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## Corporate farming

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The first story is about the government leasing state land in Cholistan (Punjab) and Balochistan to foreign contractors. (Dawn File Photo)

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By Ayesha Siddiq

RECENTLY, a controversy has emerged regarding the government's plan to lease or sell land to foreign clients in order to increase agricultural productivity and earn money. Both the federal and Punjab governments seem keen on the plan.

But what this entails and what the likely cost of such a move will be is worth assessing. In principle the idea seems fine. Conceptually, it would bring greater investment, especially development of agricultural infrastructure, create

more jobs in the rural areas and contribute to the country's economy. It would probably be better than begging before the 'Friends of Pakistan' or other donors. However, the extent of benefits that Pakistan will accrue from this proposal depends on the management of the concept.

The government plans to offer about 700,000 acres of land to potential investors probably from Saudi Arabia and the UAE. At the moment it is not clear what methodology will be used for the purpose. Will it just involve state land or include private land as well?

This is not the first time the idea of corporate farming has been floated in government circles. Reportedly, it was discussed during Pervez Musharraf's time with the option of leasing land to the Chinese. Beijing had proposed that it be leased 2,000 acres of land for a period of 10 to 15 years with the agreement that China would make technological and financial investments in the land, invest in newer forms of seeds and other products and leave the new infrastructure to the state or the owners after the termination of the contract.

Further changes were recommended by people in the government, suggesting that the investors sign agreements with individual owners guaranteeing their continued ownership with the additional advantage of an annual share in the profits. This would be in addition to providing them with the existing level of income at the time.

While the negotiations with China fell through, the present government seems to have moved to other potential clients like Saudi Arabia and the UAE. There are different stories regarding the formulas being offered to foreign investors. The first story is about the government leasing state land in Cholistan (Punjab) and Balochistan to foreign contractors. Apparently, the Punjab agriculture minister confirmed that about 600,000 acres of land was offered in Cholistan, which was rejected due to brackish water in the region.

There are also stories of the government helping private companies from the two aforementioned countries acquire land from private owners to grow vegetables and other crops, which would be exported to their own countries. It was suggested that the government could provide some sort of tax holiday and have security units protect the leased/sold land.

Such suggestions raise questions. First, why would the government provide any financial concessions to these investors, especially if it plans to make money? It doesn't make any sense, especially when they will take away the produce to their own countries. Second, why would the government need to have security contingents if there is no contestable claim over the land or if the entire arrangement is reached amicably? Or is it that land would be taken forcibly from at least some people, which would make both Islamabad and the contracting countries anxious about retaliation?

There is a basic problem with leasing or selling land to Middle Eastern or Gulf states - these countries already have stakes in Pakistan's real estate. For instance, for years large tracts of land in Cholistan have been earmarked for different rulers from the Gulf, who use the land as hunting grounds and have built mansions in the area.

The story doesn't end here. These rulers are said to have developed their own set of cronies in the host state and one wonders what influence they would exert with greater involvement in Pakistan's real estate. The Gulf states and Saudi Arabia now seem to have the capability to remote-control events in Pakistan as we saw recently when King Abdullah comforted Pervez Musharraf and gave an audience to Nawaz Sharif.

Political economy also has to do with these linkages, particularly at the lower level. The capital and political influence brought in by these rulers creates local-level partnerships as well, many of which can be seen in south Punjab. In one case, for instance, a Musharraf-regime minister for state from the area partnered a main agent of the Abu Dhabi ruling elite to set up a sugar mill.

The relationships between the ruling elite of these states and their links in Pakistan are generally so secretive that it raises concerns about what would possibly come out of the deal. The deal itself could create a cartel in agriculture, which might only benefit the bigger or politically significant landowners.

With so much secrecy surrounding negotiations there is a possibility that smaller or mid-level farmers may not benefit. The politically influential landowners would not only get better arrangements but also become partners in the deal. This would also include the numerous military generals who have land in and around Cholistan. Not familiar with farming and probably not making a lot of money at the moment, these individuals would be only too happy with such an arrangement.

Equally happy would be bigger landowners of the area, who, in any case, capitalise on available resources and use contacts to maximise profits from their land. For instance, fruit export is a profitable venture, but its greatest beneficiaries are the bigger landowners who also seem to be pushing the idea of leasing land to foreign firms.

Currently, the problem is that the resources to develop agriculture are monopolised. Perhaps creating a system where most farmers have access to resources would benefit agriculture more than the formula under consideration. Leasing land in this fashion may just add to Pakistan's reputation as a banana republic.

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