



The process of land concentration in Peru



### Our Mission

A global alliance of civil society and intergovernmental organisations working together to promote secure and equitable access to and control over land for poor women and men through advocacy, dialogue, knowledge sharing and capacity building.

### Our Vision

Secure and equitable access to and control over land reduces poverty and contributes to identity, dignity and inclusion.



CIRAD works with the whole range of developing countries to generate and pass on new knowledge, support agricultural development and fuel the debate on the main global issues concerning agriculture.

CIRAD is a targeted research organization, and bases its operations on development needs, from field to laboratory and from a local to a global scale.



The *Centro Peruano de Estudios Sociales* (CEPES) was created in 1976 as an institution specialized in rural development, focussed on offering its professional contribution to the task of improving the living conditions of rural women and men of Peru, with the perspective of contributing to a more democratic and just society. After more than three decades, **CEPES** still maintains its original objectives.

**CEPES** looks for the inclusion of small farmers and peasant communities (campesinos) in national processes of modernization and democratization, with a broad political commitment to fostering national development in a democratic, decentralized and equitable way.

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# Foreword

The International Land Coalition (ILC) was established by civil society and multilateral organisations who were convinced that secure access to land and natural resources is central to the ability of women and men to get out of, and stay out of, hunger and poverty.

In 2008, at the same time as the food price crisis pushed the number of hungry over the one billion mark, members of ILC launched a global research project to better understand the implications of the growing wave of international large-scale investments in land. Small-scale producers have always faced competition for the land on which their livelihoods depend. It is evident, however, that changes in demand for food, energy and natural resources, alongside liberalisation of trade regimes, are making the competition for land increasingly global and increasingly unequal.

Starting with a scoping study by ILC member Agter, the Commercial Pressures on Land research project has brought together more than 30 partners, ranging from NGOs in affected regions whose perspectives and voices are closest to most affected land users, to international research institutes whose contribution provides a global analysis on selected key themes. The study process enabled organisations with little previous experience in undertaking such research projects, but with much to contribute, to participate in the global study and have their voices heard. Support to the planning and writing of each study was provided by ILC member CIRAD.

ILC believes that in an era of increasingly globalised land use and governance, it is more important than ever that the voices and interests of all stakeholders – and in particular local land users - are represented in the search for solutions to achieve equitable and secure access to land.

This report is one of the 28 being published as a part of the global study. The full list of studies, and information on other initiatives by ILC relating to Commercial Pressures on Land, is available for download on the International Land Coalition website at [www.landcoalition.org/cplstudies](http://www.landcoalition.org/cplstudies).

I extend my thanks to all organisations that have been a part of this unique research project. We will continue to work for opportunities for these studies, and the diverse perspectives they represent, to contribute to informed decision-making. The implications of choices on how land and natural resources should be used, and for whom, are stark. In an increasingly resource-constrained and polarised world, choices made today on land tenure and ownership will shape the economies, societies and opportunities of tomorrow's generations, and thus need to be carefully considered.

**Madiodio Niasse**

Director, International Land Coalition Secretariat

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# Abbreviations

AAA	Association of Farmers with Groundwater of Lambayeque
AFP	Pension Funds Administrator
AGRORURAL	Rural Agrarian Productive Development
ATDR	Technical Administration of Irrigation Districts
BCRP	Central Reserve Bank of Peru
BHP	Broken Hill Proprietary
CAP	Agrarian Production Cooperatives
CAU	Agrarian User Cooperatives
CENAGRO	National Agricultural Census
CEPES	Peruvian Social Studies Center
CEPIBO	Piura Central Office of Organic Banana Producers
COFOPRI	Organ for the Formalization of Informal Ownership
COMISA	Miraflores Corporation, S.A.
CONFIEP	National Confederation of Private Business Institutions
CRASVI	Commission of Groundwater Irrigators in the Ica Valley
CRAV	Commission for Agrarian Reform and Housing
D. L.	Legislative Decree
DRA	Regional Agrarian Directorate
DRASAM	San Martín Regional Agricultural Directorate
D. S.	Supreme Decree
EFASAC	El Aguajal Forest Company
FAO	United Nations Food and Agriculture Organization
FMP	Forest Management Plan
FTA	Free trade agreement
GDP	Gross domestic product
IDB	Inter-American Development Bank
IIAP	Institute for Research on the Peruvian Amazon
ILC	International Land Coalition
ILO	International Labor Organization

INEI	National Institute of Statistics and Information
INRENA	National Institute of Natural Resources
IOP	Institute of Physics
JNUDRP	National Board of Users of the Irrigation Districts of Peru
MEM	Ministry of Energy and Mines
MINAG	Ministry of Agriculture
MYSA	Newmont Mining Corporation
NGO	Non-governmental organization
OECD	Organization for Economic Cooperation and Development
OIA	Agrarian Information Office
OSINFOR	Organ for the Supervision of Forest Resources and Wildlife
PECHP	Special Chira-Piura Project
PETT	Special Project on Land Titling
PRIDI	Private Comprehensive Development Projects
PROBIOCOM	Program for the Promotion of the Use of Biofuels
PROINVERSIÓN	Agency for the Promotion of Private Investment
SAIS	Social Interest Agricultural Societies
SERVINDI	Intercultural Communication Services
SNV	Dutch Development Service
SUNAT	National Superintendent of Tax Administration
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change

# Executive summary

The worldwide process of concentration of land ownership, which particularly affects the countries of the Southern Hemisphere and the former Soviet bloc, has adopted diverse methods of transition and development modalities according to historic and national peculiarities. The present study on Peru illustrates that diversity by analyzing the interaction among *campesinos*, the State, and private capital.

To that end, it reconstructs the new process of land ownership concentration that has taken place in this Andean country during the past 10 years, which has reversed the distributive effects of the agrarian reform of the 1970s that ended the system of the *haciendas* (large landed estates).

Its presentation is divided into three parts: a historical and contextual framework, a general assessment, and an analysis of cases.

The first part describes in broad strokes the structure of land tenure and ownership resulting from agrarian reform and the new legislation that the State has developed to adapt agrarian reform to a liberal economic model, as well as governmental policies that utilize that new legislation to favor private investment above the rights of small landowners and *campesino* and indigenous communities.

The second section presents a panorama of the paths and extent of the new land concentration. Here we identify four modalities of concentration along with their objectives: agrarian, biofuel production, mining and hydrocarbon exploitation, and forest exploitation. In each case we present the extent of the concentration and its future projection, as well as the State's role in facilitating the involvement of private capital.

The third part is the longest and utilizes case studies to illustrate not only general trends, but also the specific characteristics of land concentration in three coastal valleys. We discuss the processes followed for transferring ownership from small and even mid-size farmers to the new large landowners and the State's role in giving the latter priority in the allocation of areas reclaimed through irrigation. This part ends with a review of the social and political effects of the new concentration, among which the following are noteworthy: the proletarianization of smallholders, the subordination of mid-size landowners, the emergence of conflicts over water control, the distancing of landowning elites from local rural societies and the precarious nature of labor conditions, and the existence of large numbers of people in agro-industrial export production zones.

In the section on final thoughts, we highlight the economic discrepancies between the extractive interests of private capital and national requirements regarding food security, as well as the social inequalities which emerge from the new concentration of land ownership and the resistance it generates.

The study shows that capital's path toward land ownership is not unilinear, equitable, or consensus-based, but rather complex, asymmetrical, and always contradictory.

# 1 The path to land concentration

In order to understand the current process of land concentration in Peru, its meaning, and the implications for the rural sector and its populace, it is necessary to refer to the political and legal path that has made this possible. We must begin by noting that this is not the first time that large properties (or concessions) have existed in this country. In the first half of the 20<sup>th</sup> century, large estates (*haciendas*) were consolidated – representing, according to the first National Agricultural Census (I CENAGRO) of 1961, 0.3% of agricultural units but occupying nearly 70% of the nation's agricultural land.

Sustained by land concentration, the *haciendas* intensely exploited a significant portion of the rural population economically and socially, as well as exerting political control and pressure on various levels of government. Nonetheless, beginning in the 1960s, the restructuring of land ownership was considered to be an urgent necessity for the democratization and socio-economic modernization of the countryside, and the candidates for President of the Republic included agrarian reform as a part of their platforms (Eguren 2004). Contributing to this change was the pressure exerted by the United States government in favor of modernizing agrarian structures, due to the fear that the Cuban Revolution would expand to other countries in Latin America.

# From agrarian reform to small-scale agriculture

In June 1969, the military government of Juan Velasco Alvarado enacted the Agrarian Reform Law, Law Decree 17716, which abolished the *hacienda* system. Until then, hundreds of thousands of families managing plots of land measuring less than five hectares and occupying 6% of the land co-existed with properties greater than 1,000 hectares in size. Faced with this scenario, several sectors of both urban and rural populations felt that agrarian reform was necessary. Also, in 1956 the right-wing government of Manuel Prado appointed the Commission for Agrarian Reform and Housing (CRAV). This was partly made up of relatively modern *hacienda* owners and it recommended the establishment of limits to rural ownership with a maximum of 250 hectares (Eguren 2004). Almost a decade later, the Velasco agrarian reform set the limit at 150 hectares.

Peru's agrarian reform was one of the most radical in Latin America, in that it expropriated the majority of the *haciendas* (more than eight million hectares). On the coast, more than half of the lands under irrigation were expropriated and allotted; in the mountains, this was done with 58% of all dry-land cultivation lands and 38% of all lands with natural pastures. However, the majority of this land was not redistributed to families, as was done in other Latin American reforms, but rather made into Agrarian Production Cooperatives (CAPS) on the coast with former *hacienda* workers, and Social Interest Agricultural Societies (SAIS) with workers from cattle ranches in the mountains. The *campesino* communities adjacent to the *haciendas* benefitted from this, but only with 10% of the lands allotted.<sup>1</sup>

Six years after the agrarian reform began, 70% of all transfers had been made. Nonetheless, problems emerged within CAPS and SAIS organizations resulting from the new owners' poor management and the feeling by a significant portion of the *campesino* population that they had not directly benefitted. In an analysis of the 40 years since the passing of Law Decree 17716, one of the individuals who helped inspire it<sup>2</sup> admitted that the military government did not have the necessary training to conduct the reform process, as this did not just require expropriating and redistributing land. Rather, it required, among other factors, the development of administration and management skills and tools among the new owners, who up till then had only worked the land manually. Thus, after a decade of cooperative experience, the members of cooperative companies on the coast took on themselves the task of dissolving them and distributing the land for the use and benefit of rural families. The result was the proliferation of small properties in the countryside, which continued to be subdivided in order to transfer land

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<sup>1</sup> An evaluation of the agrarian reform as a whole can be found in Eguren 2009.

<sup>2</sup> Guillermo Figallo was president of the Agrarian Tribunal and a distinguished legal specialist.

through inheritance. On a related note, in the mountains, a significant portion of the SAIS lands were appropriated by *campesino* communities.

This dissolution was accompanied by new regulations issued at the end of the military government, which ended the agrarian reform and contributed to the division of the land into plots. The first of these was Legislative Decree (D. L.) 02, approved in 1980 under the second government of Fernando Belaunde, which ended the reform process, legally recognized the restructuring of companies, and permitted the adoption of the model “which was most beneficial for their members” (Eguren 2004). Later, in 1986, during the first government of Alan García, and under pressure from *campesino* communities, Supreme Decrees were enacted that restructured companies in Cusco and Puno and awarded them to *campesino* communities in the area. In this process, many *campesino* groups registered as *campesino* communities in order to become beneficiaries; between 1986 and 1990 1,321 new communities were registered, 38% of those already registered (Trivelli 1992: 28).

Following the restructuring and land division processes, small farmers became the largest group in the country, though with plots averaging barely 3.1 hectares each, according to the III CENAGRO of 1994 (Table 1). On a related note, more than 97% of the irrigated plots measured less than 20 hectares and concentrated three-quarters of the irrigated land – thus, the land was in the possession of small- and medium-size farmers (Eguren 2004). In terms of the *campesino* communities, the III CENAGRO registered 5,680 of these, although currently it is known that there are more than 6,000 (Burneo 2007).

**Table 1: Peru – agricultural units and their surface area, 1994**

Range of surface area (hectares)	Agricultural units		Surface area	
	Number	Percentage	Hectares	Percentage
0.0–2.99	967,550	55	919,956	17
3.0–9.99	506,973	29	1,783,057	33
10.0–29.99	180,346	10	1,325,638	24
30.0 or more	90,904	5	1,448,327	26
<b>Total</b>	<b>1,745,773</b>	<b>100</b>	<b>5,476,978</b>	<b>100</b>

Source: III CENAGRO, 1994

Within the package of measures that ended the agrarian reform were some that represented a first step backward in terms of the limits that had been imposed. Additionally, the State’s interest in uncultivated, irrigable coastal lands was obvious. In 1982, Private Comprehensive Development Projects (PRIDI) were developed, which allowed concessions to be granted to uncultivated lands of 100 up to 50,000 hectares in size.

Later, in 1988, Supreme Decree (D. S.) 029-88-AG increased the ownership limits of non-allocable land from 150 hectares, in accordance with the agrarian reform, to 450 hectares for irrigable coastal land and rural settlement projects in the forest and on the forest edge. This Decree also permitted any association constituted under the General Law of Associations to obtain concessions to uncultivated coastal lands.

These legislative changes were made under the 1979 Constitution, according to which direct management of land was an indispensable condition for guaranteeing legal ownership. Additionally, the Constitution prohibited *latifundios*, any exploitation that was against the social interest, and ownership by business corporations. Likewise, it protected *campesino* communities' ownership, declaring it to be non-lapsable, inalienable, and unseizable.

In this way, although already the tendency of the governments that followed the agrarian reform was to clear the way for a renewed expansion of private ownership, the constitutional framework still prevented any modification from accelerating this advance. However, it was not able to curb the interests of the government of Alberto Fujimori in carrying out what it called "the reform of the agrarian reform" (Eguren 2004), through the enactment of a set of anti-Constitutional laws as a precursor to the changing of the 1993 Constitution.

# The 1993 Constitution and the declaration of liberalism

In 1991, two regulations were enacted that marked the beginning of what would become land policy under the neoliberal line of the "*Fujimorato*" (as the government of Fujimori was called). The first was D. S. 011-91-AG, which permitted the indirect management, rental, free sale, and mortgage of land. Likewise, the limit on the number of hectares of uncultivated land that could be managed through private investment in irrigation works was once again increased, to 1,000 hectares (CEPES 1991).

The second was D. L. 653, the Law on the Promotion of Investments in the Agricultural Sector. Among other aspects, this authorized corporations to become landowners; increased ownership limits to 250 hectares on the coast, in the mountains, and in the forest; and declared uncultivated lands to be the property of the State. Some months later, a regulation established the transfer of abandoned lands to the State. This measure made it possible to appropriate the lands of *campesino* communities, which often lie fallow for years before being cultivated anew, through a practice of rotating cultivation areas.

Following these Decrees, and faced with their inconsistency with the existing Constitution, Fujimori forced the approval of a new Constitution in 1993, which cleared the way to continuing liberalization of land policies, a reduction of *campesino* communities' ownership rights, incentives for investors to purchase land, principally on the coast, and the entrance into the country of foreign capital, among other aspects.

It is important to point out that one of the stakeholders whose rights to land ownership were completely changed by the new Constitution was *campesino* communities. As has been noted, the 1979 Constitution (as well as those of 1920 and 1933) established a land protection system by which their lands could not be transferred, mortgaged, or lapsed over time. By contrast, after 1993 communities had complete autonomy to make decisions regarding their lands and as such they could be sold, rented to third parties, etc.

After the enactment of the new Constitution, two new laws were approved that detailed the form in which the new market for communal lands would be put into place. First, Law 26505 in 1995 on the Promotion of Investment in Economic Activities on Lands in National Territory and in *Campesino* Communities, known as the Land Law, permitted the individual privatization of *campesino* and indigenous communities' lands. Additionally, it eliminated all limits on the size of land ownership and permitted the urbanization of cultivable lands.

This period of intense reform came hand-in-hand with renewed interest by national and foreign investors in the country's subsoil wealth. Under this influence, the Land Law and its subsequent regulations also included procedures for obtaining the necessary permits for the exploration and exploitation of natural resources under communal lands. Article 7 of the original text established the obligatory nature of a settlement between extractive

companies and landowners; nonetheless, as a result of pressure exerted by mining investors, after six months the regulation was modified by D. S. 017-96-AG. According to this modification and its subsequent regulation in 2003, if an agreement were not reached, a situation of “mining servitude” would result,<sup>3</sup> after which the path would be cleared for initiating extractive activities. On a related point, it is important to note the disparity in power between the parties and the lack of mediators trained in these types of agreement, which resulted in numerous conflicts and agreements in which communities were insufficiently compensated.

The second law that changed the rules of the game, specifically for coastal communities, was Law 26845 on the Titling of Coastal *Campesino* Communities, promulgated in 1997. We should note that coastal communities’ cultivable or potentially irrigable uncultivated lands, in contrast with the vast expanses of pasture in the mountains, are of interest to investors due to their significant potential for cultivating export products. Thus, Law 26845 established that for coastal lands an agreement involving half of the members of a community was enough to vote in favor of the individual allocation of the lands. This contradicted what was set out in the Land Law and established a deliberate difference between coastal communities and those in the rest of the country. Moreover, this same law introduced the concept of the abandonment of lands for coastal communities, by which uncultivated lands would revert to the State, a concept that did not exist in any other type of ownership (Eguren 2004).

Despite the regulatory reforms, in the years subsequent to the enactment of these laws, significant land transfers did not occur in *campesino* communities. Nonetheless, a process was begun which spread rapidly in various areas of the country: the expansion of mining and hydrocarbon extractive activities on communal and *campesino* group lands.<sup>4</sup>

The analysis of the policies developed after the repeal of the agrarian reform makes it clear that the State’s intention has been to promote the formation of a new entrepreneurial group, facilitating its access to the natural resources owned by others. Community members have seen the diminishment of their rights, which ensured their ownership, and small farmers have witnessed the disappearance of State intervention in support of the production and marketing of their products. For Eguren, the common theme of these agrarian policies should also be analyzed in terms of *omission*:

“...in the State’s inhibition to contribute to the creation of conditions ensuring the viability of small-scale agriculture which are not offered by private initiative (absence of financial and informational services, lack of

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<sup>3</sup> “Mining servitude” is an administrative procedure whereby ownership rights to a plot of land are transferred to an individual. According to Piscoya (2006), Peru’s legislation states that mining servitude entails the complete dispossession of all ownership rights and, as such, a forced transfer of ownership that is analogous to expropriation, with the difference that the latter is done in favor of the State and not an individual. It allows a mining company to negotiate payment with the government for agricultural land; the government then relocates farmers living on the land in order for the company to gain access to the subsoil rights.

<sup>4</sup> The third point in Chapter 2 deals with the extent of this expansion.

technical assistance, etc.) and by contrast, in active policy to improve the conditions in which export agriculture operates” (Eguren 2004: 31-32).

During the past decade, despite the end of the “*Fujimorato*,” the same path has been maintained. Moreover, faced with the signing of the free trade agreement (FTA) with the United States, new laws have been passed that expand the existing gap between the situation and the opportunities for small farmers and *campesinos* on one hand and those of national and foreign business people and investors on the other.

## The lack of legal controls during the past decade

From the time of his electoral campaign, President Alejandro Toledo declared himself to be a great defender of indigenous peoples and showed a particular concern for agrarian problems. Nonetheless, during his government (2001–2006), a series of decrees was enacted which made community members’ and small farmers’ lands more vulnerable. Thus, while on the one hand members of Congress in his party led a consultative process for a new law on *campesino* and indigenous communities, on the other, four laws and their regulations were passed that detailed the concept of land abandonment and the way in which community lands would revert to the State.<sup>5</sup>

Although it is not a policy *per se* but rather a trade agreement, the FTA with the United States has led to the concentration of land ownership. This can be explained if one considers that its effects on the agrarian sector will be much more severe than many of the regulatory reforms of the past decade. The greatest beneficiaries will be the small export groups that are concentrating lands; those most impacted will be the small farmers who will not be able to compete with the new products that will come to supply the domestic market.

The long process of negotiation of this FTA was carried out under the Toledo government, not without strong opposition and demonstrations by various trade unions and sectors (agriculture, textiles, and health, among others) that fought for an agreement that was more just and better negotiated. Even President García, then a candidate, in an act of electoral opportunism, warned: “I suggest to Mr. Toledo that he respect the country ... If he dares to sign the FTA, I will erase his signature so that it will be discussed throughout

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<sup>5</sup> Law 28259 regarding the reversion to the State of rural plots of land acquired by free gift; Law 28667, which sets out the reversion to the State of rural plots awarded by good and valuable consideration for agricultural purposes by human settlements; Law 28685, which regulates the declaration of legal abandonment of coastal *campesino* community lands occupied by human settlements and other informal modes of ownership; and Law 28687 on the development and complementary nature of the formalization of informal ownership, access to the soil, and provision of basic services.

the country.”<sup>6</sup> Subsequently, under the García government, negotiations continued under the same terms; the FTA was ratified by the United States Congress in 2007 and entered into force in February 2009.

In the framework of the signing of the FTA, President García published in a national newspaper his manifesto entitled “The Syndrome of the ‘Spoiler’” (García 2007),<sup>7</sup> in which he expressed the political thinking that guides the actions of his government up to the present day. In it, García made it clear that the priority of his government was to support those with sufficient economic resources to invest, produce, transform, and export, and that, to that end, it was necessary to provide them with the necessary natural resources (land, essentially), even though these may already have other owners. By contrast, those who own land but do not have sufficient capacity to invest in it are a burden for the country’s development, such as the spoiler who will not eat but will not let others eat either. Therefore, “[...the lands of the communities are] idle lands because the owner does not have any training or economic resources; as such, their ownership is just for show. That same land, sold in large lots, would bring technology....” (García 2007).

Based on this discourse, and arguing that in order to adapt Peru’s legislation to the entrance into force of the FTA with the United States it was necessary to reform a number of regulations, a law was approved that granted extraordinary powers to the Executive Branch to legislate on this issue during a period of 180 days.<sup>8</sup> In that space of time 99 legislative decrees were enacted, 26 of which were related to agriculture, the use of water and forest resources, and *campesino* and indigenous communities (CEPES 2008). The result could not have been worse. In this uncontrolled legislative period, of the five legislative decrees that dealt with ownership and access to land, three had to be repealed (D. L. 1015, D. L. 1073, and D. L. 1064) and one modified (D. L. 994), as they threatened communal ownership as well as the ownership of uncultivated community lands. Similarly, D. L. 1090, the Forest and Wildlife Law, was repealed. This latter was also known as the “Law of the Jungle” due to the unscrupulous way in which it facilitated a change in the use of soil in forest areas to agricultural use. Nevertheless, between the passage of these regulations and their repeal, there was a huge indigenous mobilization concentrated in the city of Bagua in the northern Peruvian forest, which ended with a confrontation between police officers and indigenous people in which more than 30 people died.

However, two legislative decrees related to the issue of land remained in force that will contribute to the acquisition and accumulation of land on the part of large investors. D. L. 994 authorizes that uncultivated lands owned by the State be given to individuals for the

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<sup>6</sup> Public declarations in March 2006.

<sup>7</sup> “The Orchard Keeper’s Dog” [translator’s note: similar to “the dog in the manger” or being a spoiler] is a classic fable used to describe those who do not do something, but at the same time, do not permit others to do it either.

<sup>8</sup> Law 29157, December 20, 2007.

purpose of irrigated cultivation works, via sale or other form of consideration, when previously the State was the executor of such works and only in exceptional situations would it grant land to individuals.

D. L. 1089 establishes an exceptional period of four months in which the Organ for the Formalization of Informal Ownership (COFOPRI) is granted on an exclusive basis the task of clearing away barriers (*saneamiento*) to ownership. In this way, municipalities and regional offices of the Ministry of Agriculture (MINAG), entities normally tasked with this work, are excluded from it, and the Organic Law on Local Governments is contravened. Additionally, the task of modernizing and updating the country's land registry system is conferred on COFOPRI, which, according to experts, is too large a duty for this organ (CEPES 2008). Lastly, this institution is charged with responsibility for the reversion to the State of rural plots of land occupied by human settlements and granted freely for agricultural purposes (which includes community lands), according to what is set out in Law 28667.

As will be seen below, García's policy has affected not only the concentration of ownership for agricultural purposes but also the granting of concessions and permits for mining, hydrocarbon, and forest exploitation. Thus, in recent years the Executive Branch has granted permits and distributed territory to private capital at an almost frenetic pace. Between 2005 and 2009, the number of contracts signed for hydrocarbon exploration reached its highest point in the country's history, increasing in coverage from 7% to 49% of the Peruvian Amazon territory (Finer and Orta-Martínez 2010: 4). In terms of mining rights, these increased from 11.5 million to more than 17 million hectares between 2006 and 2008 (De Echave 2009).

The latest in regulatory material on the concentration of ownership was ready (in June 2010) to be debated in the Congress of the Republic. Bill 3194 – introduced by the APRA party Congressman Alfredo Cenzano and approved by the Congressional Agrarian Commission on April 21 – promises to establish the upper limit on agrarian ownership in coastal agricultural zones at 40,000 hectares. The irony is that, despite the historically exorbitant cost of 40,000 hectares of land, it is maintained that the purpose of the law would be to "...prevent monopolistic concentration in cultivation zones, especially on the coast..." (CEPES 2009).

Beyond the fact that this figure was established without any study justifying its advisability, it is absurd if one considers that prior to the 1969 agrarian reform, the largest *hacienda* on coastal land was only 29,000 hectares. Moreover, as has been mentioned, the CRAV study set the maximum limit for coastal properties at 250 hectares. In order to determine this figure, the study did not limit itself to considering a "maximum economic magnitude," but rather it also took into account public and social factors of no lesser importance (CEPES 2009).

### **Box 1: A new law on indigenous peoples' right to prior consultation?**

When the present study was being concluded, the Congress of the Republic approved by a large majority the Law of Indigenous or Original Peoples' Right to Prior Consultation (May 19, 2010). This law, a product of the pressure brought to bear by indigenous Amazonian populations and a section of civil society, has the approval of the indigenous organizations for whom it represents an important advance in opportunities for them to participate in any measure or project that will affect them, such as the operations of an extractive company on their territories.

Nevertheless, on June 21, 2010, the federal government made observations on the law which modified central aspects of the right to consultation. This new version has been approved almost in its entirety by the Congressional Constitution Commission and sent to the plenary for discussion. The modifications made have left the *campesino* communities (6,000 in the country, owners of half of all agricultural lands) outside the reach of the law by stating that they are not indigenous peoples. Secondly, it sets out that the indigenous populations of the forest will only be consulted if lands they own are affected, when it is known that a significant part of these populations' territories (the forest areas) are not titled to them but only ceded by the State. Lastly, in Article 3 it establishes that "...if the process of consultation, which is the object of the present law, is carried out and an agreement or consent is not reached regarding the legislative measure or administrative proposal, the competent State entity decides, in keeping with its constitutional and legal powers," by which it calls into question the utility and efficacy of the consultation process.

Now the Congress must discuss whether to approve the initial version or the gutted version of the law. After months of waiting, the issue has yet to be put on the agenda or on the Congress's list of priorities. However, if the law gutted by the Executive Branch were to be approved, Peru would have a law on consultation that is at a remove from the spirit of International Labor Organization (ILO) Convention 169 – ratified by the Peruvian State in 1994 – which in its Article 7 establishes adequate and good faith consultation processes.\*

\* *La Revista Agraria* [The Agrarian Magazine], N° 122, September, CEPES. Lima, 2010.

## 2 The current status of land concentration

The issue of land concentration as a worldwide phenomenon is no longer a novelty, but rather a manifest concern of the United Nations Food and Agriculture Organization (FAO), numerous technical cooperation entities, non-governmental organizations (NGOs), and even prestigious magazines such as *The Economist* or *Business Week*. Peru has not escaped this global process; on the contrary, it has gradually but firmly inserted itself into it by means of its leaders' policies.

In the previous chapter we have traced the path followed by the country's land policies, guided by the conviction that the alternative to rural development is support given to large investors – this despite the rights of thousands of small farming families and community members and the withdrawal of State intervention and support programs for small-scale agriculture. After some years, what is being achieved is the undoing of a significant part of what was obtained through the 1969 agrarian reform: the redistribution of lands among those who work them and the creation of a more democratic rural society.

Sadly, one of the obstacles to analyzing the current situation of the concentration of land ownership is the lack of up-to-date statistics in Peru. The last agrarian census was taken in 1994, just one year after Fujimori's liberal Constitution and even before the passing of laws such as the Land Law, which granted ownership security to individuals, facilitated the market in communal lands, and eliminated all limits on ownership. Nevertheless, through NGO and media research, and some statistics from State agencies or from investors themselves, we can obtain an initial idea of the magnitude of land concentration in the country.

There are different purposes for which investors seek to concentrate large surface areas of land: agricultural production (including crops used for producing biofuels), mining and hydrocarbon extraction, and forest exploitation. These purposes determine differences in the geographic zones of expansion, social and environmental aspects, and mechanisms for accessing land, among other characteristics. In this chapter we will review what occurs in each of these areas.

# Land concentration for agricultural purposes

While large agro-industrial ownership first appeared in the 1990s, its expansion has accelerated significantly during the past decade. It has developed mainly on the northern coast and in the central-southern part of the country, as well as in an enclave in the forest for the production of palm oil for biofuels (Figure 1). Currently, the degree of concentration is such that there are already more than a quarter of a million hectares in the hands of only 34 owners, without even counting the surface area dedicated to mining, oil, or timber (CEPES 2009).

**Figure 1: Peru – approximation of land concentration by region, June 2009**



Taken from CEPES 2009.

The mechanisms for accessing land are very different. Three principal forms have been identified: expansion of the agricultural frontier, the land market, and privatization of large sugar companies.

## Expansion of the agricultural frontier

While climatic conditions on the Peruvian coast are suitable for the production of both traditional crops and export crops, the availability of water has always been a key problem. Due to the scarcity of agricultural lands in relation to the country's population, from the beginning of the 20<sup>th</sup> century uncultivated coastal lands began to be irrigated.

Traditionally, the State was the principal entity in charge of expanding the agricultural frontier by means of irrigation projects, later transferring those lands to medium- and small-size farmers. This scenario changed in the 1990s and large irrigation works are now carried out in order to be sold to economic agents who have the resources to invest in and produce large-scale exports. Thanks to these projects, the land surface area with available irrigation is much greater, as can be seen in Table 2.

**Table 2: Peru – principal irrigation projects**

Department/ region	Piura	La Libertad	Lambayeque	Lambayeque La Libertad	Ica	Arequipa	
Agricultural surface area (hectares)	244,360	407,790	270,000	270,000 407,790	234,454	117,334	
		<b>Chavimochic</b>					
<b>Irrigation projects</b>	<b>Alto Piura</b>	<b>Chira- Piura</b>	<b>(stages I, II, and III)</b>	<b>Olmos- Tinajones</b>	<b>Jequetepeque- Zaña</b>	<b>Tambo- Ccaracocha</b>	<b>Majes- Siguanas II</b>
Foreseen impact (hectares)	50,000	111,000	144,385	43,000	42,000	30,000	40,000
New areas	19,000	24,000	66,075	35,000	6,000		40,000
Improvement in irrigation	31,000	87,000	78,310	8,000	36,000		

Source: III CENAGRO, 1994 and information from the projects

On a related note, as has been pointed out, D. L. 994 of 2008 authorized that uncultivated lands could be given to individuals for investment in irrigation works. The granting of uncultivated lands is carried out by means of public auction, with the exception of a specific request from a particular individual. The State, through the Agency for the Promotion of Private Investment (PROINVERSIÓN), sets the base price of land and the minimum investment costs per hectare that buyers must assume. In the auctions, the base price of land increases considerably, even quadrupling, and varies in relation to a given plot's location and access to water. For example, in the last land auction for the Chavimochic irrigation project on the north coast (2008), the final prices fluctuated

between USD 70 and USD 2,500 per hectare and rose by an average of 2.5 times the base price.<sup>9</sup> During the same year, investment commitments fluctuated between USD 1,000 and USD 2,000 per hectare.<sup>10</sup>

In this way, small- and medium-size farmers' access to new agricultural lands disappears, while large companies continue buying and accumulating properties. Once again, Chavimochic is a typical case: between 1994 and 2006 its agricultural frontier expanded by nearly 44,000 hectares, of which 86% were concentrated in the hands of 11 agro-industrial companies (Table 3, CEPES 2009). The Camposol company stands out as the largest exporter of asparagus in the world; it bought more than 10,000 hectares, or 23%, of all the land reclaimed from the desert. Camposol also owns land in Barranca to the north of Lima and in the departments of Ica and Piura. It owns a total of more than 22,000 hectares.<sup>11</sup>

**Table 3: The Chavimochic project – largest plot buyers, 1994–2006**

<b>Companies</b>	<b>Gross area (hectares)</b>	<b>Percentage</b>
Camposol	10,050	23
Compañía Minera San Simón	6,185	14
El Rocío	4,901	11
Empresa Agroindustrial Laredo	3,790	9
Rego Corporation	3,778	9
Green Peru	1,660	4
Danper Trujillo	1,640	4
Morava	1,622	4
Sociedad Agrícola Virú	1,503	3
Manuel Ugás de la Torre Ugarte	1,347	3
Cefer Agrícola Chavimochic	1,304	3
Subtotal	37,780	86
<b>Total</b>	<b>43,870</b>	<b>100</b>

Source: Special Chavimochic Project, Directorate of the Promotion of Private Investment

The buyers of new lands tend to be agro-industrial companies; however, some of them are not solely dedicated to agro-industry, but also have activities in other sectors. For

<sup>9</sup> Institutional information from the Special Chavimochic Project on the 13th public auction ([http://www.chavimochic.gob.pe/portal/Ftp/Subasta\\_Publica/Resultados/Subasta\\_XIII\\_Resumen.pdf](http://www.chavimochic.gob.pe/portal/Ftp/Subasta_Publica/Resultados/Subasta_XIII_Resumen.pdf)).

<sup>10</sup> In this case, the State has financed principal works and the investors must assume the cost of secondary works.

<sup>11</sup> Institutional information from Camposol ([www.camposol.com.pe](http://www.camposol.com.pe)).

example, the Rego Corporation, which owns 3,542 hectares of the Chavimochic lands, also sells real estate; the San Simón mining company<sup>12</sup> which, besides having 4,166 hectares for agricultural exploitation in La Libertad, also has gold deposits at 3,700 meters in the mountains of La Libertad. However, it is of little importance to the State who the buyer is, as the selection of the best bidder depends on a bidder's investment capacity and does not take into consideration other criteria such as the impact of the company's operations on neighboring populations or its capacity to influence local development.

For their part, local authorities view the arrival of new investors as the ideal model for regional development. President García has declared that the large irrigation projects in the north of the country (Chira-Piura, Tinajones, San Lorenzo, Jequetepeque-Zaña, Chavimochic, and Chincas) should unite into one large organized agro-export project (CEPES 2009).

## Land market

As we have seen, since the start of the 1990s, Peruvian law has imposed few restrictions on the transfer of lands for agricultural use. However, the liberalization of the ownership model has not significantly energized the land market, and this market has not turned out to be the most important means of concentrating land ownership (Alvarado 1996, Zegarra 1999).

The reasons are several, among them the lack of clearing of barriers to some properties. This is a recurring situation in the case of *campesino* communities. Nevertheless, one must consider other aspects such as the unwillingness of community members to give up their land, ignorance regarding the extent of the new laws, civil service deficiencies, and the existence of important gaps in the law. Additionally, there are the problems of boundaries or overlapping of titled areas between communities and their neighbors that end up discouraging companies from carrying out any sort of transaction.

This leads to the conclusion that, faced with liberal legislation such as Peru's, which permits all types of transaction regarding communal lands, having ownership that is correctly cleared of encumbrances no longer necessarily implies enjoying a greater degree of security over the land, because having an ownership title heightens the chances that investors will be interested in the property and will exert pressure for it to be put on the market. Olivier De Schutter, the United Nations Special Rapporteur on the Right to Food, underlines this point by maintaining that the security of land tenure is not sufficient, as these properties will be subject to commercial pressures while impoverished

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<sup>12</sup> As an additional data point, it should be noted that the owners of this mining company (the Sánchez Paredes family) are currently being prosecuted for laundering money derived from narco-trafficking.

*campesinos* will tend to lose their lands. He adds that, in this context, before stimulating the land market it is important to guarantee the population's food security.<sup>13</sup>

A second reason for the lack of dynamism in the land market is the size of small farmers' plots. They are not very attractive to large investors, who try to minimize transaction costs and seek properties with large surface areas that are contiguous whenever possible. Lastly, many community members and small farmers prefer to keep their land, as it is the only secure resource they have to support their families. As can be seen, the limitations to the dynamic development of a land market are not strictly speaking in the legal realm.

On a related note, the lack of information regarding transactions between individuals prevents us from knowing precisely their extent or the possible focuses of land purchases and sales. Nonetheless, some studies have identified two departments in which the land market is more active: Piura on the northern coast and Ica on Peru's southern coast.

In the Ica Valley, 9,715 hectares have been purchased from small farmers by seven agro-industrial companies, while in the Piura Valley this figure rises to 13,600 hectares in the hands of five buyers. These figures may appear to be low in relation to the areas of the properties sold through the expansion of the agricultural frontier; however, they are no less significant if they are compared with the average size of agricultural units in these zones. For example, in the province of Ica, the average size of a plot of land is 3.4 hectares, and as such it would take 2,857 farmers to occupy the lands of these seven companies (Table 4).

An additional source is the 2005 Census of Asparagus Producers, which registered 47 companies with an average of 280 hectares each. Nonetheless, this figure only reflects the cultivation of asparagus, and these companies do not cultivate only that one crop; consequently, the total surface area of their properties is actually much greater.

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<sup>13</sup> Declarations of Olivier de Schutter, Special Rapporteur of the United Nations Conference on Trade and Development (UNCTAD). High Level Session, Commission on Investment, Enterprise, and Development. Geneva, April 26, 2010.

**Table 4: Piura and Ica – land acquisition through purchase, 2009**

<b>Companies</b>	<b>Area (hectares)</b>
<b>Department of Piura</b>	<b>13,600</b>
Grupo Saturno	1,000
Alberto Caparó	4,300
Camposol	3,000
Grupo Romero	3,800
Acuícola R. Mustafá	1,500
<b>Department of Ica</b>	<b>9,715</b>
Agroindustrias AIB	3,200
Sociedad Agrícola Agrokaasa	2,906
Icatom	1,000
IQF del Perú	912
Complejo Agrícola Beta	607
Agrícola Chapi	590
Agrícola Athos	500
<b>Total</b>	<b>23,315</b>

Source: CEPES 2009. Regarding the Romero Group: *El Tiempo* [Piura]. September 25, 2009

Lastly, according to information gathered by CEPES, we know that the Romero Group has acquired 500 hectares in Huando to the north of Lima; Camposol has bought lands in the department of Piura and in Barranca to the north of Lima; and the Beta Agricultural Complex has acquired 1,200 hectares in Chiclayo, in the department of Lambayeque, and 200 hectares in Piura (CEPES 2009).

To sum up, despite the little information available, the data presented show that there is a mobilization for land in which a significant number of farmers sell their properties – constituting a considerable transfer of surface area – which are bought by a very small group of agro-industrial companies. The impact of such land sales on their original owners should be an important focus of attention: despite the payment or compensation they receive for the transfer of land, numerous farmers will tend to have difficulties in finding work that guarantees them an appropriate level of income so that the food security of their families is not endangered.<sup>14</sup>

As will be seen in the case studies, many farmers end up working as day laborers for the companies that have bought their lands. Although some are satisfied, others feel that their labor conditions and the salaries they receive do not represent the improvement they expected in their quality of life. However, there are other ways for companies to

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<sup>14</sup> Declarations of De Schutter previously cited.

access land from small- or medium-size farmers that can entail fewer risks for farmers, such as renting or contract farming.<sup>15</sup>

### **Privatization of the sugar cooperatives**

Up until 1969, there were 12 major agro-industrial sugar production complexes on the Peruvian coast. Following the agrarian reform, these were expropriated and given to 12 cooperatives located in Lambayeque (Tumán, Pucalá, Pomalca, and Cayalti), La Libertad (Casa Grande, Cartavio, and Laredo), Áncash (San Jacinto), Lima (Andahuasi, Paramonga, and El Ingenio), and Arequipa (Chucarapi). These cooperatives were managed by their own workers but with a strong State presence. Their beneficiaries totaled nearly 28,000 persons including technicians, employees, and farm workers, and they had a total area of 128,000 hectares (CEPES 2009).

Factors such as bad internal management and a deep national financial crisis led to the failure of the cooperatives, which incurred significant debts with the State. In 1996, the Fujimori government, through D. L. 802, the Law on the Economic-Financial Clearing of Encumbrances of Agrarian Sugar Companies, capitalized the cooperatives' debt, leading them to convert to corporations and accept the State as a co-owner. At the same time, it promoted the entry of private investors through the sale of these shares. Currently, these investors hold the vast majority of the shares (Table 5).

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<sup>15</sup> These issues are discussed in the following chapter.

**Table 5: Peru – privatization of agro-industrial sugar companies, 1996–2009**

Companies	Location	Major shareholder	Start year	Area (hectares)
Empresa Agroindustrial Tumán	Lambayeque	Oviedo Group	2007	11,800
Empresa Agroindustrial Pomalca	Lambayeque	Oviedo Group	2004	10,000
Industrial Pucalá	Lambayeque	Huancaruna Group	2007	6,500
Corporación Agrícola Úcupe*	Lambayeque	Huancaruna Group	2008	3,000
Complejo Agroindustrial Cartavio	La Libertad	Gloria Group	2007	11,000
Empresa Agroindustrial Casa Grande	La Libertad	Gloria Group	2006	29,383
Empresa Agroindustrial Chiquitoy**	La Libertad	Gloria Group	2006	3,200
Empresa Agroindustrial Sintuco**	La Libertad	Gloria Group	2007	1,414
Empresa Agroindustrial Laredo	La Libertad	Manuelita Group	1999	9,100
Agroindustrias San Jacinto	Áncash	Gloria Group	1996	16,000
Agroindustrial Paramonga	Lima	Wong Group	1997	10,000
Industrial Andahuasi	Lima	Wong Group- worker shareholders		7,200
Central Azucarera Churacapi-Pampa Blanca	Arequipa	Michell Group	1998	1,200
<b>Total</b>				<b>119,797</b>

Source: CEPES 2009, with the exception of information on the Gloria Group ([www.grupogloria.com](http://www.grupogloria.com)) and the Úcupe Agricultural Corporation (*El Comercio* [Lima]. February 4, 2008).

\* During the agrarian reform, the Úcupe Corporation was an agrarian, not a sugar, cooperative.

\*\* These companies belonged at the outset of the agrarian reform to the Cartavio CAP, but their plots of land were separated due to internal struggles at the start of the 1990s (institutional information from Cartavio: [www.complejocartavio.com.pe](http://www.complejocartavio.com.pe)).

The first purchases of shareholdings by investors took place in 1996 after the passing of D. L. 802. However, the most significant purchases have been made during the past five years, by the same companies. The Gloria Group has concentrated more than 60,000 hectares of land, while the Wong and Oviedo Groups have 17,200 and 21,800 hectares respectively. These are the new “sugar barons,” so called in memory of the *hacienda* owners of the first half of the 20<sup>th</sup> century.

We should point out that the purchase of shares has not always been done transparently and harmoniously, and as a result there have been intense conflicts between investors and workers who still hold shares. The most serious case is that of the Pucalá company, in which struggles for ownership have resulted in 21 deaths since the 1990s. The last two assassinations were in October 2008, of the lawyer representing the Huancaruna Group (currently the majority stockholder) and, in April, of the lawyer representing the workers and other shareholders of Pucalá. However, there has also been conflict between rival investors: starting about a year ago, the ownership of Industrial Andahuasi has been

contested by the Wong and Bustamante Groups, with the latter having the support of the workers. To date, five workers have been shot and wounded, hundreds of them have not received their pay, and 250,000 sacks of sugar have been tied up due to legal rulings.

In this scenario, one cannot but affirm the absence of the State and its institutional weakness in preventing and managing these conflicts, which can drag on for decades. The State policy of transferring land rights through the sale of its shares does not take into consideration the possible impacts that can be generated on the administration of the company, nor on the conditions and rights of the former workers.

## Land concentration for biofuels production purposes<sup>16</sup>

The process of land concentration for the production of agricultural inputs for biofuels and the construction of biofuels processing plants have experienced a boom in Peru during recent years. Peru has not escaped the race occurring in Southern countries to produce biofuels to satisfy the demand in the United States and the European Union, above all because its land has high potential for the cultivation of sugarcane, canola, and palm oil trees, the most efficient raw materials for biofuel production.

The Peruvian State has issued a set of measures to incentivize the production of biofuel inputs. In 2000, the 2000–2010 National Palm Oil Plan was developed with the objective of promoting “clusters” in San Martín and Loreto of up to 50,000 hectares. Later on, in 2003, Law 28054 on the Promotion of the Biofuels Market was promulgated, advocating its commercialization based on free competition. Lastly, in 2007 the Program for the Promotion of the Use of Biofuels (PROBIOCOM) was created in order to incentivize investment in biofuels and disseminate its benefits.

Within this framework, a not insignificant number of companies have begun to plant sugarcane, principally on the coast, and palm oil trees in the forest, in order to produce biofuels. In the mountains there is now an interest in planting canola, although to a lesser degree. For these new plantations, or to reorient the *raison d'être* of existing ones, land has been acquired under the three modalities previously mentioned: purchase or concession of State lands, purchase of former sugar cooperatives on the coast, and via the land market.

It is thus now very difficult to determine the companies and surface areas involved in this production, as they are private companies. Nevertheless, we have tried to obtain information on the essential processes that occur in the three regions of the country through the

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<sup>16</sup> According to Peruvian law, the term “biofuel” refers only to liquid biofuels (biodiesel and ethanol) and not to solids (firewood, charcoal) or gases (biogas).

media, companies and investors themselves, specialized environmental and rural development organizations, and government agencies.

## The process on the coast

As has been seen, coastal lands are particularly well suited for cultivating sugarcane. The sugar refineries concentrate the highest-quality land and currently have very good agricultural technology. Ethanol production is 20% more profitable than sugar due to its higher international price, and as such it is possible to foresee that many of these will end up producing for the market. Some of the companies are already devoting their harvests to ethanol and others intend doing so in the short term. The following is a synthesis of the information obtained:

- The Gloria Group dedicates part of its production of sugarcane by the Cartavio company (11,000 hectares) to ethanol, which it exports to European markets.<sup>17</sup>
- The Fiducia-Cayaltí Trust plans to produce sugarcane through the Cayaltí company (5,500 hectares) for ethanol. It has signed an agreement with the Spanish consortium Bioterra for the construction of its processing plant. It expects to produce 60 million liters of ethanol annually.<sup>18</sup>
- The Oviedo Group will invest USD 10 million in the construction of its ethanol plant. It will cultivate sugarcane through the Pomalca company (10,000 hectares) to supply the plant.<sup>19</sup>
- The Huancaruna Group wants to build a plant for the Pucalá company (6,500 hectares) in order to produce 60,000 liters of ethanol daily.<sup>20</sup>

We should add that the coast has potential for planting piñon trees, cotton, and sweet sorghum, important inputs for biofuel production. Similarly, one must consider the vast tracts of uncultivated irrigable lands in which this industry would be able to develop. Thus, according to information from the former National Institute of Natural Resources (INRENA, now the Program of Rural Agrarian Productive Development (AGRORURAL)), there are 280,236 hectares of uncultivated land on the coast with groundwater suitable for the cultivation of bioenergy (Endo 2010).

In recent years, the State has granted thousands of hectares of these lands to national and foreign investors, specifically for the production of inputs for biofuels, to which can be added others that are purchased via the internal land market. These are some examples:

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<sup>17</sup> Institutional information from the Gloria Group ([www.grupogloria.com](http://www.grupogloria.com)).

<sup>18</sup> Institutional information from Fiducia-Cayaltí ([www.fiduciacyaltí.com.pe](http://www.fiduciacyaltí.com.pe)).

<sup>19</sup> *Gestión* [Lima]. February 22 and May 21, 2010.

<sup>20</sup> *La República* [Lima]. September 2, 2007.

- The Maple Group, a US company, has acquired 10,684 hectares of uncultivated land with water rights in the Chira River Valley in the department of Piura for the cultivation of sugarcane for ethanol and the construction of a production plant.<sup>21</sup> Currently, it has a total of 13,500 hectares in the zone, which leads us to assume that it bought nearly 3,000 hectares from farmers in the valley. The conclusion of construction and the start of operations are projected for mid-2011.<sup>22</sup>
- The Romero Group has acquired 3,200 hectares of land from the Chira-Piura project and 3,800 more from local farmers for the same purpose and has formed the Caña Brava company.<sup>23</sup> Currently, its ethanol production plant is already operating and it is projected that the surface area of its lands will expand to 10,000 hectares (CEPES 2009).
- Heaven Petroleum Operators currently has a biodiesel production plant in Lurín, 33 kilometers south of Lima, which is supplied by 5,000 hectares of white piñon trees from Nazca in the department of Ica. Its medium-term plans include the acquisition of 50,000 hectares of uncultivated coastal lands to increase the production of inputs for its plant.<sup>24</sup>
- The Peruvian company Miraflores Corporation (COMISA), in partnership with the UK firm Altima Partners, has projected that during an initial stage it will plant sugarcane for ethanol production on 6,000 hectares and will increase this to 20,000 hectares in the province of Sullana in the department of Piura.<sup>25</sup>

As can be seen in Table 6, the total area of sugarcane and white piñon tree plantations for ethanol amounts to nearly 60,000 hectares, which are owned by just seven companies. These seven companies have projected that they will increase their surface area to up to 120,000 hectares.

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<sup>21</sup> Institutional information from PROINVERSIÓN (<http://www.proinversion.gob.pe/0/0/modulos/JER/PlantillaFichaHijo.aspx?ARE=0&PFL=0&JER=258>).

<sup>22</sup> Institutional information from Maple (<http://www.maple-energy.com/etanol.htm>).

<sup>23</sup> *El Tiempo* [Piura]. September 25, 2009.

<sup>24</sup> *El Comercio* [Lima]. February 1, 2008.

<sup>25</sup> Institutional information from COMISA (<http://comisa.blogspot.com>).

**Table 6: Peru – coastal-based sugarcane and piñon tree ethanol production projects**

Investor/company	Origin of acquisition			Current size (hectares)	Projection for ethanol (hectares)
	Sugar cooperatives	Uncultivated State lands	Small farmers		
Gloria Group (Cartavio)	√			11,000	11,000
Fiducia-Cayaltí / Bioterra (Cayaltí)	√			7,246	5,500
Oviedo Group (Pomalca)	√			10,000	10,000
Maple		√	√	13,500	13,500
Romero Group (Caña Brava)		√	√	7,000	10,000
Heaven Petroleum Operators		√*		5,000	50,000
COMISA			√	6,219	20,000
<b>Total</b>				<b>59,965</b>	<b>120,000</b>

\* This refers to the lands that the company plans to acquire.

With regard to agricultural production in the coastal region, it should be noted that the availability of water is a significant problem, particularly for crops such as sugarcane, which demand huge quantities of it. Despite the fact that the government maintains that, thanks to existing and planned irrigation and damming works, there will be no problems of supply, the reality indicates the contrary. In Piura, for example, the Chira-Piura irrigation project will not be sufficient for supplying the Maple, Caña Brava, and COMISA sugarcane plantations. Thus, in May 2007 MINAG declared that the water in the Chira River Basin was exhausted in terms of granting new licenses (Ministerial Resolution 380-2007-AG). This announcement was made a few months after nearly 15,000 hectares had been sold to Maple and the Romero Group. Those harmed by this conflict were the COMISA company, which had not yet been granted its license, as well as small farmers on the irrigation boards (*juntas de riego*), whose provision of water was affected, above all in cases of drought (Castro et al. 2008).

## The process in the mountains

The Peruvian mountains have been less attractive for land acquisition for biofuel production for various reasons: bad conditions in terms of access and transport, scarce availability of water and irrigation infrastructure, significant presence of *campesino* communities, and potential conflicts with the population, among others. Nonetheless, their soil conditions are compatible with rapeseed or canola, one of the most significant sources for the production of biodiesel after palm and soy (Calle et al. 2007). Although in Peru such cultivation is practically non-existent currently, in recent years it has aroused the interest of the State as well as some investors, as can be seen in the following cases:

- In 2008, Pure Biofuels, a US company, purchased 60,000 hectares in Huarochirí in the Mala River Valley, in the central mountain range of the department of Lima, for the

- production of biodiesel.<sup>26</sup> This company has two production plants: in Callao Port and in the district of Chorrillos, Lima.<sup>27</sup>
- The objective of MINAG's Sierra Exportadora Program is to promote the planting of up to 200,000 hectares of canola in the mountains. The zones chosen would be Cajamarca, Ayacucho, Puno, Cusco, Áncash, and Arequipa. According to the director of the program, Gastón Benza Pflucker, since 2008 discussions have been held with German, Spanish, and US investors, who would invest up to USD 30 million each in a biofuel production project on nearly 10,000 hectares of land.<sup>28</sup> It remains unclear which mechanisms will be utilized to access these lands, which are mostly communally owned. If this is done without a plan adapted to the development of local populations and including transparent negotiation and a just redistribution of its benefits, serious social conflict could be triggered in the country's mountains.

## The process in the forest

It is very challenging to learn what is currently happening with the production of inputs for biofuels in the forests of Peru. As in the previous cases, there is no information from the State or private sector, not to mention from the large number of initiatives of national and foreign investment companies in the sector during recent years.

According to statistics from 2005, there were then palm oil plantations on 21,200 hectares in Peru, of which 60% were in production (Calle et al. 2007). In addition to these oil seed plantations, which are the largest in the country, other raw materials are produced in lesser proportions, such as cottonseeds, olives, coconuts, peanuts, etc., which are suitable for the production of oils and biodiesel. Nevertheless, they do not satisfy even half of domestic demand, and as such Peru is a huge oil importer; in 2002 it imported 60% of its total demand (Calle et al. 2007).

Despite this situation, the current priority does not appear to be fulfilling alimentary needs but rather increasing the planting of palm for the production of biodiesel, for which there would be vast expanses of land available for planting. From information from INRENA, we know that the potential for planting palm oil trees in the forest is enormous, at nearly five million hectares, a figure that is worrying if it is considered that, according to the same source, only 10% of this would comprise non-forested areas (Calle et al. 2007). Extensive deforestation due to the requirements of biodiesel production is a risk to the conservation of timber resources and the Peruvian Amazon.

In this context, and as an example of the government's mercantilist policy, D. L. 1090, the Forest and Wildlife Law of 2008, stipulated that, whereas forests could previously only be

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<sup>26</sup> Information portal of Perú Empresa (<http://peruempresa.blogspot.com/2008/01/pure-biofuels-adquirir-14000-ha-para.html>).

<sup>27</sup> Institutional information from Pure Biofuels (<http://www.purebiofuels.com/newsroomdetailAugust182008.php>).

<sup>28</sup> Informational portal of the Andina Peruvian News Agency. Viewed on 5/24/2009. (<http://www.andina.com.pe/Espanol/Noticia.aspx?id=w7D6Jj0bkLY=>).

granted in concession for the exploitation of timber or other non-timber resources, ownership rights to them could henceforward be sold and they could be permitted to be utilized for other uses, such as the planting of palm trees. This decree was repealed one year later, following pressure exerted by civil society organizations and the large indigenous mobilization in Bagua. Currently, Congress is debating a definitive regulation.

Another worrying aspect is the social unrest generated by the arrival of investors on the territories of indigenous populations where they hope to operate. We should point out that native communities possess ownership titles to agricultural-use lands, and not to the entire territory that they utilize for their livelihoods.<sup>29</sup> Thus, a significant portion of their territories is only ceded to them by the State, which makes them more vulnerable to commercial pressures and the interest of the government in selling or granting concessions to more areas to companies or private investors for the purposes of exploiting the natural resource base.

On a related note, there have been a not insignificant number of cases of areas that, having been titled or being in the process of titling, end up being granted to companies as a part of their concessions, thereby producing much social unrest. One example of this social unrest was generated by the Palmas de Shanushi company, part of the Romero Group, in the province of Alto Amazonas in the department of Loreto, which mobilized 60 families in the Quechua-Lamista community of San Juan de Pacchilla after the company obtained a concession of 7,000 hectares in the zone. Similarly, in the department of San Martín, the installation of the Palmas de Oriente company from the same group has been rejected by seven communities and the 200–300 families who own land in the zone,<sup>30</sup> and Palmas de Caynarachi's request for a concession of 6,129 hectares has provoked conflict in the district of Barranquita (see Box 2).

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<sup>29</sup> Article 11 of Law 22175 states: "The part of Native Communities' territory corresponding to forest lands will be ceded to them in use and their utilization will be governed by the relevant legislation."

<sup>30</sup> *La Primera* [Lima]. May 24, 2008 (<http://www.diariolaprimeraperu.com/online/noticia.php?IDnoticia=16579>).

## Box 2: Conflict – the Romero Group, biofuels, and deforestation

<b>Location</b>	Department of San Martín District of Barranquita, province of Lamas
<b>Actors</b>	District Municipality of Barranquita Provincial Municipality of Lamas Roundtable to Fight Poverty of Barranquita Romero Group
<b>Case</b>	<p>The population of Barranquita opposes the Romero Group's activities in this district, as it would deforest the zones in question in order to plant palm oil trees.</p> <p>On April 27, 2010, the Romero Group told the San Martín Regional Agricultural Directorate (DRASAM) that it was formally renouncing 6,129 hectares of Amazonian forest lands destined for the Palmas de Caynarachi project, indicating that the decision was based on improving its relationship with the community. However, the lands that the Romero Group renounced were recently in the process of being allocated before the Regional Government of San Martín and therefore were not involved, which was why the conflict started: 3,000 hectares allocated by ministerial resolution 255-AG-2007, of which the community members complained about the deforestation of 2,000 hectares. Regarding this land, DRASAM has nullified the change in use of the soil, and this is to be discussed in a trial that alleges the irregularity of the allocation.</p>

Source: Human Rights Ombudsman's Office 2010

There are three companies with 52,829 hectares currently established in the Amazonian region and producing palm for biodiesel. However, if projects are considered that are currently in the pipeline for the same purpose, these figures rise to 307,329 hectares and only six additional companies:

- ° In 2008, the US company Pure Biofuels purchased 14,000 hectares in Pucallpa, in the department of Ucayali, for African palm plantations. This land was purchased from the Alfa Inmobiliaria company.<sup>31</sup>

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<sup>31</sup> Perú Empresa's information portal (<http://peruempresa.blogspot.com/2008/01/pure-biofuels-adquirir-14000-ha-para.html>).

- In 2007, the European- and US-capitalized Samoa Fiber company acquired 15,000 hectares in a State concession in the Marití zone in the department of Loreto, for the planting of reeds (*caña brava*). Additionally, in 2008, MINAG approved the National Samoa Fiber Plan: *Caña Brava*, which aims to plant 60,000 hectares of *caña brava* (Ministerial Resolution 0521-2008-AG).<sup>32</sup>
- The Kausar Corporation, a Malaysian company, is seeking to obtain a concession of 75,000 hectares for its project to produce palm oil in the departments of Loreto, Ucayali, and San Martín (Dutch Development Service [SNV] / Institute for Research on the Peruvian Amazon [IIAP] 2007).
- The Romero Group holds 12,000 hectares via its Palmas del Espino company in Tocache, in the department of San Martín. It has produced palm oil there since the 1980s, recently as an input for biodiesel. Additionally, in 2006 it obtained a concession from the State to 7,000 hectares, plus 1,829 hectares it purchased from individuals, for its Palmas de Shanushi project, as well as 3,000 hectares for its Palmas del Oriente project. In other words, not even counting the Palmas de Caynarachi project,<sup>33</sup> the Romero Group plans to plant 23,829 hectares. Currently, it produces 15 million gallons of biodiesel annually.<sup>34</sup>
- Lastly, there are numerous projects for cultivating biodiesel inputs in the department of San Martín that are in their initial phases but which have significant projections for the coming years. For example, the Francisco Tello Perú company (Spain) plans to plant 50,000 hectares and to build a biodiesel plant with financing that has already been approved by the Inter-American Development Bank (IDB); the LS Agrofuels and LS Biofuels companies (Germany/United States) plan to plant 30,000 hectares, and the Verdal-Groupe 22 company (Spain/Italy) has plans to plant 50,000 hectares. In terms of national capital, we should mention the Onasor del Oriente and Andahuasi-Selva companies, with 1,500 and 3,000 hectares respectively.<sup>35</sup>

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<sup>32</sup> Institutional information from Samoa Fiber (<http://www.sfiber.com/sfh/the-news.html>).

<sup>33</sup> While this report was being prepared, the Romero Group took a step back in the procedures of land allocation for the Palmas de Caynarachi project, adducing that it was the best way to avoid the conflicts that had begun with the local population and the Regional Government of San Martín. Nonetheless, the area that it has turned down is not the one at issue in the conflict, according to the Human Rights Ombudsman's Office (see Box 2).

<sup>34</sup> Institutional information from the Palmas Group, which brings together all of the palm oil projects in the Romero Group ([www.saladeprensapalmas.com.pe](http://www.saladeprensapalmas.com.pe)).

<sup>35</sup> Second Public Hearing of the Regional Government of San Martín. Moyobamba, 2009.

**Table 7: Peru – forest-based palm oil production projects for biodiesel**

<b>Investor/company</b>	<b>Current size (hectares)</b>	<b>Projection (hectares)</b>	<b>Department</b>
Pure Biofuels	14,000	14,000	Ucayali
Samoa Fiber	15,000	60,000	Loreto
Kausar Corporation		75,000	Loreto Ucayali San Martín
Romero Group	23,829	23,829	San Martín Loreto
Francisco Tello Perú		50,000	San Martín
LS Agrofuels / LS Biofuels		30,000	San Martín
Verdal-Groupe 22		50,000	San Martín
Onasor del Oriente		1,500	San Martín
Andahuasi-Selva		3,000	San Martín
<b>Total</b>	<b>52,829</b>	<b>307,329</b>	

# Land concentration for the purposes of mineral and hydrocarbon exploitation

In Peru, in accordance with the current Constitution and the General Mining Law, mineral resources belong to the nation, and only the State, by means of concessions, can grant rights to individuals to extract minerals from the subsoil. As was noted in the first chapter of this study, the deregulation begun in the 1990s was accompanied by various regulations to promote private investment. Among them, mining held a predominant place, which has been reflected in the rapid increase in areas granted in concession during the past 15 years and the presence of large transnational companies from the extractive industry operating in Peru. By 2000, 11 of the world's 20 principal transnational mining companies were operating in the country (Table 8).

**Table 8: Peru – transnational mining companies, 2000**

<b>Mining company</b>	<b>Country of origin</b>	<b>Project</b>	<b>Mineral</b>
Broken Hill Proprietary (BHP)	Australia	Tintaya	Copper
Noranda-Rio-Algom-Teck	Canada	Antamina	Copper, zinc, lead
Cambior	Canada	La Granja	Copper, zinc, lead
Barrick	Canada	Pierina	Gold
Manhattan	Canada	Tambogrande	Copper, zinc
Cominco-Marubeni	Canada / Japan	Cajamarquilla	Zinc refinery
Shougang	China	Marcona	Iron
Mitsui	Japan	Pallca	Various
Grupo México	Mexico	Various	Copper
Anglo American	South Africa	Quellaveco	Copper, molybdenum
Glencore	Switzerland	Various	Zinc, lead
Phelps-Dodge	USA	Various	Copper, various
Newmont Mining Corporation (MYSA)	USA	Cajamarca	Gold
Doe Run	USA	Various	Polymetallics
ECS Mining Consultants	USA	Cerro Corona	Copper, gold

Taken from Bury 2007

The increase in areas given in concession for mining activities in the country exceeded two million hectares in 1992 and 16.3 million hectares in mid-2008 (Bury 2007), representing 12.8% of national territory (CEPES 2009). The majority of these concessions are located in the mountains, in areas characterized by poverty and extreme poverty. Thus, the 10 poorest departments are also those with the greatest percentage of their

lands devoted to mining concessions; this is the case with Huancavelica, Cusco, and Cajamarca with 49%, 32%, and 31% respectively of their territories given in concession (Table 9). Additionally, the largest goldmine in Latin America is found in the department of Cajamarca; Peru is the sixth largest gold producer in the world.

**Table 9: Peru – mining concession areas and poverty levels by department (%)**

Department	Population in poverty	Population in extreme poverty	Surface area under concession
Huancavelica	82	60	49
Cusco	58	33–27	32
Cajamarca	53	23–21	31

Source: 2004–2008 Annual National Household Survey, National Institute of Statistics and Information (INEI), at: [http://censos.inei.gob.pe/DocumentosPublicos/Pobreza/2008/exposicion\\_Pobreza\\_2008.pdf](http://censos.inei.gob.pe/DocumentosPublicos/Pobreza/2008/exposicion_Pobreza_2008.pdf); Bury 2007

Concessions for hydrocarbon exploitation are located in the country's forests and their expansion has reached alarming levels. According to a recent study conducted by the UK's Institute of Physics (IOP), between 2005 and 2006, 26 lots were given in concession in Peruvian forests of the 52 that had been registered by the end of 2009 (Table 10). Added to these are 10 more projects that are under negotiation, which would yield a total of 444,432 km<sup>2</sup> of concessions, equivalent to 56.8% of the Peruvian Amazon. As if this were not enough, Perupetro plans to offer 18 additional lots this year, which would mean that 70% of Peruvian Amazonian territory would be under concession (Finer and Orta-Martínez 2010).

**Table 10: Peru – hydrocarbon concessions, 2009**

<b>Company</b>	<b>Area (hectares)</b>	<b>Percentage</b>
Petrobras-Petroperú	5,634,268	13
Petrobras	3,189,562	7
Burlington	3,373,066	8
Repsol	3,278,227	7
Occidental	3,003,700	7
Hess	2,923,482	7
Sapet	2,743,299	6
Pluspetrol	2,368,323	5
Pacific	1,881,287	4
Hunt Oil	1,870,863	4
Pan Andean	1,761,160	4
Maple	212,049	0
<i>Subtotal</i>	<i>32,239,286</i>	<i>73</i>
<b>Total</b>	<b>44,037,824</b>	<b>100</b>

Taken from CEPES 2009.

The zones with the greatest amount of land under exploitation by hydrocarbon companies are the Marañón River and Ucayali River Basins (both in the department of Loreto), with 56% and 23% respectively (CEPES 2009).

Not all of the areas granted are in operation. In the case of mining, according to recent reports by the Ministry of Energy and Mines (MEM), 1.2% of national territory is currently under exploitation and exploration, and not the 12.8% occupied by the areas given in concession.<sup>36</sup> In the case of hydrocarbons, by contrast, of the 52 registered concessions, seven are under exploitation and 45 are in the exploration phase (Finer and Orta-Martínez 2010). In any event, the presence of the companies and the rights granted to them for occupying land through concessions are in competition with the rights of the populations living there. On a related note, in a significant number of cases, exploration and exploitation are carried out without any consultation whatsoever.

The owners of lands with exploitable resources below ground are those who are most affected. The arrival of an extractive company entails a loss of their lands, not to mention the degradation of their ecosystems (contamination of soils and rivers, deforestation, etc.). Additionally, the company's activities do not generate the expected development in the area where it is located. For this reason, if one thing has marked the country during the past decade, it has been the numerous social conflicts between rural populations

<sup>36</sup> Information portal of the Andina Peruvian News Agency. Viewed on May 24, 2010 (<http://www.andina.com.pe/Espanol/Noticia.aspx?id=9xAlKzSsDRU=>).

trying to defend their territories from large extractive companies. According to a recent report from the Human Rights Ombudsman's Office (2010), of all the conflicts identified in the country, 41% are related to disputes surrounding the presence of mining or hydrocarbon extractive companies, representing 75.5% of all environmental conflicts in the country.

In mining and hydrocarbon exploitation, the lands on which the companies set up shop tend to be owned by *campesino* and indigenous communities. Sadly, these populations have little opportunity to negotiate with the large transnational companies; added to this is legislation that does not protect them and which favors the establishment of the companies at all cost.

In recent years, after numerous conflicts throughout the country, it appears that the State and the companies have come to understand the need for establishing processes of dialogue and improving conditions for reaching agreement with communities. Nonetheless, the belief that a good economic reward should be enough for poor populations continues to reign. But this belief ignores the fact that, for communities, the territory is not simply a source of subsistence resources such as food, construction materials, handicraft work, medicinal plants, etc., but rather it is also a space for cultural manifestations and a central element in the formation of their identity.

# Land concentration for forest exploitation purposes

Peru has the fourth largest tropical forest in the world and the eighth largest forest, which covers approximately 66 million hectares.<sup>37</sup> Ninety-two percent of these forests are located in the country's jungle (Endo 2010), home to 52 Amazonian peoples distributed in 1,192 indigenous communities, who have domesticated a wide variety of plants and animals. This is an area of great importance as a repository of the country's and the planet's biodiversity, as well as sustaining a large indigenous population with a proud cultural heritage.

Similar to the case of subsoil resources, according to Peruvian legislation forest resources are the property of the nation and only the State can offer use rights to individuals, granting them concessions to areas for exploitation. As already mentioned, indigenous communities live in the forests but do not have ownership titles to these lands, which have been ceded to them by the State. This situation has permitted the Peruvian State, by means of a public contest, to award 588 forest concessions covering 7.6 million hectares to individuals (CEPES 2009).

**Table 11: Peru – forest concession areas by department, 2008**

<b>Department</b>	<b>Area (hectares)</b>
Ucayali	2,943,061
San Martín	497,793
Madre de Dios	1,278,402
Huánuco	288,374
Loreto	2,676,528
<b>Total</b>	<b>7,684,158</b>

Source: CEPES 2009

As is the case with agro-exporting and extractive companies, the occupation of vast forest expanses given in concession generates social unrest with neighboring populations or with those who live there. Often, the granting of concessions does not take into consideration the existence of the rights of indigenous communities or other populations to those same territories. Also, the environmental impact studies that timber companies are required to carry out in order to initiate their operations are limited to the companies' effects on those particular plots of land, when in reality they affect ecosystems in larger

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<sup>37</sup> Presentation by Antonio Brack, Minister of Environment, at the high-level section of the XIVth Conference of the Parties in the United Nations Framework Convention on Climate Change (UNFCCC). Poznan, December 11, 2008.

territorial units (Endo 2010). As can be seen, conflicts regarding access to land and exploitation of the natural resource base appear to develop in a similar way in various sectors and throughout the country.

According to a recent study by the World Bank, the regulatory and institutional development of the State for evaluating and controlling activities carried out in forest concessions that have been granted is at the lowest rating levels (Endo 2010). Some of the deficiencies identified were: 1) very little precision regarding what should be included in a Forest Management Plan (FMP), a requirement for the granting of a concession; 2) insufficient personnel and an operational weakness on the part of the authorities for evaluating FMPs; 3) non-existence of a clear system of infractions and sanctions in the case of non-compliance with an FMP; and 4) non-existence of an adequate evaluation of the capacity of the investor to mitigate the social and environmental impacts of its actions.

The absence and weakness of the State in controlling areas given in concession creates a space for corruption and the development of many social and environmental conflicts. According to the Organ for the Supervision of Forest Resources and Wildlife (OSINFOR), Peru loses USD 220 million annually through illegal felling of species such as cedar and mahogany. Additionally, in 2009, of the 78 oversight visits carried out in forest concessions by OSINFOR, irregularities were discovered in 46 of them.<sup>38</sup>

In addition to the problems mentioned is the overlapping of concessions from various sectors (forests with hydrocarbons, for example), which generate significant conflicts. This can be understood if it is considered that, despite the large areas of land granted by the State, there is no one single registry of concessions.

Lastly, similar to the case of concessions for extractive and agro-industrial activities, there are no mechanisms for direct redistribution of benefits obtained by large companies, and as such the extraction and export of timber products does not generate any development for neighboring communities. Nonetheless, similar to what occurs in other types of concession, in some cases direct agreements exist between companies and regional governments covering specific activities or the granting of certain permits to community members with the goal of preventing social unrest; for example, some companies permit the indigenous population to collect fruit in the forest (Endo 2010).

Box 3 presents the case of the indigenous community of Puerto Azul in the department of Ucayali as clear proof of the disparity in power between investors and indigenous populations and of the influence that the former can exert in order to achieve their objectives, given a State for whom the interests of private companies trump the well-being of its citizenry.<sup>39</sup>

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<sup>38</sup> OSINFOR: communiqué from March 10, 2010 ([www.osinfor.gob.pe](http://www.osinfor.gob.pe)).

<sup>39</sup> According to a recent study by the World Bank, there were 24, 40, and 20 similar cases registered in the departments of Ucayali, Huánuco, and Madre de Dios, respectively (Endo 2010).

### **Box 3: Between native population and concession: the case of the indigenous community of Puerto Azul**

In 1991, leaders of the native community of Puerto Azul, which belongs to the Caca-taibo indigenous people in the department of Ucayali, requested an expansion of their territory from the Regional Agrarian Directorate (DRA) in Ucayali, as the existing 4,600 hectares were not enough for its 1,200 inhabitants. Three years later, the DRA and the Special Project on Land Titling (PETT) drafted a plan for the proposed expansion of Puerto Azul, with an area of 53,665 hectares. Despite this, and more than 10 years later, no more action has been taken by the State.

By contrast, in 2003, INRENA granted four forest concessions that were superimposed on the area requested for the expansion by the indigenous community to three companies: Project World Green Peru, El Aguajal Forest Company (EFASAC), and Gustavo Gotardo Alcázar Serna.

Since then, the Puerto Azul community, with the support of the NGO Instituto del Bien Común (Institute for the Common Good) and indigenous organizations, have taken all the necessary steps required by INRENA for getting this rectified and expanding their territory. Together they presented an Environmental, Social, and Economic Study requested by that State organ for determining if the permanent-production forest should be resized excluding the forest concessions, but they have yet to receive a response.

In September 2009, as part of its annual planning process, OSINFOR carried out an inspection of Project World Green Peru's concession and noted inadequate management of solid waste and the existence of sown coca fields, among other irregularities. For that reason, by means of directorial resolution 001-2010-OSINFOR-DSCFFS it sanctioned the company by suspending its planned activities according to its 2008–2009 Operating Plan. Faced with this action, the company filed a request for legal protection (*amparo*) before the Court of General Jurisdiction of the Province of Padre Abad against what OSINFOR had ordered and requested a protective measure to suspend the sanction imposed. This irregular request was granted by the Court of General Jurisdiction of the Province of Padre Abad.

Source: Adapted from the article "*Perú: Comunidad Caca-taibo exige anular concesión maderera sobre sus territorios*" [Peru: Caca-taibo Community Demands the Annulment of the Timber Concession on its Territories], May 27, 2010. Portal of Intercultural Communication Services (SERVINDI). [www.servindi.org](http://www.servindi.org).

# 3 Three cases of land concentration on the Peruvian coast

Thanks to support from ILC, CEPES carried out case studies in 2008 on the processes of land concentration in three coastal zones of Peru: the Chira Valley in the department of Piura; the Motupe Valley in the department of Lambayeque; and the Ica Valley in the department of Ica.<sup>40</sup> In this chapter we present a synthesis of the principal findings of these studies, which permit us to illustrate the general processes described previously herein.

In the first section we describe the central characteristics of the study zones. In the second section we briefly review the recent history of land ownership in the three valleys, which explains the predominance of small agriculture as a form of tenure. The third section discusses the current structure of ownership, which is far from reflecting the data provided by the III CENAGRO of 1994 and demonstrates an already important concentration of land in very few hands. The fourth section identifies the various ways that exist in the valleys for concentrating land. Lastly, the fifth section presents the effects that the new land concentration has had on traditional agricultural producers, water use and management, and governance in the study zones.

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<sup>40</sup> The development of the case studies was undertaken by Giannina Pastor and Fernando Eguren.

## The study zones

The cases studied correspond to three zones that are representative of Peruvian coastal agriculture (Figure 2). The *department of Piura* is located on the northern Peruvian coast, 975 kilometers from the city of Lima. In this region there are important oil deposits, areas of mining activity, valleys over desert lands where agriculture is carried out, and extensive dry forests. It has a population of 1,673,000 persons (6.1% of the country's population), 36.2% of whom live in rural areas.

The *department of Lambayeque* is located 780 kilometers to the north of the city of Lima. The majority of its territory is on the coast (94%) and is characterized by being traditionally agrarian. It has 1,112,868 inhabitants (4% of the national population), of whom 39.6% are rural dwellers.

The *department of Ica* is on the country's southern coast, 300 kilometers from the city of Lima. It is not very hilly, as 89% of its territory is on the coast and only 11% in the Andean mountains. Ica has a booming agrarian economy, one of the most modern, and is stimulated by exports. It has a population of 712,000 inhabitants (2.5% of the country's total population), 41.7% of whom live in rural areas.

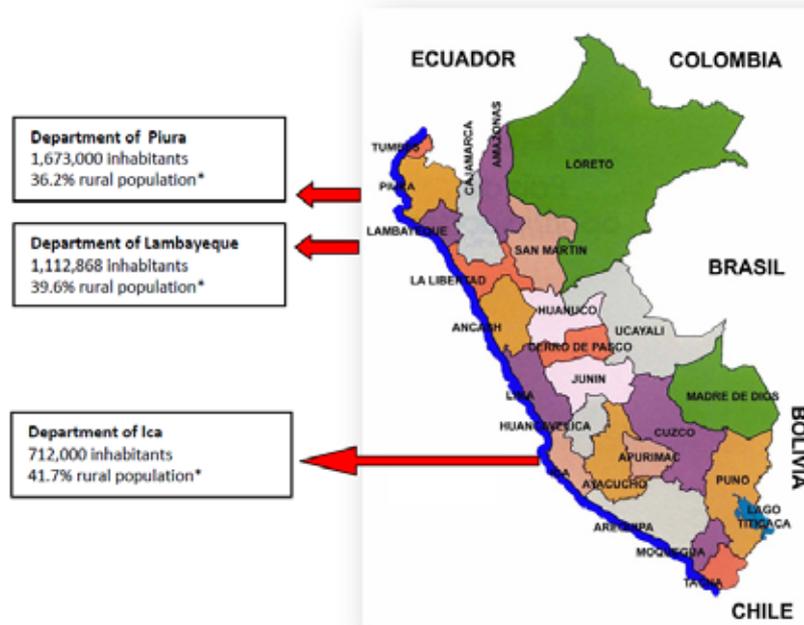
In 1994, the department of Piura had a potential agricultural surface area of 244,000 hectares, of which 177,000 were in use thanks to irrigation. It is estimated that 67,400 additional hectares, which today are uncultivated, could be incorporated into agricultural use by establishing irrigation works.

Traditionally, the Piura valleys have been producers of fine cotton (the Pima variety) for the textile industry and for export, rice, and fruit trees (citrus, mangos). Between 2004 and 2005, the department's agrarian gross domestic product (GDP) grew by 14.3%, mainly due to the favorable development of products such as rice, plantains (bananas), lemons, and mangos. Nowadays, these last three crops, previously oriented exclusively to the domestic market, are important export crops. The areas destined for Pima cotton have been reduced, principally due to the substitution of domestic production by imported subsidiary fibers.<sup>41</sup>

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<sup>41</sup> The fibers for textile industries imported from the United States and other countries have lower prices thanks to the subsidies granted to those countries' farmers.

**Figure 2: Location of the case study zones**



\* According to the 2007 National Census on Population and Housing, all of the population living in areas of 100 or more contiguous houses is considered urban, as well as all of the district capitals (there are more than 1,800 in the country as a whole), independently of the number of inhabitants. The inhabitants of populated areas with 400 persons are classified as urban, which is absurd; as such, we have chosen to use a different definition of "rural" according to which *all districts having a population of less than 20,000 inhabitants are considered to be rural*. This definition is promoted both by the Organization for Economic Cooperation and Development (OECD) and the World Bank and is increasingly being adopted (see, for example, the latest *Human Development Report* on Chile by the United Nations Development Programme [UNDP]).

Some new export crops that are economically more attractive, particularly asparagus and paprika and in higher areas artichokes, have contributed to the decline of traditional crops. This general trend is spreading mainly through the colonization of San Lorenzo and the Chira Valley (Table 12). The principal products exported in 2007 were fresh mangos, bananas, processed vegetables, passion fruit juice, and other processed fruit. These five goods represented 79.3% of the sector's exports in Piura.<sup>42</sup>

The Chira Valley, the focus of our study, extends over part of the provinces of Sullana and Paita. It covers 48,000 hectares (not counting natural pastures, forests, hillocks, and hills) of which, according to the Central Reserve Bank of Peru (BCRP), almost 40,000 have agricultural potential. According to another study (Balarezo 2008), that figure is 45,000 hectares. The principal cities such as Paita and Sullana have all the basic services. Howev-

<sup>42</sup> Information from the Regional Government of Piura and the Piura DRA.

er, the settlements where the zone’s farmers and the workers in the agro-exporter and agro-industrial companies live only have electricity.

**Table 12: Chira Valley – agricultural characteristics**

<b>Department of Piura</b>	
Agricultural surface area	244,000 hectares
Irrigated surface area	177,000 hectares
<b>Chira Valley</b>	
Irrigated surface area	40,000 hectares
Traditional crops	Fine cotton (Pima variety) Rice, fruit trees (mangos, lemons)
New export crops	Bananas, mangos, and other fruit Vegetables (asparagus, paprika, artichokes)

According to the III CENAGRO, the department of Lambayeque had 270,000 hectares of land suitable for agricultural activity, of which 177,135 hectares were irrigated. However, it is estimated that this figure could grow by nearly 70,000 hectares after the second stage of the Tinajones project and the Olmos project are concluded. The principal crops are sugarcane and rice, whose development has marked an important part of the history of their valleys. Nonetheless, since some years ago, with the growth of agro-industrial companies and exportation, new non-traditional crops have been promoted. In the Motupe Valley, where our study is located, these crops include mangos, lemons, passion fruit, oranges, and asparagus (Table 13).

The soils of the Motupe Valley are considered to be of good quality and suitable for agriculture, but the scarcity of surface water limits agro-economic activities in the zone. Similar to the case of Ica, many farmers have to resort to the extraction of groundwater. According to estimates by the MINAG office in Lambayeque and the Association of Farmers with Groundwater in Lambayeque (AAA), the valley has around 12,000 hectares under irrigation, of which 3,400 are irrigated by underground wells.

**Table 13 Motupe Valley – agricultural characteristics**

<b>Department of Lambayeque</b>	
Agricultural surface area	270,000 hectares
Irrigated surface area	177,135 hectares
<b>Motupe Valley</b>	
Irrigated agricultural surface area	12,000 hectares
Traditional crops	Sugarcane, rice
New export crops	Mangos, lemons, oranges, passion fruit, asparagus, coffee

Lastly, there are 116,910 hectares of agricultural land in the department of Ica, of which 113,288 are irrigated. Nonetheless, the area has varied since the 1990s, principally due to the expansion of the agricultural frontier and the reactivation of production stimulated by export agriculture. A significant portion of the water that is utilized in Ica's agriculture is groundwater obtained from tubular gas wells. This form of accessing the resource, despite its high costs, has expanded in recent decades following the arrival of new agrarian companies.

The Ica Valley, where our study is located, is considered to be one of the best places for agricultural production due to its good-quality land, despite having serious problems of water scarcity. Located in the province of Ica, it has around 31,000 hectares of agricultural land under irrigation. Its traditional crops have been cotton, vines, and legumes such as garbanzos and butter beans. Following the shift to export agriculture, the main crops currently are asparagus, artichokes, paprika, and processed butter beans (Table 14).

**Table 14: Ica Valley – agricultural characteristics**

<b>Department of Ica</b>	
Agricultural surface area	116,910 hectares
Irrigated surface area	113,288 hectares
<b>Ica Valley</b>	
Irrigated agricultural surface area	31,000 hectares
Traditional crops	Cotton, vines, corn Legumes (garbanzos, butter beans)
New export crops	Asparagus, artichokes, paprika Butter beans (processed)

# From agrarian reform to small-scale agriculture

It is interesting to briefly review the path trodden by rural areas in the departments included in the study in order to arrive at the predominance of small-scale agriculture as the form of tenure. As will be seen, this process, which also sums up the history of development of the agrarian structure of the country as a whole, began with the concentration of large pieces of land, a situation that nowadays appears to be returning.

Prior to 1969, a substantial part of the agricultural lands were in the hands of large properties or *haciendas* (Table 15). In the Piura Valley, 3.8% of the plots encompassed 70.2% of the land, whereas in the Chira Valley the percentages were 11% and 84.2% respectively (Rubin de Celis 1977). Similarly, in the Ica Valley more than 11,000 hectares were in the hands of 18 companies and just one family held 6,000 hectares. The most noteworthy case, however, was that of Lambayeque, where 0.3% of the properties concentrated 81% of the land (I CENAGRO of 1961) and four sugar *haciendas* (Cayaltí, Pomalca, Tumán, and Pucalá) were owners of 61,000 hectares (Torre 1995): i.e. there was a marked concentration of land ownership.

**Table 15: Land concentration prior to the 1969 agrarian reform**

Chira Valley	11% of the plots occupied 84.2% of the land
Department of Lambayeque	0.3% of the plots occupied 81% of the land
Ica Valley	18 plots occupied 11,000 hectares

As in the rest of the country, in the study zones the military government, which took power on October 3, 1968 after the coup d'état, carried out a radical agrarian reform throughout the 1970s, which expropriated all of the country's *haciendas*. When the agrarian reform process was complete, there were 50 CAPs in Piura, the largest of which had more than 3,500 hectares; in Ica, 48,000 hectares of land that had been part of *haciendas* were allocated to 74 CAPs;<sup>43</sup> and in Lambayeque a total of 42 CAPs were formed on 55% of the lands under irrigation (159,238 hectares) in the department (Torre 1995).

However, several problems of both external and internal origin led to these cooperative companies being unfeasible. In a few years, virtually all of them were liquidated and the members decided to redistribute the land in family plots. In this fashion, the agrarian landscape of the valleys in these departments became dominated by small family farms.

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<sup>43</sup> "Primer Compendio Estadístico Agrario, 1950-1991" [First Statistic Agrarian Compendium, 1950-1991]. MINAG-Office of Agrarian Statistics. Lima, 1992. Table 4.7.

As a result of this dissolution of the cooperatives, by 1994 the III CENAGRO<sup>44</sup> showed that a large number of productive units were smaller in size than 10 hectares and were managed by small individual farmers. In the three departments where the study zones are located, productive units smaller than 10 hectares represented 90% or more of the total (Table 16) and occupied between 50% and 70% of the total surface area.

**Table 16: Study zones – agricultural units according to size, by department, 1994**

Size range (hectares)	Piura		Ica		Lambayeque	
	Agricultural units	Percentage	Agricultural units	Percentage	Agricultural units	Percentage
Less than 3	65,429	58	15,875	49.4	22,439	51
3–9.9	39,492	35	12,919	40.2	17,449	39
10–49.9	7,543	7	2,796	8.7	4,200	9
50 or more	576	1	546	1.7	264	1
<b>Total</b>	<b>113,040</b>	<b>100</b>	<b>32,136</b>	<b>100.0</b>	<b>44,352</b>	<b>100</b>

Source: III CENAGRO, 1994.

As we will see below, the trend towards concentration of ownership occurred after this census was carried out. Sadly, it was also the most recent census undertaken, and as such there is no equivalent information for the period that followed in which the process of ownership concentration began.

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<sup>44</sup> This was the first census carried out after the agrarian reform and it brought together information on the cooperatives that were dismantled and divided into family plots.

# Polarization of land tenure and ownership

Obtaining clear and precise information on the structure of land tenure in the country is a complex task: the 1994 agricultural census was the most recent of its kind, and its results do not take into account a significant part of the process of land concentration that has occurred in the past 15 years. Other sources of information on the distribution of ownership include the Technical Administrations of Irrigation Districts (ATDR), the Agrarian Information Offices (OIA) of the regional MINAG offices, and the organ that is currently in charge of the clearing of barriers to rural ownership in the country (COFOPRI).

However, these institutions' databases tend to be contradictory or inconsistent for various reasons: 1) many of them have not yet registered the large land acquisitions of the past decade; 2) the majority of agro-industrial companies are not registered as irrigation system users, which makes it impossible to establish a registry of them and the lands they manage; and 3) a good part of the uncultivated lands bought by the large companies, and now under production through investment in irrigation works, have not yet been included in the land registries, and as such the statistics underestimate the areas with agricultural potential in the valleys.

Despite this restriction, by cross-checking the information gathered from the institutions mentioned and that which was confirmed *in situ* through visits to a good number of the companies and interviews in the countryside, it has been possible to develop an initial estimate, which we present below.

## The new landowners

The companies that own the large properties in the case study valleys are so few in number that in order to estimate their extent it is more accurate to identify them one by one than to resort to statistical data from the cited sources. Thus, it can be stated that the expansion of large-scale ownership is the central process occurring in the Chira and Ica Valleys. In the Motupe Valley, however, the situation is somewhat different, inasmuch as large properties are much fewer in number and their average size much smaller than those found in the other valleys.

The emergence of large companies in the Chira and Ica Valleys began at the start of the 1990s. In Piura, it was led by a group of Piuran business people, and in neighboring regions by descendants of families traditionally dedicated to agriculture. In Ica, by contrast, the start of the expansion occurred with the arrival of Chilean capital which, in collaboration with local companies and investors, began buying and renting plots of land from small farmers. Nonetheless, with the passage of time and as legal security for private investment in the country improved, these companies began expanding swiftly by purchasing lands that they had been renting as well as others from neighboring farmers. Also, in Piura at the start of the 2000s, following the success of the incursion into the

foreign market by the first companies, new national and foreign sources of capital arrived in the zone, represented by corporations or transnational companies, and began establishing joint venture<sup>45</sup> (shared risk) contracts and, later, acquiring uncultivated lands with irrigation potential auctioned off by the State.

Currently, the big companies in these zones are characterized by owning large expanses of land that have no precedent in the country. In Ica, where there had never been companies that held more than 1,000 cultivated hectares of land, properties are now almost 3,000 hectares in size (the Beta Agricultural Complex and Agrokasa). In Piura, the Maple company exceeds 13,000 hectares and Caña Brava of the Romero Group has around 7,000 hectares, and plans to expand to almost 10,000 hectares.

Additionally, these companies have cutting-edge technology, hold international certifications for their products, and are active in national and international markets. Many of them belong to economic groups that are not only dedicated to agricultural activities, but also control other areas such as fishing, mining, and manufacturing. The most notable case is the Romero Group cited above, one of the country's largest such companies.<sup>46</sup>

Economic links have been established around these companies, new direct and indirect employment has been generated, and some services such as electricity, water, and Internet access have been expanded. Caña Brava, for example, employs 3,000 workers including rural and physical plant staff.

The owners of many of these companies with national capital reside in the city of Lima, while agronomic engineers and technicians live on the large farms. However, they do not develop any sense of connection with the place where the company is based or participate in local social life. Nor do they take on the role of regional elites which some *hacienda* owners had assumed, after a fashion, during the previous era of agrarian reform, when they were interested in the valley's development beyond the boundaries of the land itself. While the emergence of this agro-exporting sector stimulates the economies

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<sup>45</sup> In Peru there are 127 joint ventures (contractual, trade union-related, and under negotiation, only in the agro-industrial, fishing, and tourism sectors), but only three operate in the mixed vegetable sector: Lavaggi, Danper, and Icatom.

<sup>46</sup> The Romero Group is the owner of Alicorp (production and commercialization of food for human and animal consumption); Industrias del Aceite, Palmas del Espino, and Industrias del Espino (production of palm oil and biodiesel); Romero Trading (commercialization and services linked to agro-industrial activities); Primax (commercialization of fuel); Multimercados Zonales (50,000 m<sup>2</sup> of commercial outlets in the food sector); Ransa Comercial (logistics: storage, customs, transport, and shipping company services); Terminal Internacional del Sur (administration of the Matarani Port); Consorcio Naviero Peruano (national and international cargo maritime transport); Trabajos Marítimos (port operations); Textil Piura (cotton thread for export); Compañía Universal Textil (textile industry); Corporación General de Servicios (comptroller and auditing services, legal, accounting, and financial assistance, information systems); Sitel (telecommunication services); Orus (security services); Samtronics (import and commercialization of small electrical appliances), according to its institutional information ([http://www.gruporomero.com.pe/pag\\_003.htm](http://www.gruporomero.com.pe/pag_003.htm)). Additionally, it is the principal shareholder in the *Banco de Crédito* [Credit Bank], the largest bank with national capital in the country. Its investments extend to several countries in the Andean region. In 2005, it set up Prima AFP. In 2006 it acquired 30% of Ambev Perú and Agrícola del Chira. In 2007 it completed the purchase of Digital Way, a telecommunications firm providing wireless connectivity services.

of the valleys where it is based, its presence has not generated the development that many people expected.

In contrast with other study zones, large purchases in the Motupe Valley began in the 2000s. Initially, medium-size properties of 40–50 hectares were purchased, but the process later expanded to the lands of an old *hacienda* which had been expropriated and left more than 15,000 hectares of abandoned, uncultivated land. The possibilities for greater expansion are limited by the ownership of *campesino* communities,<sup>47</sup> and as a result, many companies have opted to buy large expanses of land in the neighboring Jayanca Valley. In other cases, they have partnered with medium-size farmers to buy the latter's produce. The company with the largest amount of land, Gándules, has 500 hectares, followed by A & B with 300 hectares and Sunshine Export with 147. Despite the limitations on larger expansion of properties in the Motupe Valley, in recent years new land purchases have been registered of approaching 200 hectares in neighboring zones.

Another difference makes this case interesting: while the owners do not tend to live on their large estates, those responsible for the estates participate in social activities in the district of Motupe. According to the business people interviewed, being a member of the AAA of Lambayeque has also contributed to their becoming involved in other social works (electrification, equipping the health center, etc.).

According to the regional Agrarian Information Office (OIA), in 2005 there were 7,973 hectares in the Ica Valley managed by agro-exporting companies.<sup>48</sup> Three years later, they occupied 10,588 hectares, equivalent to almost one-third of the valley.<sup>49</sup> The majority, as well as having more than 100 hectares of land, rent small farmers' plots throughout the valley (Figure 3). In the areas of some irrigation commissions, large properties occupy more surface area than all of the small landowners put together.

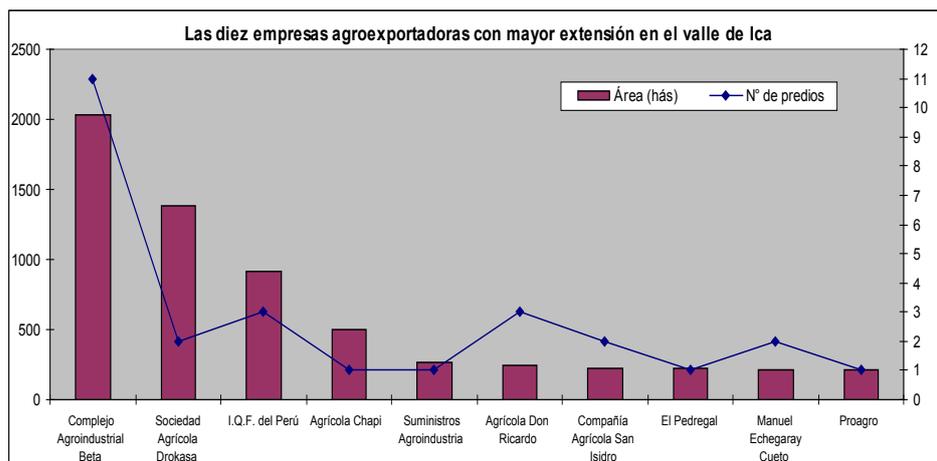
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<sup>47</sup> The purchase of communal lands is not an option for the agro-exporting companies of Motupe, mainly for two reasons: 1) the communities are not divided up into plots and, as such, only have collective land ownership titles, and 2) the division and selling of land is a long and complex process within the communities and frequently is a source of internal conflict. Despite these difficulties, in some areas of the country the *campesino* communities, protected by liberal land legislation, have begun to divide up their lands, which opens up the possibility for a market in communal lands.

<sup>48</sup> Institutional information from the Ica DRA.

<sup>49</sup> This is the minimum area occupied by the companies in the Ica Valley. It could be larger, though we were not able to get to some zones where agro-exporters are based where access is restricted or prohibited. The majority are located in zones where the agricultural frontier is expanding and not even the irrigation commissions are able to enter. The information gathered during the fieldwork was complemented with that compiled by the geographer Anais Marshall for her doctoral dissertation (anaismarshall@yahoo.fr) as well as with information from the directory of agro-exporters that had been initiated by personnel from the Ica OIA in 2006 but was not finished due to the high cost of traveling to large estates in the valley.

**Figure 3: Ica Valley – 10 of the largest agro-exporting companies**



In the Chira Valley, 46,185 hectares are concentrated in the hands of only 10 owners. A significant part of that land is uncultivated (such as the majority of the land owned by Maple) or dry forest (such as the land of COMISA), and as such does not figure in the registries of agricultural land of many official statistics (Table 17).

**Table 17: Chira Valley – large-scale owners**

Owners	Area (hectares)
Talledo Hermanos	300
Sergio Holguín	2,000
Augusto Carpena	450
COMISA	17,000
Camposol	2,500
Lima Agro	280
Héctor Castillo	500
Héctor Valdez	100
Maple	13,500
Elmer Maldonado	110
Garrido Lecca	500
Carlos Pacheco	250
Rancho Bravo	100
Grupo Romero	8,595
<b>Total</b>	<b>46,185</b>

## **Mid-size ownership in flux**

In the zones studied, mid-size ownership would be not very representative of the farmers as a whole in two cases, while in the third it would be more representative.

In the Ica Valley, properties measuring 40–100 hectares cover 2,596 hectares in total<sup>50</sup> – in other words, 8% of the cultivable land. Similarly, in the Chira Valley there are just 89 farmers with land plots measuring 10–50 hectares, who occupy 1,745 hectares in total. Additionally, these farmers are currently going through different processes: some are growing through the purchase of lands from small neighboring farmers, while others are being absorbed by the large agro-exporting companies.

In the Motupe Valley the situation is different. As has been noted, there are not many large properties there, but rather the central group is made up of mid-size farmers, who in the past 10 years have rapidly absorbed the small farmers and, little by little, have consolidated themselves in the zone.

Although there are differences in terms of their relative importance in each valley, in the three case studies the mid-size farmers are made up of two different groups: on the one hand, those who had land prior to the agrarian reform – usually families with long histories in the region – who got around the expropriation process by having less than 150 hectares; and on the other, local farmers or farmers from other regions of the country who in the past 10 years have bought lands from small farmers or other mid-size farmers, and who due to a lack of liquidity were unable to cover the costs of production or were in debt to banks, decided to sell their lands. In both cases, however, the owners or managers of the large estates are involved in local life and their concerns go beyond the positive development of their companies.

In recent years, a particular set of circumstances has led some of these mid-size business people to sell part of their land to the new agro-exporting companies or to partner with them in order to continue producing. Among these factors are the El Niño weather phenomenon of 1998 and the difficulty of paying larger salaries due to the increase in demand for workers by new companies, a point we will return to later on.

## **Small landowners largely excluded**

Despite the expansion of large-scale ownership, small farmers continue to be the main group in the study zones, as in the rest of the country. There are more small farmers and they still control an important portion of the resources. Nonetheless, we have been able to prove that their state of poverty continues despite the changes the three valleys are undergoing, and that they live in the shadow of an agricultural growth that is centered on the promotion of export agriculture and the enrichment of a small handful of people. In general terms, three groups of small farmers can be identified.

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<sup>50</sup> Information from the COFOPRI registry database, 2006.

The *first group* is made up of those who have been able to partner and establish relationships with fair trade networks or other productive projects through local NGOs and, in the case of Piura, with some agro-exporting companies (Biorgánika, Biocosta) dedicated to the commercialization of organic products (bananas in particular). Farmers have little capacity for negotiation with the companies and there exists no type of State intervention in their favor. Contracts are signed individually and tend to be for periods of five years. The contracts establish the quality rules for production, the type of technology that will be used, and prices. If the contract specifications are not complied with, the company can reject the product.

This group has a fixed market and has achieved positive results by improving its production and the quality of its crops. Nevertheless, many of them feel dissatisfied with the profits obtained from agreements with the companies, and as a result have sought to become independent and to find their own markets. However, this is a difficult step because the companies are the ones with the organic certifications that are needed for accessing better markets.<sup>51</sup> According to interviews conducted, organic banana production is barely profitable and obtaining certification is very costly; it is for that reason that farmers have little alternative to continuing to work under the conditions dictated by the large companies. At least, they explain, they are able to recoup their initial investment and have some profit margin.

The *second group* is made up of unattached, traditional small farmers. Many of them are former members of cooperatives engaged in the cultivation of rice in Piura, cotton in Ica, and fruit trees such as mango in Motupe. They tend to sell their produce via local markets, millers, or intermediaries who stockpile goods. Normally, the prices they receive for their products are very low, although prices triple in the next link up the chain. This group has serious problems in covering its production costs and does not receive support from any public or private program. For this reason, and faced with the arrival of the agro-exporters, many have already opted to rent or sell them part or all of their land and to work as laborers on their own or other farms.

The *third group*, the poorest and most vulnerable, is made up of farmers who own parcels of land that are no larger than one hectare in size and who cultivate subsistence foodstuffs. Many tend to be laborers for other farmers or temporary workers for large companies during the planting or harvesting seasons.

In the three valleys, the number of small landowners is high in relation to the area they cover. According to information from the Piura OIA, in the Chira Valley 90% of them, or 12,141 farmers, own plots measuring less than three hectares, which together cover 17,571 hectares. This group has areas that are so small that it is difficult for them to support their families. Likewise, there are 1,258 farmers with plots ranging from three to 9.9 hectares and occupying 6,600 hectares. Considering that there are around 72,000

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<sup>51</sup> To date, only the Piura Central Office of Organic Banana Producers (CEPIBO) has received its organic certification and successfully exported its products.

hectares<sup>52</sup> in the valley, the 24,195 hectares belonging to small farmers represent 34% of the valley's land.

In the Motupe Valley, 84% of farmers own lands measuring less than 10 hectares and covering 4,333 hectares in total, which represents 38% of the valley's land (Table 18).

**Table 18: The Chira and Motupe valleys – agricultural units smaller than 10 hectares**

Valley	Agricultural units (number)	Size (hectares)	Average plot size (hectares)
Chira	13,399	24,195	1.8
Motupe	1,334	4,333	3.2

In the Ica Valley, small landowners, especially *minifundio* owners who have less than three hectares (the majority of it under irrigation), make up the main group. They own around 15,000 hectares, almost half of the valley.<sup>53</sup>

The data presented herein thus far permit us to conclude that in these valleys there is a bimodal structure: the majority of the land is in the hands of a few large landowners, generally private capital, and a small portion is in the hands of many small landowners.

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<sup>52</sup> This information from the Piura OIA does not include the total area owned by the large companies. This underestimation can be explained because State studies and statistics consider a significant portion of the large companies' lands to be uncultivated lands and not for agricultural use.

<sup>53</sup> Information from the COFOPRI registry database, 2006. It is possible to presume that, given the expansion of the agricultural frontier during the past four years, the percentage of ownership among small farmers in relation to the total land under agricultural use would be less.

# The paths to land concentration

As has been indicated, the process of land concentration in the study zones began at the start of the 1990s, after the government oriented its economic policy toward liberalization of the markets and began to promote private investment in the country. Nevertheless, during the past decade the concentration of land has increased considerably. For example, in the Chira Valley, out of a total of 16 land transactions registered between 1994 and 2008, 12 took place between 2006 and 2008.<sup>54</sup>

What is happening is not restricted to the acquisition of properties through buying and selling in the land market. It also includes access to and control over vast tracts of land through renting from small farmers and the acquisition of uncultivated lands auctioned off by the State, among other mechanisms of access. Below we discuss the various methods utilized by large agro-industrial companies to control land.

## Purchase of land from small landowners

In both the Ica and Chira Valleys, the most important form of accessing land has been the sale of properties owned by small farmers – mostly from the group of former members of CAPs formed during the agrarian reform process – and Agrarian User Cooperatives (CAU) constituted at the outset of the land division process. The reasons for the sale of land are the same in both study zones: lack of capital to deal with fluctuations in crop prices; increases in the costs of production; the high cost of accessing groundwater in the case of Ica<sup>55</sup> and of maintaining irrigation infrastructure; negative effects of climatic events, particularly the El Niño phenomenon; and widespread indebtedness to private banks and various types of credit entities. These problems, relatively common to all small farmers in the country, could also be understood as a lack of public policies of support for this sector, including the absence of agrarian credit services, technical assistance for production, adequate irrigation infrastructure, plans or insurance against the risk posed by natural disasters, etc.

Faced with their precarious situation and seeing their land become endangered by mortgage foreclosures, many of the farmers see selling their land as an option. This has coincided with the arrival in the valleys of domestic and foreign investors, who have resources and State support; the increase in the price of land is due precisely to the increase in demand for expansion of their ownership. This has resulted in 36,150 hectares

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<sup>54</sup> The information on transactions in the Chira Valley between 1994 and 2008 was obtained by Giannina Pastor during the fieldwork carried out for this study. In the total area transferred, 53,589 hectares, a given plot may have been counted more than once if it was transferred more than once, which would result in an overestimate of the real surface area.

<sup>55</sup> In the Ica Valley, 80% of the cultivated area is irrigated with groundwater extracted via electric motors, whose energy is the most expensive in South America. Whether or not the contracted energy is consumed, a fixed cost of USD 100–200 monthly is charged depending on the size of the motorized pump. Additionally, when the well is activated the effective consumption is charged. Costs are almost quadrupled when the wells operate with motors running on oil.

of land being sold by small farmers in the Chira Valley – 67.4% of the total between 1994 and 2008. Of this land, 13,600 hectares have been acquired by just five companies in recent years (CEPES 2009). In recent years, 9,715 hectares have been sold in the Ica Valley to just seven companies (Table 4).

In the Ica Valley, an example of what is happening is provided by the old cooperative members of the Pueblo Fuerza Armada CAP. During the agrarian reform process this cooperative, located in the district of Santiago, had 736 hectares. Following its dissolution, the land was distributed in plots of nine to 11 hectares each among the 52 qualifying members and 300 hectares were left as communal land. Little by little, the difficulties of the former cooperative members in covering their production costs led much of the land to be mortgaged. During the 1990s, these plots were auctioned off by the financial entities to which the farmers had become indebted. The buyers were mainly corporations, economic groups dedicated to various areas of production, or joint ventures, of both domestic and international capital. Lastly, an investor that had already obtained land from the old Santa Margarita CAP bought the 300 hectares of communal area. As happens in the majority of cases, the sellers of these lands became workers for the new companies on their old plots or they abandoned their agricultural work altogether and migrated.

### **Purchase of land for expanding the agricultural frontier**

A second mechanism of ownership concentration is the sale of lands from expansion of the agricultural frontier, resulting from irrigation works financed by fiscal resources. Transfers are carried out by means of public auctions or private initiative. In the case of public auctions, a specific plot is offered that may be bought in part or in full by the interested bidders; but it can also happen that a company or a private association which has identified an area takes the initiative to buy it, and because of that land prices vary and each negotiation is done on an individual basis.

The requirements for accessing these lands are such that they exclude small investors and, even more so, small farmers seeking to expand their land area, because interested parties must take on minimal investment commitments for putting uncultivated lands to work and installing irrigation infrastructure. Such costs are extremely high and are for periods of time of no greater than five years. These commitments can only be carried out by large national or transnational companies. According to the manager of the Special Chira-Piura Project (PECHP): "What the State seeks is the investment, attracting companies with capital in order to energize the regional economy."

In the Chira Valley, the State sold 16,700 hectares with water access in the space of 10 years to both domestic and foreign private capital thanks to the PECHP. The principal purchases, both in 2007, were made by the Maple company, amounting to around 10,000 hectares, and by the Romero Group for its Caña Brava project, involving nearly 4,000 hectares. Both were dedicated to the production of ethanol.

In the Ica Valley, there has been a considerable expansion of the agricultural frontier: between 1990 and 2006 it expanded by 20,085 hectares.<sup>56</sup> It is ironic that these lands, to which small farmers never had access due to a lack of resources to guarantee irrigation, were later, after being acquired by the large companies, the first to have cutting-edge irrigation systems throughout the valley. In addition to these lands were cultivable lands which were left fallow and later abandoned by small farmers or sold to the agro-exporting companies following the 1998 El Niño phenomenon.

In the Motupe Valley, acquisitions of uncultivated lands were made at the start of the 1990s by business people who began to dedicate themselves to non-traditional crops. Currently, there are no more uncultivated lands available, except those owned by *campesino* communities.

Putting uncultivated lands into production in both the Chira and Ica Valleys has meant a significant increase in demand for irrigation water, which has reached critical levels in terms of its availability. Despite the grave nature of the problem, PROINVERSIÓN, the public entity charged with auctioning off State goods such as uncultivated lands, still has 249 files on the direct allocation of uncultivated lands in the Ica Valley that remain outstanding. This means that the agrarian frontier in the valley continues to expand without any mid- or long-term order or plan for preserving its water supplies. The president of the regional government of Ica, Rómulo Triveño, has declared: "The expansion of the agricultural frontier is a problem because year after year the groundwater sources are exhausted and this harms soil quality. As long as Ica does not have reservoirs for the waters of the Choclococha and the Tambo-Ccaracocho, uncultivated lands should not be permitted to be put into production." We will return later to the problem of water scarcity.

### **Purchase of land from *campesino* communities**

Although they are exceptional cases, it is interesting to note that in the Chira Valley 290 hectares of communal property have been sold. However, for many companies and investors, the purchase of communal lands is not a good option. In the case of the Motupe Valley, for example, the business people interviewed noted that committing to the purchase of communal lands could result in larger transaction costs.

This reticence is understandable: *campesino* communities' ownership is collective, as they hold a title in the name of the entire community, and so this land would have to be individually divided and titled in order to allow land transactions to be carried out. Despite the fact that at the start of the 1990s the liberal shift in land legislation permitted communities to sell their lands, this remains an incipient process in the country. Many factors have worked to produce this situation: the still considerable number of communities that do not even have a communal title completely free of encumbrances; the huge

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<sup>56</sup> Information from the COFOPRI database from 1990 to 2006.

degree of misinformation among community members regarding what is and is not permitted on communal lands; and, above all, the conflicts generated within communities when they discuss the advisability or not of dividing up their lands. Thus, the division and selling of lands is a very complex process within communities and a sure source of internal conflict.

Despite these difficulties, we know that in some zones of the country, as has happened in the Chira Valley, there are groups of community members who have managed to sell their plots. Many of these sales have been linked to the arrival of extractive companies and to fraud or bad management on the part of communal authorities. It would not be surprising if, faced with demand for new land and pressure from other external agents such as agro-exporting companies, this process were to accelerate.

### **Purchase of land from mid-size farmers**

As has been pointed out, the financial problems of some mid-size farmers due to the El Niño phenomenon and the increase in the cost of labor have led them to sell their lands to the new large companies.

In the Chira Valley, the sale of 170 hectares to subsidiary companies of large economic groups and to foreign companies has been registered (0.3% of the land sold to large companies). In the Motupe Valley, transfers of land from mid-size farmers have been significant. According to the information gathered, this group has been seriously affected by climate change, and crops such as mango have been completely lost as a result of the increase in temperature in the valley in the period between 2006 and 2008. Consequently, many mid-size farmers went bankrupt and their farms were seized by the banks or are currently for sale. These are the properties in the zone that have been changing owners for years.

### **Purchase of land from financial entities**

As we have noted, small and mid-size farmers who went bankrupt saw their lands seized by credit and financial entities. For example, in the Chira Valley, around 300 hectares have been registered as sold by means of the execution of securities of defaulting small farmers.

### **Land rental**

Land rental in some zones is a no less important way than direct purchases of concentrating and controlling land. Thus, in the Ica Valley the agro-exporting companies' practice of renting parcels of land from small farmers has become widespread, especially in the districts of Subtanjalla, Los Aquijes, and Santiago.

The size of rental plots is small (between two and five hectares); therefore companies seek adjoining plots or at least ones that are near each other. This results in rented lands covering entire sectors, such as is the case of farms located in the zone of the old Santiago CAP. Many of these have been rented or bought by the Ica Pacific and Northbay

companies, both of which are linked to Agrícola Athos, which has more than 1,000 hectares on Peru's coast.

The rights granted to renting companies are many. The contracts that we were able to review in the Ica Valley define renting as: "...[A]ll of the uses, customs, servitude, existing services, the rights to the use and enjoyment of gravity-derived water and the use of groundwater and all of its infrastructure, and in general all of which corresponds or could correspond to them *de facto* or *de jure* without any reservation or limitation." These contracts normally last 10 years; in 2008, the annual fixed rate was USD 600 per hectare.

The conditions under which contracts are signed and rents are paid by companies to the owners have been very similar since 1998. Nonetheless, as recently as 2008, two farmers received USD 1,000 in rent per hectare per year. This occurred thanks to the fact that they received specialized legal assistance, something to which farmers do not tend to resort. One of them affirms: "All of them focus only on the check ... I was a bit more distrustful. Before entering into negotiations with the company I asked for the contract and I immediately sent it to a trusted lawyer so that he could take charge of it all and finalize the contract. That is why I was able to ask for USD 1,000." However, five months after having signed the contract, these same two farmers have still not received copies of the signed documents.

Beyond the conditions in which contracts are signed, for a good number of small farmers renting is the best alternative in the face of the financial difficulties they experience. For this reason, many of the farmers interviewed value the rental system. In the words of one member of the farmers' association of Macacona, who has rented 80% of his lands to others: "We are satisfied with this rental system. Additionally, if you want, they give you work on your own plots. As long as there is an opportunity, this turns out to be more profitable for us because the intermediaries used to pay us less for our produce, they paid us badly. Just like this, alone, it is very expensive to work in agriculture, and even more so in agriculture focused on export crops."

With regard to this, another farmer states: "I recently rented my land in March of this year [2008] for 10 years. In reality, I had planted one hectare of asparagus but there are many costs: labor, fertilizer, insecticide, and I didn't have enough money, I paid for all of it with a loan and my debt grew. On another hectare I had cotton and I sold several 100-pound bags [*quintales*] to the Inersa company and it paid me extremely little ... As a result, I ended up owing the rural savings and loan association [*caja rural*] nearly 8,000 soles [USD 2,800], and so I had to find a solution. As there were parties interested in my three-and-a-half hectares of land, I rented it to Ica Pacific. This is better, as I was able to pay off my debts and now I will no longer work for nothing without profiting."

For the farmers who rent their lands, selling is not a preferred option even after having rented it out, as ownership is a way to ensure an income and avoid taking on risk. A small farmer from Macacona maintains that:

“Having a plot of land provides many more benefits than selling it, because we receive income from various sources: rental income, the grapevines on the borders of the plot,<sup>57</sup> the water,<sup>58</sup> and daily wages for, additionally, working for the renter. If we were to sell it, what has happened to so many people will happen to us: you sell it and you receive a good quantity of money, but since you don’t know very well how to invest it, it goes badly for you ... In general, those who sold their lands returned to work as laborers and now have even less.”

Despite the fact that small farmers view renting their lands as a form of obtaining income, this option does not permit them to escape their poverty, access new technical knowledge, or accumulate capital in order to later work their land under better conditions. As one farmer in the zone put it:

“I feel that renting brings you benefits as long as you know how to manage the contract. I see many of my colleagues who have been renting their land for years now, but it is not benefitting them at all. Moreover, they have become laborers for the company. It pays them but they do not manage to improve their lot, the company doesn’t even provide them any training.”

To sum up, the sale of lands by small farmers and the proliferation of rented lands can be explained by the following two reasons: 1) the new demand for lands by large agro-industrial companies, and 2) the precarious situation faced by farmers due to agriculture lacking any State help and being developed on the margins of the process of expansion of the large companies. The philosophy of the spoiler (“the orchard keeper’s dog” or the dog in the manger) cannot be illustrated better than in the rental situation: those who previously controlled lands which, due to their poverty, did not generate large incomes are now, without their poverty having been alleviated, seeing their same lands producing profits that they never imagined, starting from the grapevines on the plot borders.

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<sup>57</sup> The companies permit the owners of the rented lands to maintain grapevines on the borders of their lands as a form of “living fence”; the owners normally sell the grapes in local markets.

<sup>58</sup> Part of the contract established with the company that rents the majority of the lands of small farmers in the zone was the electrification of a well, the cost of which was then discounted from them in portions over a period of two years. Now that the well is financed, the small farmers sell water to the company that rents their lands.

# Effects of the concentration process

Lastly, let us look at the social and political effects of the new concentration on the study zones.

## **From small farmer to laborer in a transnational company**

One of the effects that we consider to be central in the process of land concentration during the past decade is the change in the condition of small farmers who have gone from being the owners of their own lands to being laborers on the same land. As we have seen, faced with agriculture being less profitable, a good number of small farmers who had been beneficiaries of agrarian reform have opted to rent or sell their lands to large agro-industrial companies. In both cases, but particularly when lands are rented to others, the farmers become laborers on their own lands. In land sales, there are also many cases in which the sellers completely abandon their agricultural activities and migrate to the cities.

The salaries of these new laborers for agro-industrial companies are not, according to those we interviewed, sufficient to ensure the quality of life of their families. Nonetheless, many of them are satisfied because, in contrast with farming, at least they have secure, fixed incomes which permit them to pay off their debts. According to a renter from the Association of Small Farmers of Macacona: "We are affected by not being able to manage our plots, because we have become workers, laborers, and we are badly paid." Another farmer from the same organization qualifies this: "But at least we have secure income and we do what we know how to do." According to the president of the Association of Small Farmers of La Viña, "Now we have practically passed [from being owners] to being workers. Imagine. With the law on the promotion of private investment and the promotion of export agriculture, the business people even have incentives. Meanwhile, our salaries are very low and are not enough for the family's needs."

There are some differences between those who rent their lands and those who sell them, as the latter find themselves in a situation of greater vulnerability. Those who rent have the possibility of regaining their land after the expiration of the contract, whereas many of those who sell their land do not expect to return to agricultural work and invest their money badly or are not able to find alternative activities, and as such have to return to the countryside as landless workers. The words of Adolfo Daniel Casavilca Araujo, a small farmer and former member of the Pueblo Fuerza Armada CAU, are eloquent: "Life is so sad for those who sold their lands; they leave at 4 a.m. and return at 4 p.m. Can you imagine? They have no other choice because now they have nothing, they just barely have enough and they have to work."

An additional element to consider in this change in the status of small farmers is their self-esteem. Those who were members of the cooperatives, many of them leaders at the time of the agrarian reform, have been affected by the new asymmetric relationships produced by rental and labor contracts. Small farmers have become insecure. Only those

who belong to farmer associations choose to negotiate jointly in search of better conditions.

These opinions contrast, however, with that of the president of the Ica regional government, Rómulo Triveño, who feels that "...small farmers do not practice modern agriculture, they do not work their lands adequately. Rather, they are poor people with tenure over land they do not take advantage of for lack of knowledge and resources. Better that they rent or even sell it; I know that there are zones where a hectare fetches up to USD 15,000." For that reason, he has not considered launching any rural development program or system of agricultural extension to help the valley's small farmers. It appears that he is convinced that the large agro-exporting companies will generate development in rural areas. And if they are foreign, even better: "In Ica there is business freedom and it is better if the companies are foreign, as they will invest more; they are the ones that can finance profitable agriculture and they provide employment to small farmers who do not have income."

### **From mid-size farmer to investor**

Although it is a less difficult process than that which is being experienced by small farmers, it is also important to consider what happens to mid-size landowners and the owners of small agricultural businesses. As we have seen, there has also been a significant exchange of land triggered within mid-size properties, part of which have been absorbed by large agro-industrial companies as a result of debts contracted with the banks. However, many mid-size farmers have partnered with the large companies, becoming investors in them along with others, both domestic and foreign.<sup>59</sup> In this fashion, while the farm itself disappears, the former owner stays involved as a partner of a large company.

This practice of mid-size properties changing hands has modified the concept of the mid-size owner previously described: someone who lived on his/her own plot and participated in local activities and concerns. A small farmer interviewed in the zone of Macacona sees it thus: "The types of business people have changed greatly; they are no longer the families of the *hacienda* owners. Now most of them are transnational companies or companies with members who we do not see, nor do they come here. The one who is always here is the overseer, an engineer or a manager."

This assessment coincides with that of State officials. A high-level female official of the Ica OIA affirms: "The business people have changed. Now they seek to take advantage however they can of the competitive benefits. They are always devising ways to attain greater profitability, innovating and trying new crops. The companies are managed differently, they bring specialists. No longer are 100% domestic business people the ones who make up Ica's agro-exporting sector."

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<sup>59</sup> In the case of Ica, the new investors and many of the new companies are mainly of Chilean origin.

The national partners of the agro-exporting companies acquire an ownership share sufficient to exercise a certain degree of control over it. Likewise, they aim to maintain a fixed income in return for their participation. As explained by Jorge Checa of Agrícola Athos, "We are linked to six companies and in each one we have a share of between 8% and 100%. We participate in certain decisions and supervise a series of activities."

Currently, the agro-exporting companies in Ica represent an "enclave economy" in the valley which has no organic relationship with Ica's social and cultural environment. In fact, the headquarters of these companies are located in Lima and exercise their power over the central government as needed.

This change from family business to joint venture (shared risk) company, corporation, and other modalities is an issue that needs to be studied in order to obtain an in-depth understanding of the social impact it generates. Beyond such studies, some business people feel that this change can only benefit the valley and the country. "The development of the rural areas will occur forcibly. Driven mainly by the investors. The investors are the focus for growth," declares Jorge Checa.

What is clear regarding all of the traditional actors who participated in agriculture – especially the small, medium, and large farmers – is that when their lands have been bought or absorbed by consolidated economic groups or transnational companies, or have incorporated new partners, they have lost their autonomy. There are marked relationships of subordination, above all experienced by small farmers who rent their lands to large companies and sometimes to mid-size farmers. This also goes for the mid-size and large companies that are transformed into subsidiaries of the economic groups or are incorporated into transnational companies, which in general diminishes their decision-making capacity and limits their participation in the management of the company.

## **The problem of water management and depletion**

On the Peruvian coast no agriculture is possible without access to river water or groundwater, as it does not rain there. The administration of water for agrarian use is done through commissions of irrigators (*comisiones de regantes*) formed by the farmers themselves grouped into user boards by valley or basin.<sup>60</sup> Their importance lies not only in their management of the water, but also in the fact that, in the absence of other organizations in rural areas, they are platforms for coordination and representation for many of the country's farmers. Similarly, thanks to them, it is possible to maintain a registry of farmers and their lands that is updated with a certain degree of regularity.

In the three valleys studied, the administration of irrigation water is managed by the Board of Users of the Chira Valley in Piura; the Boards of the Ica River and the La Achirana

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<sup>60</sup> There are 112 of these boards throughout the country, which in turn make up the National Board of Users of the Irrigation Districts of Peru (JNUDRP).

Irrigation Subdistrict in the Ica Valley; and the Board of Users of Motupe in the Motupe Valley.

The new large companies in these valleys are within the boards' irrigation jurisdictions, whether because of the location of their properties or the lands they rent from small and medium farmers. Despite this, their participation in them is practically nil. In Piura, for example, most are not registered and in Ica they do not use the water administered by the boards, as they supply themselves mostly from groundwater obtained from wells. Their scant participation in these organizations means that these agro-industrial companies are not involved in the problems of the valley's farmers. Additionally, because of this it is not possible to maintain a complete registry of the valley's lands or of the control of water use by the companies.

According to our interviews with irrigation authorities, the declining availability of water in the three study zones in the valleys is a constant problem. There are various causes of this: natural phenomena, over-exploitation of water by intensive modes of production, lack of maintenance of irrigation infrastructure,<sup>61</sup> and an increased demand for the resource due to the expansion of the agricultural frontier by agro-exporting companies. In Ica and Lambayeque this has resulted in the rapid increase of drilling for the extraction of water from the subsoil, to alarming levels. In Lambayeque, for example, the number of wells grew from 800 at the start of the 1990s to 2,193 just 10 years later. Those most affected by this situation are the small farmers who have seen water levels for their crops drop. Due to their limited financial resources, they have less opportunity to access water via the construction of wells.

In 2005, the grave nature of the situation in Ica led agro-exporters to form the Commission of Groundwater Irrigators in the Ica Valley (CRASVI). Its objective was to ensure water sustainability and to carry out joint actions to recharge the valley's aquifer; however, the association has still not carried out any action to date. In practice, each company has opted for individual initiatives to ensure water on its land. For its part, the regional government of Ica and MINAG (through the ATDR) should oversee the valley's wells, but that responsibility has also not been assumed in full.

In Lambayeque there has also existed since 1991 an organization that brings together groundwater users: the AAA. In contrast with its Ica equivalent, this organization brings together small and mid-size farmers as well as large business people. Its work is positive because, as well as maintaining a registry of groundwater users in the valley, it carries out agricultural extension activities and some social work in the valley's towns. This organizational capacity, however, does not remove the problem of the reduction in irrigation water. Thus, in 2007, MINAG vetoed the granting of new licenses for groundwater use in six districts in the valley by means of Ministerial Resolution 543-2007-AG.

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<sup>61</sup> The clogging of the Poechos Reservoir is particularly serious, as 13,583 sq km of cultivated land in Piura depends on it, and in 2004 it was already operating at only 45% capacity.

Lastly, in Piura the situation is far from being ideal. As we have seen, in May 2007 MINAG declared the water to be exhausted in terms of granting new licenses in the Chira River basin. This occurred a few days after it had granted Maple and the Romero Group nearly 15,000 hectares for the planting of ethanol inputs.

## **Rural governance: from the State to business managers**

Relationships between the various actors in the study zones, particularly in the cases of Piura and Ica, have changed greatly during the past 15 years. This can be explained to a considerable degree if it is considered that, while the State is ever more absent in attending to the needs of the citizenry, the private sector in the field of agriculture has been consolidating itself and has begun to fill the gaps that have developed.

On many occasions, the requirements of small farmers for basic infrastructure works that would permit them to carry out their agricultural activities better are not met by the State. Nonetheless, these same works can be executed without few problems by agro-exporting companies that independently receive permission from the district municipality or the central government to build channels, vehicle-accessible paths, or asphalted roads. These works, however, are carried out in order to meet the individual goals of each company and not due to concern or as part of a collective plan on the level of the valley, province, or region.

The reason for the postponement of investments in roads or irrigation infrastructure is their cost; due to their size, the municipality prefers to restrict itself to social expenses. Consequently, the concessions or search for investment commitments from agro-exporting companies present in the zone are alternative ways to get the required infrastructure. Sadly, in practice many of these investment commitments lead to the privatization of roads, channels, and water catchments.

According to small farmers interviewed in the Ica Valley, the district municipality did not respond to their repeated requests for action on irrigation infrastructure works. The interim president of the old Santiago CAU, Sixto Almidón, notes:

“The zones most impacted by the El Niño phenomenon needed their water catchments fixed. We sent official letters and asked the municipality for support, but the district mayor always said there was no budget for that. But that wasn’t so expensive. When the farmers who were affected by not having water on their lands decided to sell, the new owner in a few weeks had the catchment fixed.”

In the case of the Santiago district in the Ica Valley, where the largest agro-exporting companies are located, a representative of these companies is charged with maintaining relationships with the municipality in order to carry out activities. However, there are few companies that, beyond their fiscal responsibilities, establish contact and participate in or support other activities in the district. The district mayor, Ismael Carpio, explains the situation in these terms:

“The majority of the companies in the zone pay taxes but that’s all. The payment of property tax [*autoavalúo*] by the agro-exporting companies goes up to some 600,000 *soles*, a significant amount. The small and mid-size farmers tend not to pay it. Only some companies such as Agrícola Chapi, Agrícola La Venta, Agrokasa, and Athos and their related companies provide other types of assistance to the district. It is also hard for me to believe that the rest do not support their districts more and that they sell resources outside them.”

It has also not been possible to consolidate a network for collaboration to deal with the problem of reduced water availability, an issue that is the responsibility of both the large companies and mid-size and small farmers. On the contrary, each group has chosen to continue on its own path in terms of water use and relations with the State regarding its distribution. The only degree of participation that has been reached has been with the agro-industrial companies in the Ica Valley (particularly in the Villacurí zone), where there are attempts to join forces individually and to obtain better results in dealing with drought, reductions in the level of the water table, or projects to recharge the aquifer. Similarly, in the Motupe Valley coordination exists between farmers and companies by means of the Lambayeque AAA.

We should point out that companies tend to independently provide support without informing the municipality, installing electricity and in some few cases water and drainage systems in towns or settlements near their estates. Other mid-size companies have supported *wawawasis*<sup>62</sup> for working mothers at their plants.

The general impression is that there is no significant interest on the part of companies to establish relationships with State entities, as they are directly connected with the central government. With respect to this, the President of Ica Region states: “Each large group lives its life and does not support the solving of Ica’s basic problems. For example, many companies helped out for one or two months after the earthquake, but by December 2007 no one was willing to work with us. Each company took care of their own and the most they did was to help the villages of their workers, and that was it.”

The rest of the public agencies present in the Ica Valley (the Ica DRA, the Ica OIA) have occasional relations with representatives of the agro-exporting companies; but that has not prevented the companies’ capacity for influence from growing during recent years. Usually, their capacity for extending time periods, granting licenses, authorizing roads, etc. is carried out through State offices in Lima, where the majority of the agro-exporting investors and partners live and take advantage of the limited transfers of competencies from central government to the regional and local governments.

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<sup>62</sup> A State social program that fulfills functions such as being a children’s nursery, among others, especially in towns with poverty or extreme poverty. The *wawawasis* (“children’s houses” in Quechua) are managed by mothers themselves in each location.

## Effects on the population and services

Another effect of the presence of agro-exporting companies in the study zones is the increase in the number of wage-earners. In the harvest season, the number of workers tends to increase considerably and even small farmers who decide to rent their lands in many cases become waged workers for the renting company. For example, MINAG states that the Ica valley has full employment, especially in the Villacurí zone.

These waged workers are employed by the same agro-exporting companies or by service-providing companies, known as “services” (contractors). In Piura, for example, agro-exporters of organic products opt to contract personnel who are specialized in harvest and post-harvest work, generally through these service companies. With different degrees of formality, the contracting companies mobilize and sell local labor. The common practice is that the company pays the contractor for the services rendered and then the contractor in turn pays the workers’ salaries.<sup>63</sup> These latter can be small subsistence farmers or locals engaged in other activities who need various sources of work, such as artisans, painters, etc., or unemployed people. Additionally, they are subject to a discriminatory labor system: only half as much compensation and vacation pay as compared with the rest of the private sector.<sup>64</sup>

By increasing the demand for labor, the temporary population also increases for a period of four or five months in the sowing and harvesting seasons. In the Ica Valley, at the end of the period of work for the agro-exporting companies, this population stays permanently to look for other ways of obtaining an income (non-rural income). They tend to stay in rural villages near the estates; for example, in the district of Santiago the number of houses has grown from six to 32 in just five years. According to the district mayor, Ismael Carpio, “There is almost full employment and now we need a larger labor force. Another sector of the district, San Antonio, had 15 houses in 2000 and now has 300.”

The principal problem of this proliferation of rural villages is the lack of basic services for the populace. While some agro-exporting companies support the zones where their workers live through the provision of electricity, the majority of villages in both Piura and Ica lack water and drainage systems. For the district mayor of Ica, “Since the mining companies came to Santiago, we have received more money, and so with it we are going to try to improve the well for the southern part of La Venta and in that way will resolve one part of the water problem, in order that it not be rationed and everyone in the district can have access to this service.”

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<sup>63</sup> These “services” are frequently criticized in Peru because their employees tend to work subject to insecure salaries and without having labor rights such as vacations, an eight-hour workday, social security, etc. The “services” are the result of labor deregulation initiated by Fujimori in the 1990s. They have captured 80% of the large and mid-size companies and, according to the National Superintendent of Tax Administration (SUNAT), in 2005 there were around 3,000 of them operating throughout the country ([www.larepublica.com/node/46934](http://www.larepublica.com/node/46934)).

<sup>64</sup> This system was created by D. L. 885 and should have been in force until 2006, but Law 27360, enacted in 2000, extended it until 2010 and within the legislative measures of compliance with the FTA, Law 28810 extended it anew until 2021 (CEPES 2009).

As can be appreciated, local authorities have great expectations regarding the presence of agro-exporting companies within their jurisdictions, as they consider them to be a factor in income generation. For district works, in the case of mining, tax provides a fixed income. The companies, by contrast, do not have to provide the district with a percentage of their sales, production, or profits, but rather their contribution is determined by the nature of the relationship that they establish with the local government.

# Final thoughts

When D. L. 02 ended the agrarian reform process in 1980, nobody imagined that 30 years later we would return to the days of land being concentrated in just a few hands in Peru. At that time, small-scale ownership in the countryside was the main form of tenure in the country. Nevertheless, as we have seen throughout this study, the concentration of land by large companies is currently an undeniable fact and the new properties hugely exceed the expanses of land held by the large *haciendas* that existed prior to the agrarian reform.

This new land concentration began after the governmental policy shift toward opening and liberalizing markets at the start of the 1990s. The promotion of private investment, the absence of the State in terms of support to small-scale farming, and the reduction of *campesino* and indigenous community rights to their territories have been some of the government measures that have made this concentration possible in its current dimensions.

In contrast to the land concentrations in the first half of the 20<sup>th</sup> century, those in the 21<sup>st</sup> century are not only for the agricultural exploitation of land; rather, there is now a new interest in the exploitation of other natural resources such as hydrocarbons, minerals, and timber from the forests. The combined occupation of land for all of these purposes has reached excessive levels of more than 60 million hectares, considering the areas granted in concession. In terms of agricultural exploitation, the area occupied by about 30 companies is one-third of a million hectares, while in the case of hydrocarbons 44 million hectares are held by just 13 oil companies.

Land concentration should not be considered as simply the acquisition of property, but also in terms of other legal concepts which allow for the control of the resource and which grant ample rights to its use and exploitation. Such is the case of land concessions and rentals. The rights that extractive companies obtain through concessions overlap with the ownership rights of small farmers or indigenous communities, and as a result the owners of the land end up being dispossessed of their territories. In the case of land rental, as has been seen in the case studies, contracts are signed for prolonged periods of time, giving the companies control over the land, water, and infrastructure thereon for many years.

It is important to distinguish the companies that are concentrating land according to their fields of activity, as their areas of intervention and effects on local populations differ. These are agro-industrial companies, settled on the Peruvian coast; mining companies, located mostly in the mountains and to a lesser degree on the coast; hydrocarbon companies in the forests and in some cases on the coast; timber extraction companies in the Amazonian region; and companies dedicated to the production of inputs for biofuels on the coast and in the forests. With these distinctions having been made, let us look at the characteristics of each sector.

In the case of the agro-industrial companies, the concentration of land has been carried out essentially through the acquisition of lands sold by the State; in other words, uncultivated lands with irrigation potential and the properties of former agrarian sugar cooperatives. With respect to uncultivated lands, acquisition and concentration have not meant the mobilization of the local populace or the loss of small farmers' lands. Nonetheless, they have translated into the marginalization of thousands of farming families who have been denied the possibility of accessing these lands by the high costs imposed as an investment commitment. Such families survive in the shadows of the large agro-exporting companies.

Second, the agro-industrial companies have grown through the purchase and rental of small landowners' lands. If the quantity of land acquired in this fashion is evaluated in relation to the sale of State lands, it might appear that there has been less impact on small farmers. However, while it is true that an important land market has yet to develop in the country, this assumption would be mistaken. In this case, the impact of concentration should not be thought of in terms of the number of hectares, but rather the number of farmers involved. As we have seen in the case studies, the purchase of more than 20,000 hectares of land by large companies in the Ica and Piura Valleys represents the land of at least 7,500 small farmer families.

We should also note that both the sale and the rental of lands – actions normally carried out based on their owners' decisions – must be understood within the context of strong commercial pressure on land, the permanent crisis of small-scale agriculture, and a State that is absent in the development of policies of assistance for this sector. As such, the sale of lands becomes the only alternative for many farmers, for example those faced with the seizure of their land as payment of their mortgages, which in this sense becomes a forced sale. Also, following the sale of their land, it becomes very difficult for many farmers to find different work to do: they spend the money they have earned little by little and, finally, they must return to work as laborers on their neighbors' lands or on the very lands they previously owned.

We should point out that although a significant number of small farmers go from being owners to being laborers on their own lands after renting them to others, this is actually a better option than selling their land. In recent years, a group of farmers has been able to negotiate the rental of their land under better conditions, obtaining a better price for it and a percentage of the companies' profits. As we have been able to prove in the case studies, in this negotiation it is fundamental that the farmers cooperate, as they are able to obtain better contracts when working together. Also, the intervention and assistance of a lawyer has meant a substantial improvement in the negotiations.

However, a better alternative for small farmers that does not entail the loss of their land is the signing of contracts to provide agro-exporting companies with certain products, such as organic bananas in the case of Piura. Despite the fact that many farmers are not satisfied with the terms of the agreements signed, these at least permit them to have some sort of profit margin and to learn the necessary steps for organic production for

export. Sadly, despite the capacity acquired, the possibility of becoming independent is slight: the organic certification required for accessing the international market is very costly and they do not have State support to obtain it.

Small farmers have not been the only ones affected by the arrival of new capital in the agricultural sector. Many mid-size and large farmers' properties have also been bought up by consolidated economic groups or transnational companies. In other cases, these farmers incorporated the new investors as members, which meant the loss of their own autonomy. Likewise, other mid-size and large companies have become subsidiaries or have been incorporated into transnational companies, which in general has diminished their decision-making capacity and limited their participation in management. This conversion of traditional owners into investors in the large companies has also changed social relations in the zones where the companies are located. Previously the business sector was involved in local dynamics and problems (participating in festive activities, managing works and services, etc.), while now this has been replaced by large companies which know little if anything about what exists beyond the limits of their own properties.

Special mention should be made of land concentration by agro-industrial companies for the purposes of cultivating inputs for biofuels. On the coast, these lands have been acquired by means of the modalities previously mentioned (uncultivated lands sold by the State, lands of former agrarian cooperatives, and others sold by small farmers). In the forests, significant acquisitions have been made by means of sales or concessions by the State, which is not without problems relating to the superimposition of lands on indigenous peoples' territories. In addition to the impacts on local populations are the degradation of soils and reductions in the availability of water. Both on the coast and in the forests, the extensive and accelerated planting of monocultures of sugarcane and palm oil trees will negatively affect soil quality. The expansion of irrigated land on the coast, as well as the high demand for water required for sugarcane cultivation, is already generating problems of water supply affecting both small and mid-size farmers. We should note that on the coast and in the forests there are already companies with expanses of land greater than 100,000 hectares dedicated solely to the cultivation of sugarcane and palm oil trees.

An issue that gives cause for reflection regarding the production of biofuels is the government's apparently scant concern for satisfying national demand for food before promoting the expansion of lands for these crops. Despite the fact that Peru is a large importer of oil, currently nine companies have announced plans to sow 307,000 hectares of palm oil trees for the production of biodiesel. Also, MINAG itself, through the Sierra Exportadora Program, has plans to convert 200,000 hectares of land in Peru's mountains for the planting of canola. The underlying questions are: Where will these lands come from? How will this situation affect the planting of tubers and cereal grains, which are the dietary base of the local population? Will the *campesinos* in the mountains agree to the conversion of their lands? Under what conditions will the biofuel-producing companies cooperate with the *campesino* communities? As can be seen, there are still many ques-

tions that must be answered regarding this issue and the many lands that stand to be affected.

The case of lands that have been concentrated through mining, hydrocarbon, and forest concessions is different and socially more complex, as the concessions that are occupied tend to be the property of *campesino* communities in the mountains and of indigenous communities in the Amazon. As we have noted, the granting of a concession and the arrival of an extractive company entails the loss of the community's rights to the land during the period of time that operations last, and often to the contamination of their ecosystems. In the case of mining operations, affected communities have three alternatives: 1) signing an agreement with the mining companies for compensation that tends to contribute very little to the community's development; 2) establishing "mining servitude" by the General Directorate of Mines, under which the payment will be even less; or 3) selling their lands. In the concessions granted in forest lands, the State does not stipulate that the company must pay the affected populations directly; therefore, any act of payment is the company's decision and, if there is one, it will be made for the purpose of preventing conflicts, which affect the company's activities. To this we must add that no type of compensation can undo the environmental problems that are caused, such as degradation of the soil, contamination of rivers, deforestation, etc.

As can be seen, the trend in Peru is that the growth of large companies excludes the development of small farmers and the indigenous population. According to the logic of government policy, the promotion of and increase in private investment will generate positive impacts sooner or later on the population (through employment, emergence of collateral businesses, etc.), and therefore no measures exist that address the direct distribution of the benefits of large companies to neighboring populations or to those affected by their operations.

However, over the past 15 years – the period in which the concentration of land has taken place – not only have there not been positive impacts on the lives of small farmers and community members, but throughout the country a series of conflicts of great magnitude has resulted in response to, and as a consequence of, the operations of large companies. Thus, social unrest is the common denominator of the various activities linked to the exploitation of the natural resource base and the occupation of vast expanses of land.

In the case of the agro-industrial companies, we should mention conflicts in the old sugar cooperatives over the irregular sales of shares; conflicts due to the sale of uncultivated lands overlapping with *campesino* communities' lands or existing villages; conflicts in the forest over the State selling lands that are the territories of indigenous communities for the production of inputs for biofuels; and conflicts generated due to reductions in the amount of water resulting from large expanses of uncultivated lands sold to large companies, among others. In terms of concessions for the extraction of minerals, hydrocarbons, and timber, there are endless conflicts linked to the occupation of community territories, which is frequently carried out without any consultation or agreement

whatsoever, and to the effects of contamination on soils, rivers, and even the health of the people.

In a context in which the government's provision of natural resources to a small group of large companies appears to be limitless, social mobilization has become one of civil society's only options for responding. In this way, the conflicts unleashed by the impact of this process have led to significant public demonstrations, which in some cases have been effective in turning back the establishment of company operations or in repealing laws which threatened the rights of the indigenous population. Sadly, these "wins" tend to be isolated cases, leave behind large losses in human life, and do not generate any real change in governmental policies.

One last issue that is important to highlight is related to the power and control that these economic groups are acquiring beyond the limits of their lands. We have already mentioned the subordinate position of the mid-size and large landowners associated with these economic groups, not to mention the small landowners whose lands are rented or the thousands of people who work as laborers on their properties.<sup>65</sup> By placing themselves above traditional actors, it is not difficult to imagine that the new companies exert great influence over local authorities. This is even more the case when mayors see opportunities for carrying out infrastructure works which otherwise would be impossible to undertake, thanks to the financing of the large economic groups; or when companies such as Maple pay large sums of money to regional governments. In this way, the concentration of land to the degree that we are seeing it occur in Peru today brings with it a concentration of power that is not healthy for either the rural sector or for the country as a whole.

For the government, by contrast, the distribution of land and other resources among the small group that has the economic resources for their large-scale exploitation is seen not only as desirable, but also as the way to develop the country. In the words of President García:

"There are millions of hectares for timber that lie idle, millions of hectares more that the communities and associations have not cultivated nor will cultivate, as well as hundreds of mineral deposits that cannot be worked . . . This is the situation found throughout Peru: lands that are idle because the owners do not have training or economic resources and as a result their ownership is just for show. That same land, sold in large plots, would bring technology which would also benefit community members; however, the ideological spider web of the 21<sup>st</sup> century remains an impediment" (García 2007).

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<sup>65</sup> As an example, the Oviedo Group employs 3,099 and 3,587 workers respectively (Castro et al. 2008) in its sugar companies Pomalca and Tumán. Both are located in the province of Chiclayo and there are 5,523 and 6,763 homes in the districts in which they are located, according to the 2007 Population and Housing Census.

Perhaps our authorities should become better informed and should understand that the concentration of land is a concern that is currently being debated throughout the world, beginning with the fao and the United Nations. Or maybe, going a bit further beyond that, they should review the international debates regarding the real efficiency of large-scale agriculture. According to Hans P. Bingswanger-Mkhize, the World Bank specialist on the issue cited by Eguren (2010), after nearly a century of research conducted by agricultural economists throughout the world, it has been proven that there exists “an inverse relationship between plot size and productivity [...in which] the distribution of land of large-scale farmers to family farmers can bring increases in efficiency to the economy.”

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# Annexes

## Annex 1. Five examples of socio-environmental conflicts resulting from the operation of hydrocarbon exploitation companies, 2010

### Amazonas

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LOCALITY: District of Santa María de Nieva, province of Condorcanqui.

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ACTORS: Coordinating Body of Amazonian Peoples; indigenous communities of Inayuam and Kashap; town of Ciro Alegría; Maurel Et Prom Perú (ex Hocol Perú) oil company; Ministry of Energy and Mines (MEM); Central Organization of the Communities of the Upper Marañón (OCAM); Federation of Aguaruna Communities of the Nieva River (FECONARIN); and Federation of Aguaruna Communities of Dominguza.

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CASE: The Coordinating Body of Amazonian Peoples and certain communities of Santa María de Nieva are opposed to the concession contract for Lot 116 of the Maurel Et Prom Perú oil company (formerly granted to the Hocol Perú company) out of fear of possible pollution and because there was no prior consultation carried out. Other indigenous organizations, on the contrary, accept the company's presence.

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### Loreto

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LOCALITY: The Napo and Putumayo River basins in the district of Putumayo, province of Maynas.

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ACTORS: Kichwa Indigenous Federation of the Upper Putumayo Inti Runa; Secoya Indigenous Organization of Peru (OISPE); MEM; and the Perúpetro-Petrobras Consortium.

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CASE: The Secoya (Airo Pai) and Kichwa Indigenous Federations of the Upper Putumayo, located on the borders with Ecuador and Colombia, are opposed to the entrance of the consortium, which seeks to exploit oil deposits in Lot 117. They claim that they were not consulted before the concession for the lot was granted, and that it is superimposed on the Güepí Reserved Zone and the Napo Tigre and Napo Curaray Reserves, which are in the process of being created.

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### Madre de Dios

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LOCALITY: Provinces of Manu, Tambopata, Paucartambo, and Quispicanchi, Amaraeri Communal Reserve.

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ACTORS: Ten native communities that are beneficiaries of the Amaraeri Communal Reserve; Council of Directors of the Executor of the Administration Contract of the Amaraeri Communal Reserve; Native Federation of the Madre de Dios River and its Tributaries (FENAMAD); Hunt Oil Company; and Repsol oil company.

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CASE: Native communities living around the Amaraeri Communal Reserve, beneficiaries of the Executor of the Contract of Administration (ECA), reject the entrance of Hunt Oil Company (Lot 76) into their ancestral territories because the company did not respect their right to prior consultation. They also state that the company would be putting the reserve at risk.

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### Puno

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LOCALITY: Provinces of Moho, San Antonio de Putina, Huancané, Azángaro, Chucuito, Yunguyo, El Collao, and Puno.

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ACTORS: Settlers of the provinces of Moho, San Antonio de Putina, Huancané, Azángaro, Chucuito, Yunguyo, El Collao, and Puno; district mayors of the affected provinces; Pluspetrol E & P companies; Petroperú; Reliance Exploración & Producción; Puno regional government; Regional Office of Energy and Mines in Puno; Committee for Struggle of Moho; MEM; and Committee for Struggle of the Southern Zone.

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CASE: The settlers of the provinces of Moho, San Antonio de Putina, Huancané, Azángaro, Chucuito, Yunguyo, El Collao, and Puno are requesting that the concessions of Pluspetrol E & P to Lots 155 and 156 be annulled because they would impact the environment and could contaminate Lake Titicaca. They also affirm that their agricultural activities would be impacted and that there are no benefits planned for the affected communities.

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### Piura

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LOCALITY: Community of Parachique in the district of Sechura, province of Sechura.

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ACTORS: Front of Artisanal Mariculture Associations of Parachique (FAMARP); MEM; and Petrotech oil company.

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CASE: FAMARP rejects the oil exploration and exploitation work carried out by Petrotech in Sechura Bay, as the organization notes that it contaminates the sea in which they carry out their productive activity.

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Source: Human Rights Ombudsman's Office 2010.

## Annex 2. Five examples of socio-environmental conflicts resulting from the operation of mining exploitation companies, 2010

### Huánuco

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LOCALITY: Town of Raura Nueva in the district of San Miguel de Cauri, province of Lauricocha.

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ACTORS: Provincial Municipality of Lauricocha; *campesino* communities in the province of Lauricocha; District Municipality of San Miguel de Cauri; and the Raura mining company.

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CASE: *Campesino* communities in Lauricocha demand an indemnity from Raura for families affected by the presence of lead in their blood and claim that the source waters of the Lauricocha River are being diverted.

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### Cajamarca

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LOCALITY: Village of San Nicolás de Chaullagon, town of San Juan de Hierba Buena in the district of La Encañada, province of Cajamarca.

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ACTORS: Association of the Celendina Inter-Institutional Civil Platform; Yanacocha mining company (Conga Project); and municipalities of Huasmín and Sorochuco.

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CASE: Settlers of the province of Celendín province are opposed to Yanacocha's Conga mining project because they are not incorporated into the Environmental Impact Assessment (EIA) as an area of influence.

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### Cusco

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LOCALITY: District of Mosoc Llacta, province of Acomayo.

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ACTORS: *Campesino* community of Mosoc Llacta; District Municipality of Mosoc Llacta; Rumi Maki IV and Qochapata mining companies.

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CASE: Community members of Mosoc Llacta demand the annulment of the concessions granted to the Rumi Maki and Qochapata mining companies.

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LOCALITY: *Campesino* community of Ccochaccasa in the district of Ccochaccasa, province of Angaraes.

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ACTORS: Community of Ccochaccasa; Huancavelica regional government (Regional Natural Resources and Environmental Manager, Assistant Manager of Energy and Mines, and Assistant Manager of Labor and the Promotion of Employment); and the Minas Buenaventura Company (Julcani Unit).

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CASE: The populace of Ccochaccasa denounces that Buenaventura (Julcani Unit) continues to contaminate and degrade the soil in several zones of the community.

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### Junín

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LOCALITY: Province of Yauli-La Oroya

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ACTORS: Provincial Municipality of Yauli-La Oroya; Popular Assembly of La Oroya; Union of Metallurgy Workers of La Oroya; La Oroya Health Movement (MOSAO); Neighborhood Board of Yauli; La Oroya Mothers in Solidarity; Doe Run Perú mining company (DRP); and MEM

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CASE: The settlers, organizations, and authorities of La Oroya demand that Doe Run Perú comply with its Program of Environmental Adaptation and Management (PAMA).

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Source: Human Rights Ombudsman's Office 2010.





This report is part of a wider initiative on Commercial Pressures on Land (CPL). If you would like further information on the initiative and on the collaborating partners, please contact the Secretariat of the International Land Coalition or visit [www.landcoalition.org/cpl](http://www.landcoalition.org/cpl)

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