Land grabbing as Food Security Phenomenon: A Critical Review

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Outline

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Introduction

- One of the lingering effects of the food price crisis of 2007–2008 is the proliferating acquisition of farmland in developing countries by those seeking to ensure their food supplies.

- This practice has been framed as '**finance rich, net food importing countries**' acquiring farmlands in '**land and resource rich, finance-poor countries**'.

- Sensational terminologies such as "**land grab**"; "**neo-colonialism**"; "**commercial pressures on land**"; "**the great land giveaway**"; "**the 21st-century land rush**" etc. are used to describe the phenomenon.

- **Is this the correct description of the phenomenon?**

Argument

1. Farmland acquisition has become not only an **alternative** but also an **inevitable** 21st century food security strategies.

2. Ongoing debate on the issue should therefore shift from **whether or not it is desirable** to **how it can be made beneficial to all stakeholders.**

Farmland acquisition as new food supply strategy

- The Spain-based NGO GRAIN drew international attention to the phenomenon of countries acquiring vast tracts of foreign farmlands. in 2008. It calls this phenomenon "land grab" and defined it as

  "…the acquisition (through lease, concession, outright purchase) by corporations or states of large farmland (over 10,000 hectares) in another country and on a long-term basis (often from 30 to 99 years), for the production of basic foods that will then be exported".

- The term '**land grab**' describes illegal actions. The *Oxford English Dictionary* defines a a land grabber as

  "…a person who took the land of an evicted Irish tenant".

- In reality land grab does not always entails illegal actions. Land was acquired at the consent of the target country's government.

- In order to subject the phenomenon to a more balanced analysis, this presentation uses the term "**farmland acquisition**" which is defined as

  "...the purchase of both the ownership and use rights through leases or concessions whether short or long term" (Cotula et al., 2009).

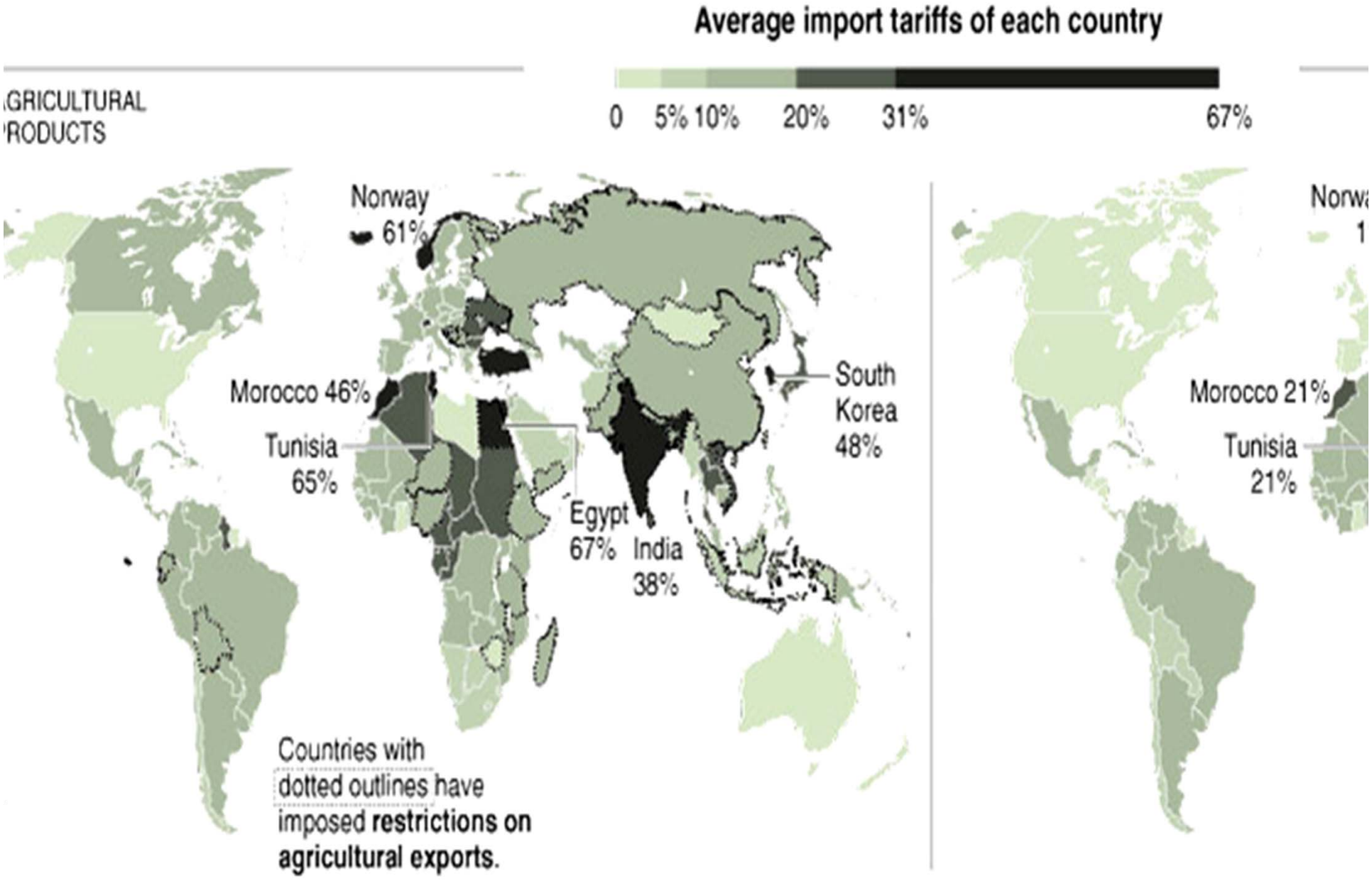
- According to IFPRI, between 2006 and 2009, an estimated **15-20 million hectares** of farmland has been subjected to transactions or talks involving foreigners. This is equivalent to the size of France's agricultural land and a fifth of all the farmland of the European Union.

Drivers

- The drivers of farmland acquisition includes increasing pressures on natural resources, including land and water scarcity, and export restrictions imposed by major food producers.

- Export restrictions in particular played a major role in perpetuating the phenomenon.

- At the height of the recent food crisis, at least 29 countries sharply curbed food exports; 11 other countries limited or banned the export of rice; 15 countries capped or halted wheat exports; and more than a dozen countries limited corn exports.



Note: Data are the average applied tariff, as of 2006, on the value of products that a country offers to all other members of the World Tr

- As a result of restrictions imposed by food exporting countries, food importing countries have come to realise that their dependence on the agricultural market makes them vulnerable not only to a surge in prices but, more crucially, to an interruption in supply.

- Bypassing the volatile global agricultural markets by farming foreign lands and shipping back food products therefore become an attractive strategy.

Policies of investing countries
Saudi Arabia and other Arab countries

- Arab countries are the largest single group of food importers.
- Except for fish, vegetables and other minor crops, Arab nations are suffering from a persistent shortage of all types of farm products and the gap has steadily worsened over the past two decades.
- The cumulative food gap (the difference between imports and exports of food products) in Arab countries for the period 2000 to 2009 reached USD 180 billion.
- Food insecurity in Arab countries is further amplified by growing water scarcity.

Arab food self-sufficiency

Food Commodities	2009 (%)
Wheat	47.9
Rice	75.05
Corn	34.1
Meat	86.1
Poultry	74.5
Fruit	97.5
Cooking oil	32.1
Dairy	68.5

Arab Organization for Agricultural Development, 2009.

- Concerns over grower water scarcity and price volatility of food commodities are the major driver behind Saudi Arabia's attempt to farm foreign lands.

- Concerns over depletion of ground-water in particular has led the Kingdom to completely forgo self-sufficiency in wheat by 2016.

- To compensate the loss of domestic food self-sufficiency, Saudi Arabia announced in 2008 a new food security policy called **King Abdullah's Initiative for Saudi Agricultural Investment Abroad**.

- The Initiative envisage the production of rice, wheat, feed barley, yellow corn, soybean meal, oilseeds, sugar, and livestock and poultry meat in foreign countries and their export to Saudi Arabia.

China

- Despite being a substantial exporter of food commodities exporting USD 29 billion worth of food products in 2008, China is also a net importer importing USD 57 billion worth of food products in 2008.

- In 2007, China charged its Ministry of Agriculture was with the establishment of an overseas farming plan.

- This plan is an extension of the Outward Direct Investment (ODI) policy or the '**go outward**' strategy that China has pursued since 1979. As of 2009, there were Chinese overseas investments in 177 countries or territories including Hong Kong and Macau. By the end of 2009, China's cumulative ODI stock reached USD 245.75 billion.

- The addition of agricultural commodities and farmlands to its investment portfolio is aimed at securing national food security, in much the same way that its investment in foreign energy and resource industries is a strategic move to support its energy security.

South Korea

- South Korea imports more than 90 per cent of its food from overseas.
- Excessive dependence on overseas supply is seen as detrimental to South Korea's food security.
- A 2011 report by the Samsung Economic Research Institute titled New Food Security Strategies in the Age of Global Food Crises argued for the country to secure foreign bases for food production through overseas agricultural development.
- As many as 60 South Korean companies are now involved in farming in 16 countries.

Policies of investing countries

Indonesia

- In January 2010, Indonesia announced its plans to '**feed Indonesia and then feed the world**'.
- The main objective of the plan is to transform Indonesia into a global food producer in **15 key food commodities** by **2030** namely rice, corn, sugar, soybeans, palm oil, tea, coffee, cocoa, tuna, shrimp, beef, poultry, mangos, bananas and oranges.
- This will be achieved through fast-track development of vast agricultural estates in provinces such as Papua and Kalimantan.
- The first of the mega-estates, the USD 6 billion **Merauke Integrated Food and Energy Estate** (MIFEE), was subsequently launched.
- The estate will initially cover 1.6 million ha, with plans to expand to 2.5 million ha in the future.

A signboard placed by the authorities in Papua, Indonesia, thanking the central government for developing Merauke as a national food centre.

Cambodia

- Cambodia aims to become a major rice exporter, producing 15 million tonnes of rice by 2015.
- The Cambodian government claims that the country has 6 million ha available for rice cultivation, of which only 2.6 million are currently being utilised, mainly for rice cultivation.
- It therefore plans to increase the area planted for rice to 3.5 million ha by opening up its farmlands to foreigners.

Country	Land deals
Indonesia	Middle East 2008: The Saudi BinLadin Group announced plans to invest of USD 4.3 billion to cultivate rice on 500,000 ha of land. The project has since stalled. 2010: UAE's Minerals Energy Commodities (MEC) Holdings were in talks to lease around 100,000 ha of farmland in East Kalimantan at a cost of around USD 1 billion. South Korea 2008: PT Agro Enerpia Indonesia announced plans to invest USD 2 billion in 10,000 ha of corn plantations in Central Sulawesi. 2009: PT Daewoo Logistic Indonesia and Cheil Jedang Samsung announced plans to invest USD 50 million in corn industry in Buru and Sumba. 2011: An unnamed company announced plans to invest USD 23.2 million in 5,000 ha of land to develop a corn plantation in East Kalimantan.
Cambodia	The Middle East 2009: Kuwait has agreed to give Cambodia loans totalling USD546 million to develop agriculture, build hydropower facilities and construct roads. South Korea

Toward Win-Win Policies

Global level

Principles of responsible agricultural investment (World Bank, 2010)

- Respecting land and resource rights.
- Ensuring food security.
- Ensuring transparency, good governance, and a proper enabling environment.
- Consultation and participation.
- Social sustainability.
- Environmental sustainability.

Code of conduct (IFPRI, 2009)

- Transparency in negotiations;
- Respect for existing land rights, including customary and common property rights; sharing of benefits;
- Environmental sustainability; and
- Adherence to national trade policies.

Regional level

- ASEAN has made significant efforts to improve regional food security.
- Ongoing policy framework on food security in Southeast Asia includes the **Strategic Plan of Action on ASEAN Cooperation in Food, Agriculture, and Forestry** and the **ASEAN Plus Three Emergency Rice Reserve** (APTERR).
- ASEAN however has not discussed farmland acquisition.
- ASEAN can learn from the African Union which has approved a draft **Framework and Guidelines on Land Policy in Africa** in 2009. In addition, the African Development Bank (AfDB) has also establish a **Code of Conduct for Land Acquisition and Land Use**.

National level

- Currently, Indonesia and Cambodia lacks comprehensive laws on farmland acquisition.

- Indonesia announced new requirements for farmland acquisition in April 2010. The new rules state that investors have to obtain local government permission before developing farms or estates in order to prevent land disputes. Moreover, foreign ownership of plantations producing staple foods will be capped at 49 per cent.

- Cambodia's 2001 Land Law forbids land concession of more than 10,000 hectares. However this has not been observed and land deals of more than 10,000 ha in not uncommon.

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