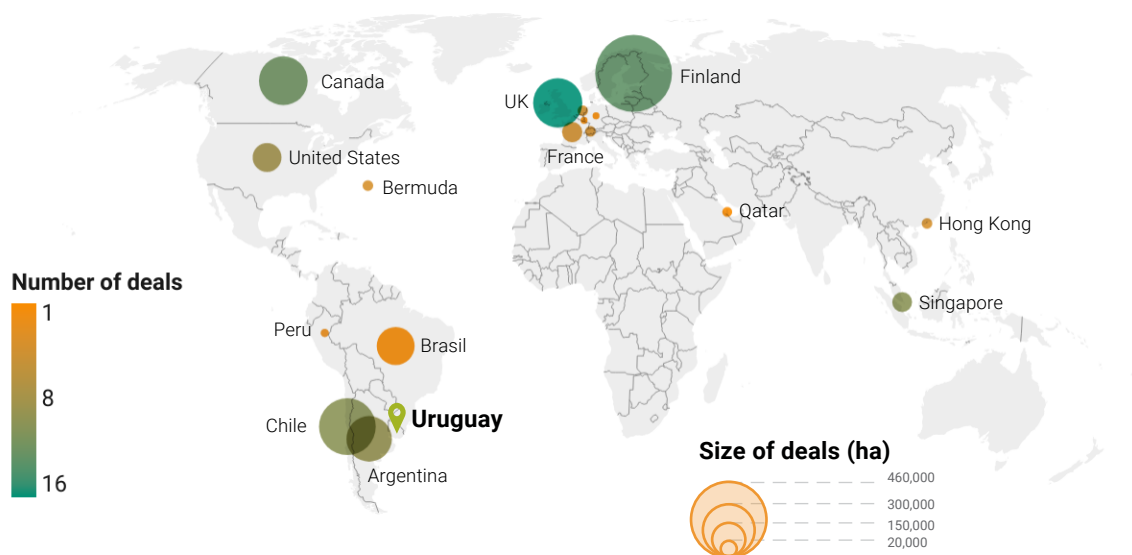
Although stock-exchange listed companies are the main type of investor in Uruguay in terms of the current area under contract (39.4%), followed by private companies (32.1%) and investment funds (19.7%), investment funds are the main type of investor in terms of the number of deals (47.0% of all LSLAs), followed by private companies (26.1%) and stock-exchange listed companies (20.1%). Individual entrepreneurs and state-owned companies share the rest of the land market.

Domestic and transnational investors may or may not be affected by the same variables or guided by the same motivations when deciding on a land investment. More research is therefore needed on the different drivers behind LSLAs in order to better describe and understand the diversity of private and public actors currently playing a role in land investments in Uruguay.

*Deals by investor type (in hectares)*



*Foreign investor countries*



**DRIVERS AND AIMS OF PRODUCTION**

Most LSLAs in Uruguay are destined to be used for livestock and forestry, which represent 40.2% and 28.4% of all investment intentions, respectively, or a total of 76.1% of the area under contract in the country. Food crops, non-food agricultural commodities, and other categories represent 22.6%, 0.5%, and 0.8% of the remaining area under contract, respectively.

It is important to note that, as a deal may have more than one intention, the total number of intentions is usually larger than the total number of deals. In Uruguay, 102 investment intentions were reported for the 82 concluded deals recorded. Since aggregation of size is difficult when more than one intention is listed for a particular deal, the size under contract is equally divided by the number of different intentions listed. By adopting this criterion, the total area covered by all intentions will always be equal to the total area under contract (1,153,761 ha in the case of Uruguay). However, as with other countries in the region, such as Argentina, Brazil and Paraguay (see the respective country profiles), the area dedicated to some specific intentions may be underestimated using this criterion for at least two reasons: (a) one intention is clearly predominant in the use of the land; or (b) the same parcel of land is used for various purposes (such as crops, pastures, or livestock). An alternative criterion would be to assign the whole size under contract to all intentions. In this case, the total area under contract would clearly be overestimated, as demonstrated by the hypothetical area this would come to in Uruguay (1,310,644 ha), which would mean an overestimation of 13.6% of the total area under contract.

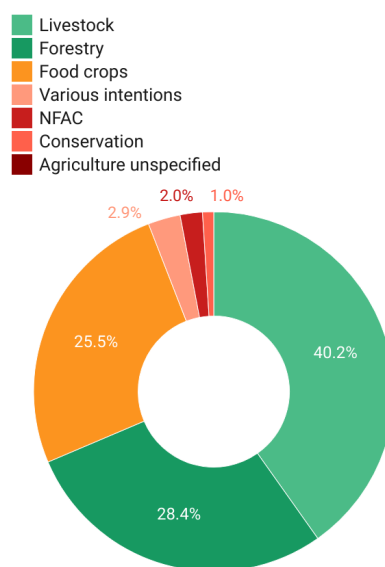
Information about the destination of the products or export countries is scarce, since only 16 deals explicitly report export as one of the main goals of the land acquisition. Nevertheless, it was determined that a large part of the exports of agricultural and livestock products go to China, products derived from forestry are mainly exported to countries of the European Union, and Brazil and Argentina are the main regional destinations.<sup>16</sup>

### FIND OUT MORE ABOUT LAND DEALS IN LATIN AMERICA

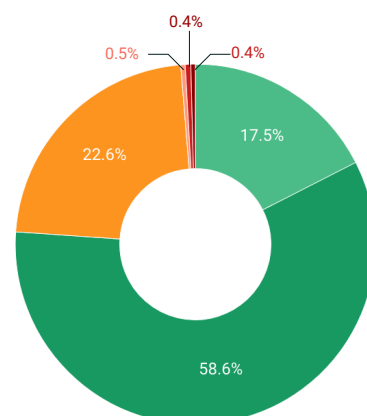
We are continuously updating our data about land investments in Latin America. To find out more about which countries we cover, our data collection and verification process, and how you can add your contributions, please browse our frequently asked questions at [www.landmatrix.org/faq](http://www.landmatrix.org/faq) and visit our regional page at <https://landmatrix.org/region/latin-america/> or the Spanish-language website at [www.landmatrix-lac.org](http://www.landmatrix-lac.org).

**This country profile was prepared by the Latin America Regional Focal Point, hosted by the Foundation for Development in Justice and Peace (FUNDAPAZ), based in Argentina.**

### Land acquisitions by category of production



Number of deals per category of production, represented as a percentage of total concluded deals



Size under contract per category of production, represented as a percentage of total concluded size

## ENDNOTES

- <sup>1</sup> Source: <https://en.wikipedia.org/wiki/Uruguay> (Last accessed 20 November 2020).
- <sup>2</sup> Source: <https://data.worldbank.org/indicator/AG.LND.AGRL.ZS?locations=ZJ> (Last accessed 20 November 2020).
- <sup>3</sup> Moraes, M.I. (1998). Estado de la cuestión agraria en el Uruguay y fuentes para su estudio [The agrarian issue in Uruguay and sources to study it]. *América Latina en la Historia Económica* **5(10)**, 35-50. <https://doi.org/10.18232/alhe.v5i10.226>. In Spanish.
- <sup>4</sup> Piñeiro, D. E. (2012). Land grabbing: Concentration and “foreignisation” of land in Uruguay. *Canadian Journal of Development Studies/Revue canadienne d'études du développement* **33(4)**, 471-489.
- <sup>5</sup> Cardeillac Gulla, J. y Juncal Pérez, A. (2017). Estructura agraria y trabajo en un contexto de cambios: el caso de Uruguay [Agrarian structure and employment in a context of changes: the case of Uruguay]. *Mundo agrario* **18(39)**, e072. <https://doi.org/10.24215/15155994e072>. In Spanish.
- <sup>6</sup> Oyhantçabal, G. y Narbondo, I. (2019) Land grabbing in Uruguay: new forms of land concentration. *Canadian Journal of Development Studies / Revue canadienne d'études du développement* **40(2)**, 201-219.
- <sup>7</sup> According to land deals recorded up to 28 August 2020.
- <sup>8</sup> Arbeletche, P. (2020). El agronegocio en Uruguay: su evolución y estrategias cambiantes en el siglo XXI [Agribusiness in Uruguay: evolution and changing strategies in the XXI century]. *RIVAR (Santiago)* **7(19)**, 109-129. In Spanish.
- <sup>9</sup> Source: <http://www.nzfsu.com.uy> (Last accessed 20 November 2020).
- <sup>10</sup> Source: <https://www.farmlandgrab.org/post/view/14954> (Last accessed 20 November 2020).
- <sup>11</sup> Source: <https://www.olamgroup.com/about-olam.html> (Last accessed 20 November 2020).
- <sup>12</sup> GRAIN (2012). *The great food robbery: how corporations control food, grab land and destroy the climate*. Fahamu Books and Pambazuka Press, Nairobi, Kenya.
- <sup>13</sup> Source: <https://www.grain.org/es/article/4420-el-gran-robo-de-la-leche-como-es-que-las-corporaciones-le-roban-una-vital-fuente-de-nutricion-y-sustento-a-los-pobres> (Last accessed 20 November 2020).
- <sup>14</sup> Source: <https://www.grain.org/es/article/5757-la-semilla-de-la-desesperacion-las-comunidades-pierden-tierras-y-fuentes-de-agua-debido-a-la-agroindustria-de-olam-en-gabon> (Last accessed 20 November 2020).
- <sup>15</sup> Source: <https://www.grain.org/es/article/6312-la-soberania-alimentaria-es-la-unica-solucion-al-caos-climatico-en-afrika> (Last accessed 20 November 2020).
- <sup>16</sup> Source: <http://www.inac.uy/innovaportal/file/17900/1/comercioexterior.pdf> (Last accessed 20 November 2020).

**Suggested citation:** Salas Barboza A.G.<sup>1</sup>, Sorani, J.M.,<sup>1</sup> Venencia, C.D.,<sup>1,2</sup> and Seghezzeo, L.<sup>1</sup> (2020). *Large-scale land acquisitions in Uruguay: A country perspective*. Land Matrix - Latin America Focal Point (LM-LAFP). Available at [www.landmatrix.org](http://www.landmatrix.org).

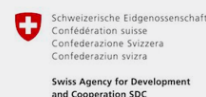
<sup>1</sup> INENCO (Instituto de Investigaciones en Energía No Convencional). CONICET (Consejo Nacional de Investigaciones Científicas y Técnicas) - UNSa (Universidad Nacional de Salta), Argentina

<sup>2</sup> Land Matrix Ph.D. Programme

## CONTRIBUTE!

Help us improve and enrich our data with your contribution! We welcome any information you can share with us, including any gaps you may have found in our data.

With the support of:



Swiss Agency for Development and Cooperation SDC

