

A close-up photograph of several hands of different skin tones cupping and holding a mound of brown soil. The hands are positioned in a way that they appear to be supporting the soil from all sides. The background is a soft, out-of-focus greyish-blue.

# Land grabbing and the global food crisis

**GRAIN**

October 2009

## **Global food system today:**

1 billion people are hungry

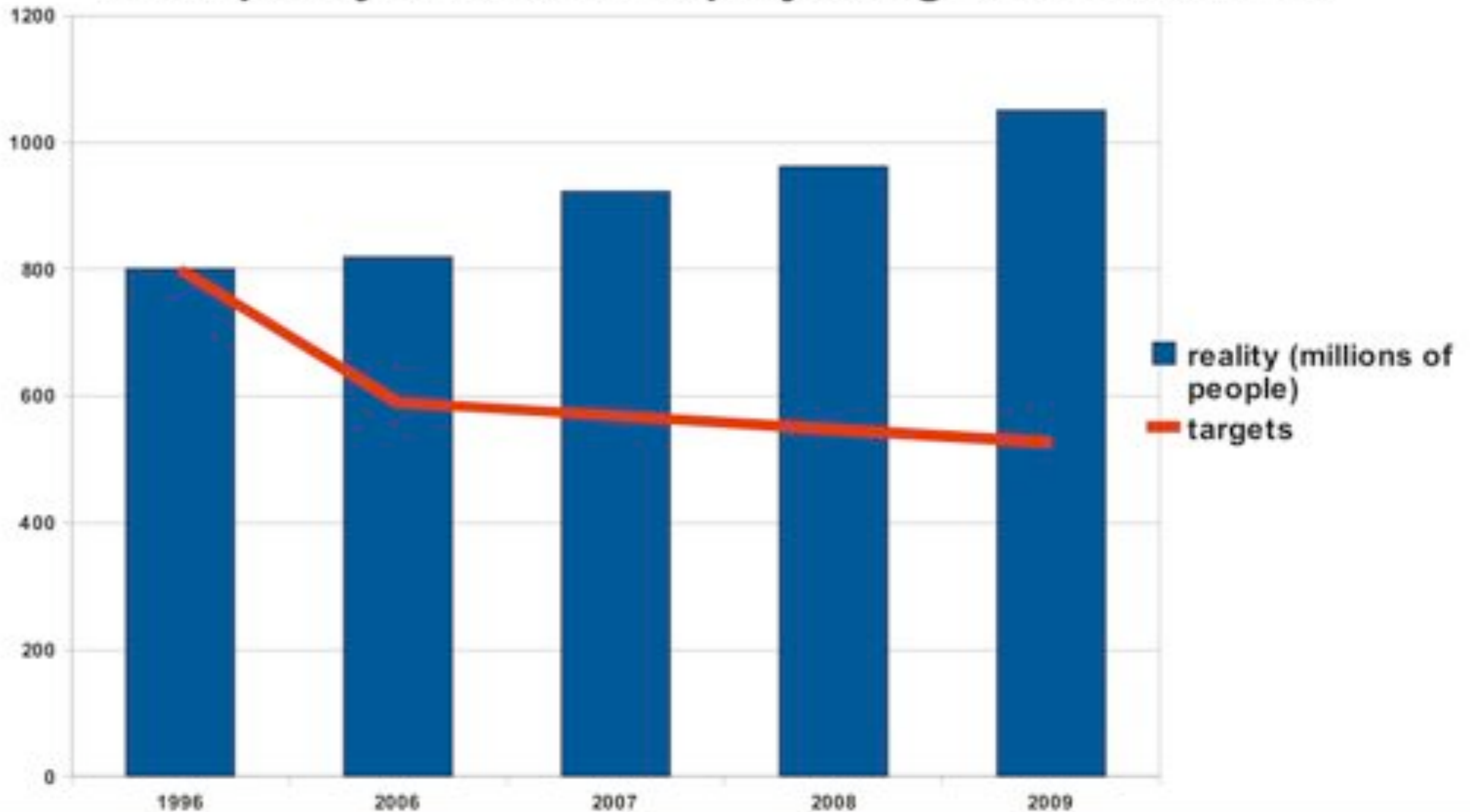
World hunger rising faster than world population

**100 million/year vs. 80 million/year**

80% are small farmers or farm workers

# The number of people going hungry has grown by more than 200 million in the last 10-15 years

*while policy makers were projecting 300 million less*



## **Global food system tomorrow ...**

Probable decline in yields by 2080 as a result of climate change

World: 15.9 per cent

Latin America: 24.3 per cent

Asia: 19.3 per cent

Africa: 27.5 per cent

## Extreme Weather

More droughts, floods, typhoons, wild fires

Millions of hectares of farmland will be lost by 2050

## Expected price increase by 2050 for major cereals

wheat: up by 170 to 194 percent  
rice: up by 113 to 121 percent  
maize: up by 148 to 153 percent

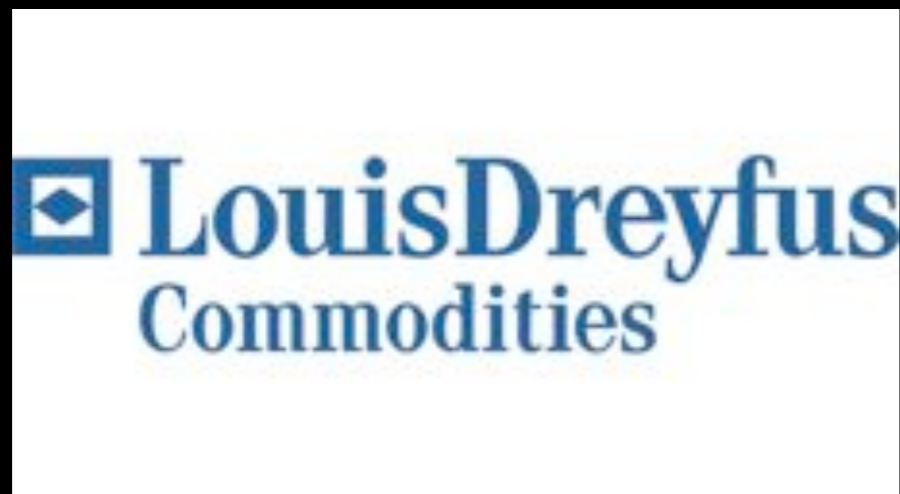
Deep problem, shallow response

Same old recipe:

Facilitate private sector investment through trade and investment liberalisation, privatisation, land policies, deregulation, etc.

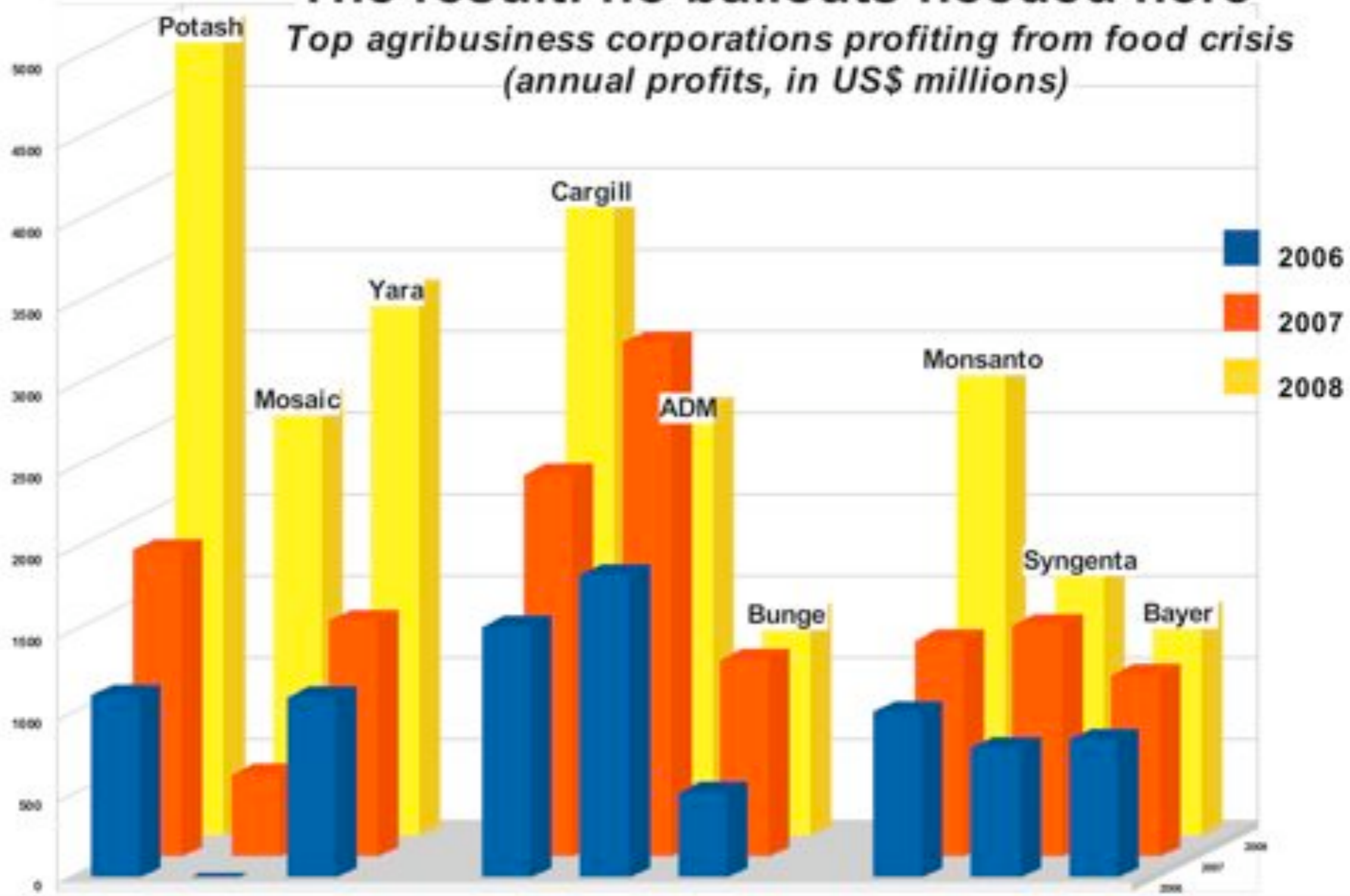
# Corporate food system

## seeds to supermarkets



# The result: no bailouts needed here

*Top agribusiness corporations profiting from food crisis  
(annual profits, in US\$ millions)*



Food crisis for many, opportunity for some

# Enter finance capital

Goldman  
Sachs



THE  
CARLYLE  
GROUP

KKR  
KOHLBERG KRAVIS ROBERTS & CO.



- Speculative capital in commodity futures up from \$5bn in 2000 to \$175bn in 2007
- Goldman Sachs is China's largest pork producer?

# Emerging agribusiness



# The global land grab

Shaken by the food crisis, import-sensitive and cash-rich governments lost faith in being able to feed their people through international markets

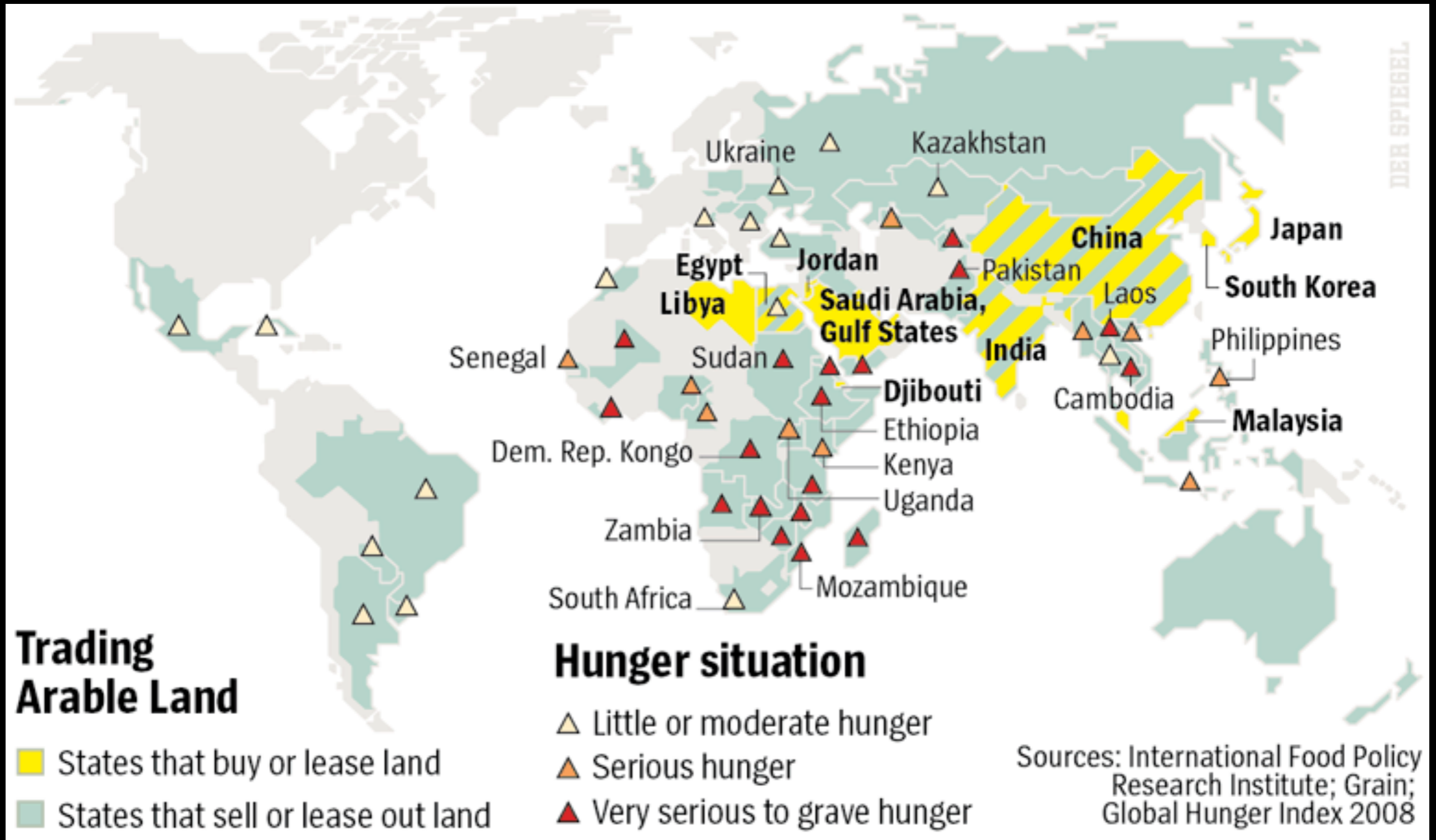
Shaken by the financial crisis, private investors started looking for a safe and profitable commodity: farmland

More than 50 countries targetted for their farmlands by well over 100 investors or governments. For purchase or long term rent (30 to 99 years).

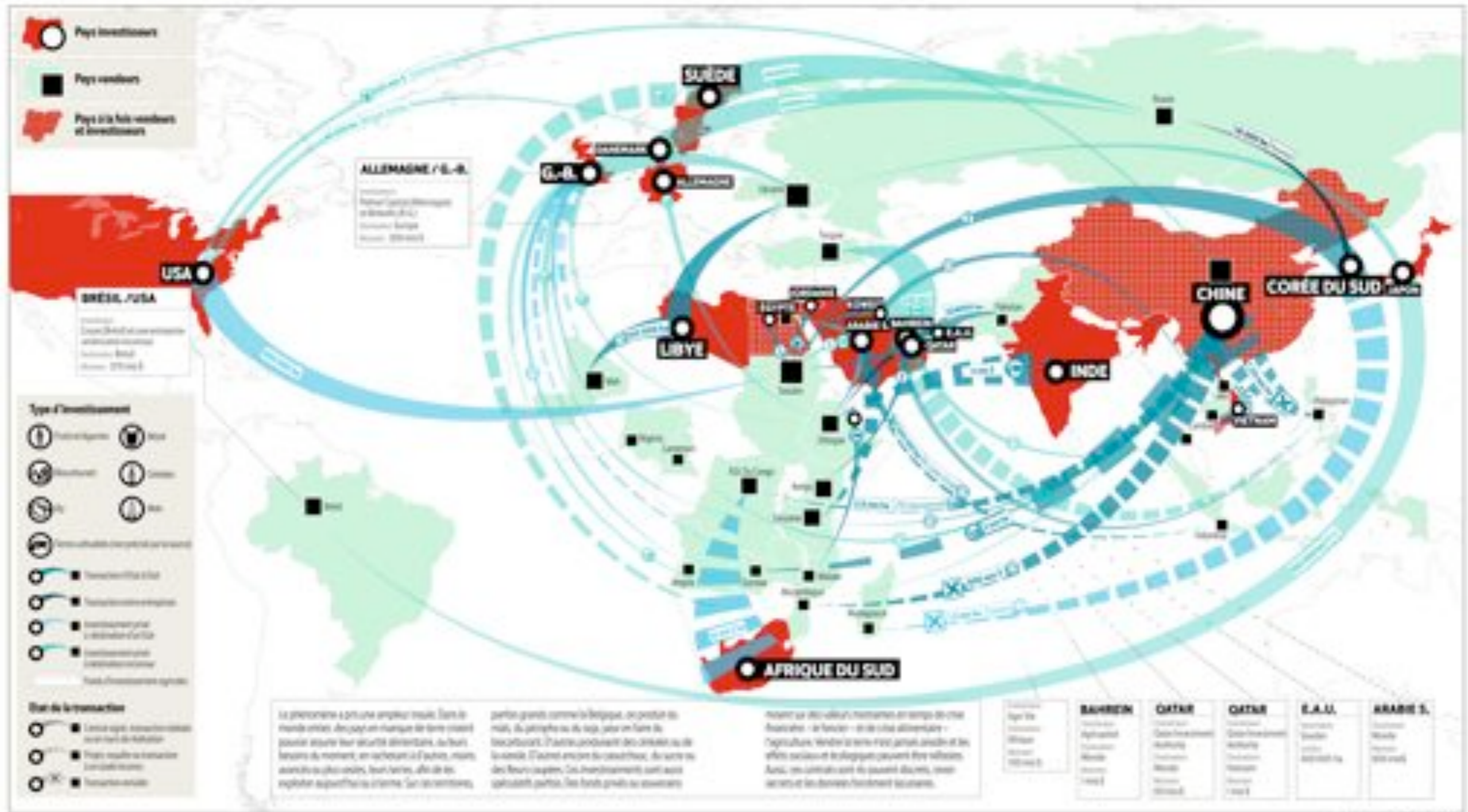
IFPRI calculates 20 million ha already signed away or under negotiation since 2006

GRAIN estimates some US\$100 billion already mobilised to pay for these ventures

# Who? Where? The big picture



# Les accapareurs de terres: le Mono poly planétaire



La croissance a pris une ampleur inédite dans le monde entier. Depuis un quart de siècle, nous sommes passés de la croissance à la stagnation, et nous sommes à présent à la recherche d'un nouveau modèle de croissance. Les investisseurs ont besoin de nouvelles opportunités d'investissement.

Les grands investisseurs ont besoin de terres, de pétrole et de gaz pour en faire de nouvelles. Ils ont besoin de terres pour en faire de nouvelles. Ils ont besoin de terres pour en faire de nouvelles. Ils ont besoin de terres pour en faire de nouvelles.

Il y a un lien entre les investisseurs et les terres. Les investisseurs ont besoin de terres pour en faire de nouvelles. Ils ont besoin de terres pour en faire de nouvelles. Ils ont besoin de terres pour en faire de nouvelles.

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# Gulf States alone: 100 food security deals in the land of the food insecure

Target countries	Number of land grab deals	% of pop. officially hungry	Target countries	Number of land grab deals	% of pop. officially hungry
Sudan	20	26%	Indonesia	3	6%
Pakistan	15	24%	Burma	2	5%
Philippines	9	18%	India	2	20%
Egypt	8	4%	Morocco	2	<5%
Turkey	6	<5%	Kenya	1	31%
Ethiopia	5	46%	Tanzania	1	44%
Kazakhstan	5	<5%	Senegal	1	20%
Australia	5	<5%	Laos	1	19%
Ukraine	4	<5%	Mali	1	29%
Vietnam	4	14%			
Thailand	4	17%	<i>Total</i>	<i>102</i>	
Cambodia	3	33%	<i>Average</i>		<i>18%</i>

# Who's involved? (1)

## *Countries being approached for or signing off land*

**Africa & Middle East:** Algeria, Angola, Benin, Botswana, Cameroon, Congo (Dem. Rep. of), Congo (Rep. of), Egypt, Ethiopia, Ghana, Guinea, Iraq, Kenya, Liberia, Madagascar, Malawi, Mali, Mauritania, Morocco, Mozambique, Nigeria, Senegal, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe

**Americas:** Argentina, Brazil, Canada, Colombia, Cuba, Mexico, Paraguay, Uruguay, USA

**Asia-Pacific:** Armenia, Australia, Azerbaijan, Burma, Cambodia, India, Indonesia, Kazakhstan, Laos, Mongolia, New Zealand, Pakistan, Philippines, Papua New Guinea, Thailand, Turkey, Uzbekistan, Vietnam

**Europe:** Belarus, Bulgaria, Croatia, Estonia, Georgia, Romania, Russia, Ukraine

# Who's involved? (2)

## Country of origin of land grabbers

- Australia (Maquarie...)
- Bahrain\* (Trafco, MAP, Ithmaar, Al Salam...)
- Bangladesh
- China\* (DTE, Chongqing, CSFAC, CNADC...)
- Djibouti\*
- Egypt\*
- France\* (Pergam, Louis Dreyfus, AFD?...)
- Germany (Deutsche Bank...)
- India\* (Varun, Ruchi, etc)
- Israel
- Japan\* (Marubeni, Sumitomo, Itochu, Kobebussan...)
- Jordan
- Korea\* (Daewoo, Hyundai, LG....)
- Kuwait\* (KIA, Americana Group...)
- Libya\* (LAP)
- Malaysia\*
- Mauritius\*
- Netherlands (Rabobank)
- Qatar\* (Mawashi, Zad Holding, QIA)
- Saudi Arabia\* (Hadco, Al Rabie, Al Rajhi, Foras, Tadco, Almarai, Binladin, Al Qudra...)
- Singapore\* (Temasek, Vitagrains...)
- South Africa (AgriSA, Agri-Vie...)
- Sweden (Black Earth, Alpcot Agro...)
- Syria\*
- Thailand (CP Group)
- UAE\* (Abraaj, Al Qudra, EIG, Abu Dhabi Fund for Development, Iffco, Dubai World...)
- UK (Lonhro, cru, Bidwells, Schroders, Barclays, Emergent, Terra Firma, Jim Slater...)
- US (Jarch Capital, KKR, AIG, M. Stanley, BlackRock, Jim Rogers, George Soros, Bunge, Altima, TIAA-CREF...)
- West Africa\* (WAEMU)

\* with government support or involvement (public policy frameworks, financial assistance or incentives, directives, enabling bilateral treaties, etc)

# The new farm owners



Mauritius got 20,000 ha in Mozambique which it subleased to Vitagrain, a Singaporean firm, to grow rice for Mauritians

Agrifirma set up in 2008 to buy & develop Brazilian farmland. Involves legendary investors Jim Slater, Jim Rogers & Lord Rothschild. Owns 42,000 ha so far out of 2.5 m ha appraised.

Ouyang Riping is a Chinese businessman who farms 35,000 ha in Senegal to grow sesame for China



Public & private investors from the Gulf are already involved in over 100 overseas farmland deals involving tens of millions of hectares, mostly in Africa & Asia



Richard Spinks of Landkom (UK) has already leased 70,000 ha in Ukraine, aiming for 500,000 in the next five years



Barclays Capital is "actively searching" for farmland as an alternative investment



As of August 2009, Trigon Agri (DK) had more than 170,000 ha of land under its control in Russia, Ukraine and Estonia.



Ukraine gave Libya 250,000 ha to grow wheat in exchange for gas supplies



Binladin Group is targetting 500,000 ha of farmland in Papua, Indonesia, to grow rice for its domestic market.



Susan Payne of Emergent Asset (UK). They have over 150,000 ha in Angola, Botswana, S. Africa, Swaziland, Zambia & Mozambique

# Daewoo-Madagascar case

- Oct 2008: Daewoo Logistics signed a prospecting agreement to get 1.3 m ha of cultivable land in Madagascar to grow maize & oil palm for export to Korea
- Jan-Mar 2009: The “Daewoo Affair” triggers mass protests. President Ravalomanana ousted from power.
- Jun 2009: Daewoo Logistics under bankruptcy protection but local people believe it is not over.
- Meanwhile, the Indian firm Varun gets 465,000 ha to grow pulses and cereals for export to India, while the Saudis also seem to show interest.



# Mali-Libya deal

- Libya's sovereign wealth fund, through its subsidiary Malibya, has acquired 100.000 ha in the Office du Niger to grow rice (later: tomatoes and livestock)
- The infrastructural work has been contracted out to Chinese corporations and began this year
- A fact-finding mission to the area led by the CNOP has found that: small farms are being expropriated, cemeteries desecrated, pastoral routes destroyed and farmers not compensated for their land.
- CNOP fears the deal is definitive & will strengthen the fight



Photo: L.C/ Maison à détruire

# Karuturi-Ethiopia case

- 2009: Karuturi (India), world's largest producer of cut roses, acquires 40,000 ha and is awaiting approval for another 300,000 ha (at a cost of around \$10/ha).
- Starts maize production on an initial 10,000 ha, but intends to produce mostly rice, eventually 5 million tonnes per year, for export to Asia.
- Workers paid around \$1 per day. Locals lose access to the lands for grazing their herds and for growing tef. Their protests are put down by the police.
- Government intends to provide foreign investors with 2.7 million hectares — 1.6 million of them before October 2009. Already 1,311 projects registered. Says over 80% of arable lands up for grabs. Five million Ethiopians depend on emergency food aid.
- India's Ethiopian farmland "investments" are double the amount of Western aid.



# What's new in all of this?

1. The sheer scale and speed of the land grabs
2. It's not about pineapples & chocolate, but staple foods
3. The private sector dominates the stampede, with strong government support
4. It has nothing to do with development. It's to expand and consolidate the culture and control of agribusiness, full stop. In this process, South-South investment flows are playing a new and important role.

# 'Win-win' land grabbing is not possible

- Land grab is about ceding control over local land to foreign investors. At best, farmers will become farm workers. Not the same thing.
- Land grab deals destroy space for peasant-oriented farm policies, land reform and local markets.
- The big amounts of money feed graft & corruption
- Invariably means capital-intensive industrial agriculture: the one that got us into the food crisis
- Many governments cannot put conditions on investment to benefit their people because of FTAs and BITs
- Huge amounts of water are needed, source of conflict with local food producers
- We're not addressing the right issue!

## Deal with the real issue

- The fundamental problem is that there's a global food crisis with over a billion people going hungry, 80% of them being small food producers.
- The question we should be asking is not: "How do we make foreign control of people's farmland, to eventually ship the food out, work?"
- The real question is: "What kind of farming and food systems will feed people at a price they can afford, in a way that won't make them sick and that will give farmers a proper income and dignified livelihood?"

# Towards food sovereignty

## **Land (and water) for farmers:**

- land as source of livelihood for many, not speculation for a few
- under control of farmers, respecting customary law
- stop the privatisation, destruction & landgrabbing

## **Markets that work:**

- local production and processing
- short circuits
- organised according to people's needs

## **Farming for a future:**

- ecological farming systems
- local seeds, traditional knowledge, biodiversity
- agriculture without greenhouse gases, soils that grow

## **Policies by people:**

- Farmers at the steering wheel, through broad alliances

[www.grain.org](http://www.grain.org)

[www.farmlandgrab.org](http://www.farmlandgrab.org)

# FOOD CRISIS AND THE GLOBAL LAND GRAB

GOVERNMENTS AND CORPORATIONS ARE BUYING UP FARMLAND IN OTHER COUNTRIES TO GROW THEIR OWN FOOD – OR SIMPLY TO MAKE MONEY

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## CIC makes food security a priority

China Investment Corporation's purchase of an \$856m stake in Noble Group, the commodities trading company, is the clearest indication yet that Beijing wants to secure agricultural commodities supplies after last year's food crisis.

### Who's involved?

Select Category

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### CIC makes food security a priority

23 Sep 2009 | No Comments

### Congo hopes to finalize S.Africa land deal in 2009

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### Saudi firms see Philippines as food production hub in the Far East

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### Pakistan: Will land leases worsen hunger at home?

22 Sep 2009 | No Comments

### Zim urged to promote investment in contract farming

22 Sep 2009 | No Comments

### CIC to buy Noble stake



17 SEP 2009

0



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0



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0



## in oil-for-food deals

s took big steps towards formalizing food-for-oil deals with Gulf states at a  
 Association of Southeast Asian Nations and the Gulf Cooperation Council.



17 SEP 2009

### Risques sur la sécurité alimentaire, selon la Crucead

La Conférence des Nations Unies pour le commerce et le développement s'inquiète de "la



17 SEP 2009

### Agriculture familiale face à l'accaparement des terres en Afrique

Protéger le patrimoine génétique africain face à l'accaparement des

## Who's involved?

Select Category

CCC (48)  
 George Soros (3)  
 Georgia (1)  
 Germany (6)  
 Ghana (12)  
 CIC (1)  
 Glencore (1)  
 Global Farming Ltd (3)  
 Goldman Sachs (6)  
 Guinea (1)  
 Gulf Finance House (8)  
 Guyana (3)  
 Hadco (15)  
 Hancock (6)  
 Harwha (1)  
 Hassad Food (5)  
 Hungary (2)  
 Hyundai (7)  
 IATP (2)  
 IFAD (13)

Entangled to promise investment in  
 contract farming

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CIC to buy Noble stake

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Saudi threat to India's basmati

22 Sep 2009 | No Comments

La France agricole encore à l'écart des  
 appétits chinois

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and deal in

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in

# ***SEIZED!***

***The 2008 land grab for  
food and  
financial security***



GRAIN  
October 2009

# The new farm owners

## Corporate investors lead the rush for control over overseas farmland

With all the talk about "food security," and distorted media statements like "South Korea leases half of Madagascar's land," it may not be evident to a lot of people that the lead actors in today's global land grab for overseas food production are not countries or governments but corporations. So much attention has been focused on the involvement of states, like Saudi Arabia, China or South Korea. But the reality is that while governments are facilitating the deals, private companies are the ones getting control of the land. And their interests are simply not the same as those of governments.

Take one example. In August 2009, the government of Mauritius, through the Ministry of Foreign Affairs, got a long-term lease for 20,000 ha of good farmland in Mozambique to produce rice for the Mauritian market. This is outsourced food production, no question. But it is not the government of Mauritius, on behalf of the Mauritian people,

that is going to farm that land and ship the rice back home. Instead, the Mauritian Minister of Agro Industry

*"This is going to be a private initiative."  
- Amin Abaza, Egypt's Minister of Agriculture,  
explaining Egyptian farmland acquisitions in other  
African nations, on World Food Day 2009*

### Corporate investors lead the rush for control over overseas farmland

Investment vehicle	Legal base	Type	Participating investors	Details
<b>Abraaj Capital</b>	UAE	Investment firm		Abraaj Capital reported in 2008 that it had been buying farmland in Pakistan. The company also said it would invest in dairy farming in Pakistan from its US\$250 million fund for Pakistan. Abraaj manages five equity funds and its parent group, Abraaj Capital Holdings Limited, has an issued share capital of US\$ 1 billion and US\$5bn of assets spread across the Middle East, North Africa and the South Asia
<b>AC Agri Opportunity Fund</b>	Germany	Specialised fund	- Aquila Capital (Germany)	Aquila Capital Group is an investment company with US\$2.4 billion under management. Its AC Agri Opportunity Fund seeks to take over farm properties in Brazil, Australia and New Zealand. The fund is targeting an investment of up to US\$400 million, with a first capital raising of US\$100 million. It is run by Detlef Schoen, an ex-CEO of Cargill Germany. The farm properties selected will be producers of dairy, beef cattle, sugar cane and row crops in stable least-cost locations, ensuring the minimisation of risk through both commodity and location diversity. This fund is composed of two sub-funds: the Oceania Dairy Fund (ODF) and the Brazil AgriFund (BAF), with rate of return targets of 12% and 25% respectively for a minimum of 5 years. Investments, set at a minimum of US\$5m, will be generally allocated between the ODF and BAF at 30% and 70%, but investors will be able to select their own allocations depending on their individual needs. The ODF's assets will be managed by AGInvest (New Zealand). The Brazil AgriFund will be co-managed by AgriFrontiers (Brazil).
<b>Advance TerraFund</b>	Bulgaria	Specialised fund	- Karoll Capital Management (Bulgaria)	Karoll Capital is an investment company based in Bulgaria. Its Advance TerraFund purchases land from farmers, consolidates it and then rents it out. By August 2009, the fund had acquired 30,000 ha of agricultural land, of which 20,000 were already leased out. Advance TerraFund is the first private investor to initiate real consolidation of agricultural land in the country under current laws. To date, Karoll has ploughed €66 million into the fund, which is now one of the biggest private landlords in Bulgaria.
<b>Actis Africa Agribusiness Fund</b>	UK	Private equity fund	- CDC Group plc (UK)	Actis Africa Business Fund is a US\$100 million fund launched in 2006 to invest in agribusiness in Africa, including farmland. While the fund is managed by Actis from Nairobi, its sole investor is the Commonwealth Development Company, which is 100% owned by the British government. There is an intention, however, to attract private co-investors. The Fund's direct food farming investments are mainly in Zambia. (It is also active in rubber in Côte d'Ivoire, forestry in Sudan, Tanzania and Uganda, etc.) Actis Capital has made several investments in Asia's dairy sector, including the purchase of a 65% stake in India's Nilgiris Dairy Farm, one of the largest dairy companies in South India, and a US\$7.5 million investment in China's Meng Niu dairy company.
<b>Agcapita Farmland Investment Partnership</b>	Canada	Specialised fund	- Jim Rogers (US)	Agcapita is a Canadian farmland fund that is part of a family of funds with almost US\$90 million in assets under management. Its Farmland Investment Partnership and Farmland Fund II allow investors to add managed farmland, mainly in the province of Saskatchewan, to their portfolios. Minimum investment is US\$9,000.

### Corporate investors lead the rush for control over overseas farmland

Investment vehicle	Legal base	Type	Participating investors	Details
APG Investment	Netherlands	Pension fund		<p>APG (All Pensions Group) was established in March 2008 and is one of the largest managers of pension assets in the world, handling about €217 billion from the pensions of 2.7 million Dutch. APG recently established a Farmland Fund to invest in "structures that lease out farmland as well as structures where farmland is operated". It also has a Forestry Fund, established in 2007, that invests in both forests and farms.</p> <p>According to their agricultural fund manager Frank Asselbergs: "When we talk about investing in farms you shouldn't think about some quaint Dutch smallholding you can drive a tractor around in an hour. These are enormous tracts of land, mainly in Latin America. And they're not run by a farmer we hire in, but by professional companies. We recently bought a farm as big as the entire Veluwe region of the Netherlands. That's tens of thousands of ha. We're active in Uruguay, Paraguay, Brazil and Argentina. They're the agricultural heartland of the future. We also have farms in Australia, and we're now looking at other regions. Europe included."</p>
Aston-Lloyd Agri Commodities Ltd	UK	Specialised fund		<p>Aston-Lloyd is a UK-based investment manager that launched, in June 2009, a specialised fund for farmland investment in the Ukraine. The land, located in the Crimean Peninsula, is under 15-year lease. Eurofarms LLC was contracted to run the farms for production of wheat, barley, rapeseed, maize and sunflower. Participating investors get a share of the profits from the harvest. The structured exit is at five years, with a projected capital appreciation of 415%. Some institutional investors are offering to buy up the project on completion.</p>
Assiniboia Farmland Limited Partnership	Canada	Specialised fund	<ul style="list-style-type: none"> <li>- Agriculture Development Corp (Canada)</li> <li>- CIBC World Markets (Canada)</li> <li>- RBC Capital Markets (Canada)</li> </ul>	<p>Agriculture Development Corp is a specialised farmland fund that was initiated in 2005. It raised an initial US\$18 million and purchased over 30,000 ha of Canadian farmland. Today it manages the largest farmland fund in Canada. It is presently raising money for a fourth venture, the Assiniboia Farmland Limited Partnership 4, with a goal of US\$50 million, to buy another 80,000 ha. They lease back lands to farmers. Clients include pension funds and institutional investors.</p>
Barclays Capital	UK	Investment firm		<p>In March 2008, Reuters reported that Barclays Capital, the investment arm of Barclays, is "actively seeking" to acquire farmland. No further details available.</p>
Beltone Private Equity	Egypt	Private equity fund	<ul style="list-style-type: none"> <li>- Beltone Partners (Egypt)</li> <li>- Kenana Sugar (Sudan)</li> </ul>	<p>In August 2009, Beltone Private Equity and Kenana Sugar Company established a US\$1 billion joint venture to invest in large-scale agriculture projects in Egypt and Sudan. Kenana operates an 84,000 ha sugar cane plantation in Sudan. It is 35.63% owned by the Sudanese government, 30.5% by the Kuwait Investment Authority and 10.92% by the Government of Saudi Arabia. Beltone Private Equity had over US\$270 million in assets under management at the end of October 2008, mostly in real estate and retail. The Kenana venture is its first investment in agriculture.</p>