



Food and Agriculture
Organization of the
United Nations



The land market in Latin America and the Caribbean: concentration and foreignization

The land market in Latin America and the Caribbean: concentration and foreignization

Sergio Gómez
Editor

This book has been adapted and translated from the publications:

Soto Baquero, F. Gómez, S. 2012. Dinámicas del mercado de la tierra en América Latina y el Caribe: concentración y extranjerización. Santiago, FAO. (available at <http://www.fao.org/3/a-i2547s.pdf>)

and

Soto Baquero, F. Gómez, S. 2014. Reflexiones sobre la concentración y extranjerizaciones de la tierra en América Latina y el Caribe. Santiago, FAO. (available at <http://www.fao.org/3/a-i3075s.pdf>)

Food and Agriculture Organization of the United Nations:
Santiago, 2014

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ISBN 978-92-5-108615-5 (PDF)

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Preface

The issue of land and natural resources occupies a fundamental place on the agenda of FAO's Regional Office for Latin America and the Caribbean, given the key role it plays in food production and in the food security of millions of people.

In past decades, FAO addressed this issue, in the region, as a priority concern from the standpoint of the adjustments that needed to be made to landownership and in particular to the traditional "latifundio" (large estate) as a pre-requisite for the modernization of agrarian structures.

Today the issue of land tenure and land markets relates to the strong dynamic processes existing in agriculture. One of the processes that should be highlighted is the rapid technological modernization of agriculture and its impact on rural productive structures. Pressing problems that are now emerging concern the different challenges related to climate change, the energy crisis, food security and the problems of global finance.

The present publication is the sequel to the book "*Dinámicas del mercado de la tierra en América Latina y el Caribe: concentración y extranjerización*", published by the Regional Office of FAO in June 2012. The publication included national case studies on the dynamics of land concentration over the past five years in seventeen countries of Latin America and the Caribbean. The studies had been commissioned by FAO.

The current publication analyses the main trends in land market dynamics as well as the processes of land concentration and foreignization, which had been identified in the earlier case studies.

The first two chapters of the book present the overall situation in Latin America and the Caribbean. The first chapter is a summary of the findings of the national case studies and the second chapter constitutes a global reflection on the phenomenon of land grabbing. The subsequent chapters analyse specifically the phenomenon in Mexico and Central America, the Andean countries and, finally, in the Mercosur countries and Chile. The book concludes with some reflexions on outstanding issues that need to be considered with regard to land grabbing.

Through this publication, FAO is providing inputs for the continuing discussion on a crucial issue for the development of countries in the region, and which will serve to define public policies on land tenure. In particular, it can contribute to the implementation of the "Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security", which were approved by the Committee on World Food Security in May 2012. The main objectives of these Guidelines are to achieve food security for all and to support the progressive realization of the right to adequate food and the eradication of hunger and poverty in rural areas, the ultimate aim of FAO's actions in the region.

Raúl O. Benitez

Assistant Director General

Regional Representative of FAO in Latin America and the Caribbean

Chapter I:

Land grabbing in Latin America and the Caribbean: an overview¹

Sergio Gómez E*

Background

This chapter is a synthesis of the main findings of the research project on the dynamics of the land markets in the region. The objective of the project was to collect and analyse information on the dynamics of the land market, which in certain cases is leading to land concentration and foreignization, and thus to identify situations which may be considered as evidence of land grabbing, similar to what has been recorded in Africa and Asia.

The content of this book is based on two texts that contain the publications of the above-mentioned research, carried out by the FAO Regional Office for Latin America and the Caribbean since 2010. The first text corresponds to the final chapter of the book, entitled *Dinámicas del mercado de la tierra en América Latina y el Caribe: concentración y extranjerización*, published by FAO's Regional Office in June 2012. And the second is the book *Reflexiones sobre concentración y extranjerización en América Latina y el Caribe*, published in 2013.

The book *Dinámicas del Mercado de la Tierra en América Latina y el Caribe* comprises all the national case studies on land concentration carried out, over the past five years, in seventeen countries of the region: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Guyana, Mexico, Nicaragua, Dominican Republic, Panama, Paraguay, Peru, Trinidad and Tobago and Uruguay. Each case study was entrusted to specialists with recognized experience in the field, who provide insights to the reality they are analysing.

The studies give an account of the important process of land concentration and foreignization that is occurring throughout the region, in a wide variety of ways and forms, many of which have not been observed before. Although land grabbing, in its strictest sense, is in its early stages and is present in two countries of the region (Argentina and Brazil), other phenomena related to land grabbing can be observed in the region, such as investment flows between the different countries of the region, sometimes involving migration of the new landowners, as well as concentration processes in the value chain (with or without landownership).

It must be recalled that the recent interest in the topic of land grabbing originates from the first large acquisitions of land that took place in Africa and Asia at the end of the last decade and which were linked to the food price crisis of that time. Consequently, the first conceptual effort was an attempt to try to understand and explain what was happening there, namely the acquisition of large tracts of land where the purchaser is a foreign government or a company linked to it, and what is being sought ultimately is land for the production of food. It is necessary to add, to this framework, mechanisms of negotiation that are not at all transparent, as well as relatively weak state institutions in the countries where land is being sold. For this reason, when the Latin American and Caribbean study was launched, the distinction was made between this type of situation and land concentration seen from a broader perspective. The first situation is referred to as "*land grabbing*" in the strictest meaning of the term, while the second phenomenon is understood as "*concentration and foreignization of land*".

Regarding "land grabbing", there has lately been renewed debate about its extent, and other related themes that require a more in-depth discussion have been revised. It is necessary to include, in the concept, commercial land transactions for the production and sale of food and other products. It needs to be broadened to include other economic actors, both national and transnational from a range of sectors, linked, amongst others, to the oil and automobile industries, mining and forestry sectors, food, chemical and bioenergy sectors. It also needs to include those who are acquiring or have declared their intention to acquire large tracts of land for cultivation but also for building, maintaining or expanding large-scale extractive and agroindustries.

¹ A significant part of the arguments is to be found in Borras (2012), published by the Journal of Peasant Studies, based on the work of FAO and of which Sergio Gómez is co-author.

* Chilean sociologist, Catholic University of Chile; M.A., University of Essex (UK) and Ph.D., University of Sao Paulo, Brazil. Has worked in ICIRA (Institute for Training and Research in Agrarian Reform) from 1965 to 1973 and in FLACSO (Latin American School of Social Sciences) in Chile from 1976-1996. Deputy Director of FOSIS (*Fondo de Solidaridad e Inversión Social*) of Chile from 1996-1998. He is currently consultant for FAO's Regional Office for Latin America and the Caribbean and is coordinator of the Project on Regional Land Dynamics].

Moreover, the comparative analysis has shown that the dynamic nature of the land market in Latin America and the Caribbean is greater than that observed in other regions of the world.

In short, a concept that originally referred to a restricted reality, considering only a few actors (at least one foreign government) and a type of product (basic foodstuffs) has been broadened to include other situations involving a variety of actors and products.

The presentation starts with a brief synthesis of the salient aspects that were found in each of the countries studied.

This is then followed by a typology of the different countries according to the degree of concentration and foreignization of land, with the simple aim of establishing an order of magnitude of the presence of these phenomena.

Finally, some features specific to the region are presented, as well as the main types of land concentration and foreignization.

I. Synthesis of the country case studies

To start with, it has to be stated that the levels of concentration and foreignization of land and resources currently observed have increased noticeably from those observed in the 1960s when the need for agrarian reform in the region was generally justified.

In addition, these processes do not take the form of enclaves as they did in the past, with little or no interaction with their surroundings. On the contrary, they formally undertake activities to integrate themselves at the local, regional and national levels in the countries where they are located. We will return to this point later on.

Some of the salient aspects of land concentration and foreignization in the countries under study will be noted below. This will be followed by a typology to group and categorize them.

1. Argentina

This country has experienced a significant expansion in the size of agricultural and livestock farms and there are well-known cases of land purchases by large foreign companies. Regarding the cases of “land grabbing” using the restrictive definition, several negotiations have been detected involving Argentinian provinces and foreign states (Saudi Arabia, South Korea, China and Qatar).

The large companies known as “sowing pools” are contractual arrangements, which include land that is owned, rented, or sharecropped as well as other types of land tenure and financing. While many of them can be characterized accordingly, there are also family businesses that do not fit the definition. There are also lease-holding companies, most of which are Argentinian and which mainly work in farming and in the production of cereals and oil seeds (commodities such as soybean, wheat, and maize, amongst others) in the traditional pampa area, although there has been agricultural expansion to the west and the north. The biggest of these companies have also expanded into neighbouring countries, in particular Brazil, Uruguay and Paraguay. Also, the largest companies, once they have reached a certain level, have, in recent times, associated themselves with, or have had an injection of, foreign capital.

Cases where land has been bought by foreigners for conservation purposes are worth highlighting because of the scale of these acquisitions (often in the range of hundreds of thousands of hectares) and the fact that they concern vast international fortunes. There are other foreign companies producing in areas outside the pampas, mainly sugar cane cultivation and production, tobacco growing and processing, and forestry and wood products.

2. Bolivia

This country has a high concentration and foreignization of landownership, basically grouped in three categories: soybean and other oil seeds with rotation crops such as wheat, maize, and rice; livestock production; and forestry. These are mainly concentrated in the Eastern Region, particularly in the Department of Santa Cruz.

By way of example, it is worth noting that the three largest producers of soybean are foreign; between them they harvest 180 000 tonnes of soybean, which, if we take an average yield of 2 tonnes per hectare) would suppose that each producer holds on average at least 30 000 hectares. Another example is the case of the Brazilian Monica Group which grows soybean on 50 000 hectares.

The number of large companies with more than 1 000 hectares under cultivation is no more than three hundred; most of these are Brazilian and there is a powerful core of less than a hundred producers with estates ranging from 3 500 to 8 000 hectares.

Historically, Bolivia has always had foreign farmers: in the 1950s there were Japanese settlers who moved into the Santa Cruz region and in the 1960s Mennonite colonies. Currently, Brazilians, Argentinians, and to a lesser extent, Colombians are the main purchasers of land in Bolivia.

3. Brazil

The process of land concentration and foreignization is high in the case of Brazil. Land grabbing in its strictest sense is evident in the land acquisitions by Saudi Arabia, China and South Korea. Concentration can be observed in the companies involved in the sectors of soybean, sugar cane, white meats, forestry, livestock and fruit.

Some examples in the soybean sector reflect current levels of concentration. One case to be mentioned is that of “*O Rey da Soja*”, a well-known soybean producer who, in 2010, managed to plant 168 000 hectares, which, when added to the area of 223 000 hectares planted by his brother, reaches a total area, for both, of more than 390 000 hectares.

It is usual to find foreign capital owning large extensions of land, such as a Japanese company which has 100 000 hectares in soybean or a German company with 42 000 hectares for the production of milk, meat, sugar cane, etc. There is also capital investment from within the region, such as the “sowing pools” of Argentina and the forestry companies of Chile, which will be analysed further below.

In turn, Brazilian entrepreneurs are investing in land in Bolivia, Colombia, Paraguay and Uruguay. Finally, some relevant aspects that are worth highlighting with regard to Brazil include the fact that 70% of sugar cane is grown directly by the industry itself; the presence of capital from other countries of the region such as Chile in the forestry sector; the presence in the country of traditional transnational companies such as Mitsui of Japan, which has 100 000 hectares of soybean production.

4. Chile

The main companies with the highest levels of land concentration are in the forestry sector and have expanded greatly in the region. They are highly integrated, which has enabled them to produce their own inputs, and they also reach the consumer with the final product. ‘*Translatin*’ forestry companies manage more than 1 000 000 hectares with complete value chains, a topic that we will return to later. In the case of vineyards, although these are numerous, the bulk of production is concentrated in three companies, which are expanding into neighbouring Argentina.

Regarding the fruit export sector, there is concentration of a few big family firms: (SOFRUCO has 2 153 hectares where they grow different kinds of fruit and they have 500 hectares of vineyards; Corpora has 1 000 hectares of fruit farms and 1 800 hectares of vines); there are transnational companies such as Dole, Unifruitti and Del Monte; and, finally there are medium to large exporters, constituted by large fruit growers.

In relation to seeds, intended mainly for the external market, important transnational companies have a total area of 35 000 to 40 000 hectares, distributed among medium-sized farmers who cultivate seeds for these transnationals.

As in the case of Argentina, land concentration can also be observed for the conservation of resources in Patagonia with the participation of foreigners (for example, Tompkins who controls more than 300 000 hectares). In pork and poultry farming, two family firms predominate. One of them, moreover, is present in land concentration in other sectors, such as salmon farming, fruit and wine production. In the dairy sector, commercial groups from New Zealand have a strong presence: Fonana controls one of the main dairy companies (Soprole) and the group Manuca has acquired the Ñuble Rupanco Estate, an area of 47 000 hectares and the biggest estate in Chile, for US\$ 80 million.

Generally speaking in Chile, traditional economic groups, which are multi-sectoral and long-standing, control land as a way of diversifying their investments and guaranteeing an adequate supply of raw materials.

5. Colombia

In Colombia, what stands out are the processes of concentration and foreignization of land for the production of raw materials for biofuels. This is especially the case of African palm (concentrated in the hands of four companies, each with 22 000 hectares), beet, sugarcane (estates of between 3 000 and 11 000 hectares) and cassava. The same phenomenon is seen in the production of soybean, rice, maize and forestry. The main land transactions are made by large domestic commercial groups and, more recently, by foreign companies, which have been advantaged by policies offering incentives to foreign investment, by stimulus and incentives for large-scale plantations, and by reforms to agrarian laws that remove the restrictions on the acquisition of large tracts of land.

In Colombia, one can also find companies involved in different sectors and with links between themselves, which are extending their activities to other countries of the region. Recently, the Nutresa Group acquired an important Chilean agro-industrial company, Tres Montes-Luchetti, from the Chilean group Corpora; this allows Nutresa to expand its presence to 15 countries, 13 of which are in Latin America and the Caribbean. In the same way, some transnational companies from United States, Japan, Israel, Chile and Spain are now present in agriculture. In turn, Colombian capital can be seen to be investing in land in Bolivia and Peru.

The increase in the concentration of landownership and its use is also connected, as in Peru, with the push by transnational companies to exploit mineral and hydrocarbon resources.

Existing situations of political violence are changing the way in which the land market functions, since large areas cannot be included in the market or are still pending the government's commitment to restore land to people who were displaced by violence.

6. Ecuador

Land concentration in Ecuador has taken place at two different moments in time: the first from a long time back concerned banana and sugar cane production; the second, more recent, concerns African palm and the forestry sector. In effect, in the banana sector, there are three important national groups with 40 000 hectares in production; six groups control sugar cane cultivation with areas ranging from 25 000 hectares for the smallest to 68 250 hectares for the biggest; in African palm cultivation, there are four groups with areas ranging from 14 800 to 45 000 hectares; and in the forestry sector, there are estates controlling from 25 000 to 40 000 hectares, where the investment of Japanese and Chilean capital is prominent. Foreign investment is relatively weak in flower growing, the canning industry, livestock and dairy farming, despite the relative economic importance of these activities for Ecuador.

Two factors may explain why the processes of concentration/foreignization are more moderate in Ecuador. The first may be the fact that currently there is a redistribution of land that the state had repossessed and that, in addition, the current constitution limits foreign investment in the country. The second reason is the relatively small size of the country.

7. Paraguay

In the case of Paraguay, land concentration and foreignization processes exist in the soybean, maize and wheat sectors, with a strong presence of companies from Argentina and Brazil in the areas close to the borders with these two countries. Soybean cultivation takes place mainly in the Alto Paraná and Canindeyú areas, mainly on estates belonging to Brazilian companies. As is mentioned in subsequent chapters, in the last few decades small-scale farmers of Brazilian origin – Brasiguayos – who moved to Paraguay in the 1960s – have been dispossessed of their land. Such expulsions have also affected Paraguayan farmers. One of the consequences has been conflicts around land. It is not a coincidence that one of the conflicts that occurred in Canindeyú Department was probably one of the reasons for the overthrow of President Lugo in 2012.

Land concentration and foreignization can also be seen in sheep farming, with an important presence of Brazilian and Uruguayan entrepreneurs and of former Mennonite settlers. These are modern and well integrated in the market, with farms ranging from 60 000 to 70 000 hectares in the Chaco Region.

Sixty-one percent of the area sown with wheat is in the hands of foreigners and half of the farms have areas greater than 500 hectares. In addition, the “sowing pool” phenomenon that exists in Argentina is also present here. The foreign companies that have, in recent times, entered the agricultural sector in Paraguay are linked to large agro-business chains, led by transnational companies.

8. Peru

Intense processes of land concentration can be observed in Peru, mainly in the sectors linked to: the export of fruit and vegetables (six big estates above 1 000 hectares, ranging from 1 240 to 8 458 hectares belonging to an important economic group with capital from different sources); sugar cane (purchase of former sugar cane cooperatives; three national groups with 18 000, 22 000 hectares and 56 000 hectares and one from Colombia with 9 100 hectares); African palm for the production of ethanol (five plantations each with more than 10 000 hectares (between 13 500 and 60 000 hectares).

These processes of land concentration are mainly in the coastal and jungle areas while, in the highlands, significant concentration and foreignization processes can be observed around investments in the mining sector.

In the different zones of the country, land concentration has specific characteristics. Along the coast, it is mainly for the development of crops for export and sugar cane for ethanol production; in the jungle zone, land concentration concerns the development of African palm for biofuels, oil concessions and concessions

for conservation and eco-tourism; in the highlands, land concentration, mainly in peasant or livestock-raising communities, is principally for the development of mining resources.

The main investors are large domestic economic groups and some transnational companies from Colombia, Denmark, Spain, United Kingdom and United States of America together with some initial initiatives from Chile, amongst others.

Current levels of concentration are much higher than those existing before the agrarian reform of the 1960s.

9. Uruguay

During the 1990s, institutional conditions were put in place that later on facilitated land concentration and foreignization. In the last decade, the value of land has increased six-fold and a third of the farm land in Uruguay has changed hands.

Relatively high levels of concentration are to be found in: the forestry sector with estates of up to 230 000 hectares in the hands of Europeans and Chileans; in soybean production, Argentinians are seen to be in the majority, most of them owning or renting around 130 000 hectares; in the dairy sector, a business venture, originally from New Zealand (but currently controlled by a multi-national agribusiness based in Singapore), manages more than 35 000 hectares; with regard to rice cultivation and livestock farming, there are Brazilian properties in addition to the large Uruguayan ones. The rice industry and cold storage/refrigeration are mainly in the hands of foreigners, especially Brazilians. The latter are mostly to be found in the southeast of the country.

Among the foreign buyers of land, companies are predominantly from Brazil and Argentina through farming pools, and Swedish, Finnish, North American and Chilean investment funds in the forestry sector.

10. Mexico

Mexico is a paradox, since one would expect a high level of land concentration and foreignization given the country's geographic location, and the scale of its agricultural sector. However, the cultural weight of Mexico's well-known "agrarianism" and the long tradition of agrarian reform that continued for more than 80 years, have resulted in restrictive legislation on the functioning of the land market.

This explains the low level of concentration in landownership and a very high concentration and foreignization in the value chains of agricultural products. Examples of this are to be seen in maize, sugar cane, fruit and garden produce, coffee, barley, tequila, milk, mining, etc., where there is a strong presence of investments and companies from the United States of America and Europe. Even though the agro-industry has existed for years in Mexico, consolidation and expansion have happened since the structural reforms of the 1980s when companies participated increasingly in globalization. Six companies (including Cargill, ADM, Maseca) are involved in the commercialization of maize; in the fruit sector only six companies (Herdez, Anderson Clayton and others), five in coffee (Nestlé and others); only two in barley (including Modelo); and five companies in the dairy sector (including Alpina and LALA). It is estimated that, in 2010, Mexico's food imports from the United States of America and through American companies were worth US\$20 thousand million.

This also helps to explain some of the land grabbing dynamics observed through the presence of an important Mexican company in Nicaragua with active government participation during the incubation of the venture.

11. Costa Rica

Costa Rica has an average level of land concentration. In the coffee sector, small producers account for over 90% of landowners and nonetheless produce 41% of total coffee production.

In the sugar cane sector, the level of concentration is also low. However, there is more land concentration and foreignization in the cultivation of bananas, pineapples and African palm, especially at the commercialization stage. Chiquita, Dole and Fresh del Monte control more than 50% of the banana and pineapple plantations and are very strong in the commercialization aspect. Regarding African palm, foreigners predominate, owning 60% of the cultivated area.

12. Guatemala

Land concentration is relatively high in Guatemala in the sugar cane sector where four companies have three quarters of the 220 000 hectares given over to the cultivation of sugar cane; two companies have 65% of the total area of 100 000 hectares of African palm and in the forestry sector there are four companies with 50% of the total area of 533 000 hectares.

Land concentration occurs in the southern coastal areas and in areas to the north of the country, particularly for forestry and African palm, and to a much lesser extent for sugar cane where the buyers are basically national producers.

13. Nicaragua

The process of land concentration and foreignization occurs mainly with capital investments from the region, namely Mexico, Costa Rica and Guatemala although not on a large scale (the highest figures are around 15 000 hectares).

The highest concentration is to be found in the forestry sector where the biggest farm has 10 000 hectares, and in livestock production 13 000 hectares. For the production of rice and African palm, the figure is 14 000 hectares; and for sugar cane, citrus fruits and tourism, around 15 000 hectares.

Nicaragua receives an inward flow of capital from Mexico, for cattle fattening and slaughtering. This is analysed in greater detail later on in this book.

Land concentration and foreignization occur with capital investment from the region, mainly from Mexico, Costa Rica, Honduras and Guatemala, but also with Canadian and Norwegian interests.

14. Panama

High concentration of land has been historically a constant feature in Panama in banana and coffee production. With regard to bananas, there is the example of the Bocas Fruit company, a subsidiary of Chiquita Brand which has 5 151 hectares (44% of the total area of banana plantations). In the case of coffee, a process of concentration and foreignization of the best land can also be observed, except in some regions such as Santa Fe de Veraguas, where small producers predominate.

New land concentrations can be seen in the production of rice and African palm.

There are also significant examples of foreignization of landownership for tourism, as for example beach tourism, which is in the hands of entrepreneurs from the United States.

15. Dominican Republic

Interesting processes of land concentration and foreignization by traditional consortia can be observed, basically in the cultivation of sugar cane and bananas. The plantations are large (around 80 000 hectares), with capital from North America, Spain and also from Venezuelans and Cubans who have settled in the United States of America

Some non-traditional consortia have also been established in the fruit and vegetable export market (mangoes, citrus fruits, avocados, cacao, chilies) with plantations of more than 10 000 hectares. In addition, companies from Brazil, Colombia, Guatemala and Sweden have shown interest in leasing 21 000 hectares.

Moreover, the Dominican Republic has a high concentration of land in protected areas and national parks, in mining concessions and for growing sugar cane.

16. Guyana

A very large part of the land -- approximately 80% of land in the country - belongs to the state. Most private lands are either concessions or leased for 25-year periods, and are managed by government agencies for agricultural production, forestry and mining.

Land concentration is to be found in the coastal zones where the cultivation of sugar cane, rice and pineapple as well as livestock raising and forestry predominate.

Some large estates are in foreign hands: from North America (USA and Canada) and from the region (Brazil).

17. Trinidad and Tobago

Here also the large plantations are in the hands of the state, dedicated mainly to the production of sugar and cacao. In the private sector, some large companies are to be found, which were originally dedicated to sugar and cacao production but which have diversified their production to grain, tropical fruits and aniseed.

There is a policy of incentives to sell land to foreigners ("mega farms") but in smaller areas (of between 100 and 1 201 acres) for the production of grain, vegetables and livestock

It is worth reiterating what has already been stated, namely that only a few examples have been mentioned to highlight the types of situations encountered in each of the countries; this does not constitute a detailed presentation.

II. Typology

Bearing in mind the limitations of the information in the national studies analysed, we propose an approximation whereby the different cases are ordered, according to the degree to which the different phenomena appear. To establish the relative position of each country from the highest to lowest degree of land concentration and foreignization, we have made the following approximation.

Level of concentration: Considers the number of sectors where concentration is evident. The indicators used are: high – five sectors or more; regular – two to four sectors; low – less than two sectors.

Extent of the presence of foreign investment in the sectors with concentration. The indicators used to establish the different categories are: high – investors from three or more countries; regular – one to two countries; and low – no foreign investors.

For the country being analysed, existence (or not) of domestic firms/contractors investing in other countries of the region. This variable reflects a sort of “overflow” of concentration in the country being studied and reflects the need for expansion to neighbouring countries.

Existence or not of “*land grabbing*” by state investors. On this point, it has to be stressed that this phenomenon has not been found firmly established and even less so consolidated, even though some preliminary initiatives are being developed.

Taking into account these indicators and their limitations as mentioned above, it is clear that the extreme cases are those corresponding to Types I and V (see below) to the extent that they are relatively easy to differentiate since they deal with the extremes. In the case of Argentina and Brazil (Type I), these are very large countries with distinct levels of concentration and foreignization within their borders, including state “investors”, and their own domestic companies/contractors who also have a strong presence in neighbouring countries.

At the other extreme, Guyana and Trinidad & Tobago (Type V) are relatively small countries with a limited degree of land concentration and foreignization, and their domestic companies/contractors are not present outside their respective countries.

In between are countries with intermediate situations -- those included in Type III, which have features that fall between the two situations described above. The countries included in Type II are medium-sized countries with interesting concentration/foreignization processes and highly permeable to intraregional investment in the forestry and agricultural sectors. Those regrouped under Type IV are smaller countries where some of the processes of concentration and foreignization are more traditional while others are more recent; they are averagely open to interregional investments.

While appreciating a ranking of the existence of these phenomena, it is worth relativizing the validity of the indicators especially those used to assess the levels of concentration, which use the number of sectors affected and the presence of foreign capital investment as well as the number of investing countries. These are the data available from the country studies. However, there is no doubt that a more sensitive indicator would be to take the relative values in function of the size of each and every country. When foreign capital is involved, it would be interesting to verify the degree of domination of foreign investment in the main value chains. In future, information should be obtained on this point.

- I. *Very high concentration and foreignization.* They have very high levels of both concentration and foreignization and both phenomena exist side by side. Large countries: Argentina and Brazil (2).
- II. *High concentration and foreignization.* They have high scores for levels of concentration and foreignization and half of them are investing in other countries of the region: Mexico, Chile, Colombia, Nicaragua, Dominican Republic and Uruguay (6).
- III. *Medium-high concentration and foreignization.* Despite having high scores for concentration and foreignization, not many sectors are affected and no investments are recorded in other countries of the region: Bolivia, Ecuador, Paraguay and Peru (4).
- I. *Medium concentration and foreignization.* Countries of Central America – Costa Rica, Guatemala and Panama (3).
- II. *Low concentration and foreignization.* Despite having sometimes high levels of concentration and foreignization, the functioning of the land market is not fluid. This corresponds to the English-speaking Caribbean and includes countries such as Guyana and Trinidad & Tobago (2).

To conclude, it is worth reiterating that the principal objective of this chapter is to capture the dynamic nature of land transactions and the main processes involved in the region. The attempt to reach a quantitative ordering of the phenomenon is part of the context presented below.

It is also interesting to highlight the new forms that these phenomena are taking as they appear to transform themselves in order to adapt to new contexts and times. Thus, any analysis has to take a broader viewpoint. Accordingly, this is what is emerging clearly in the case of Argentina. For example, the leading countries involved in land grabbing in Africa are seeking contractual arrangements in which they do not own the land but the products from the land. On the other hand, they are seeking out destinations where there is existing experience in production that can meet their demands without having to make substantial changes to cultivation practices. Taken from the viewpoint of national landownership, this might seem to be acceptable. However, one may question whether it is really less worrying for food security to compromise on agricultural production. Another example of new phenomena which helps us to see whether we should broaden the scope of the analysis is the establishment of huge agricultural operations, through temporary concentration of land tenure (leasing or contracts) and not through ownership.

III. Analysis of some relevant topics

As already mentioned above, and on the basis of the facts we have already presented, the description of the regional panorama can offer a systematic view of several themes which have emerged from the case studies and which in a certain way point to some trends. For that, the following themes will be addressed:

- Scale of concentration/foreignization
- Concentration of investors and products
- Mechanisms for the regional expansion of value chains

1. Scale of the phenomenon

From what has been seen already, it seems that the levels of concentration and foreignization of landownership are considerably higher than what existed earlier. Moreover the nature of concentration and foreignization is different from what was observed in the past.

As presented above, in order to establish the scale of this phenomenon, it would seem useful to resort to a comparison, taking one parameter as a reference. In this sense, comparing the reality of today with that of a point in the past seems a good option. Moreover, if it is worth taking a moment in time when reliable information is available for most countries of Latin America, then the period of the beginning of the 1960s seems the most appropriate, especially because the information available refers to the same variables.

When comparing the situation in the 1960s concerning concentration and foreignization with that of today, it is certain that these processes are different and more important from what was reported at that time.

The claim that the phenomenon is bigger today is supported by the information of several countries: Argentina, Brazil, Colombia, Chile, Ecuador, Guatemala and Peru.²

In Argentina, based on the data from the CIDA Report, the average size of the large multi-family property³ was 9 639 hectares for the country as a whole. Regional variations in these averages range from 3 269 hectares in the Chaco Region, 9 102 in the Pampas, to 32 388 in Patagonia. In Brazil, one can observe a process of greater concentration in the average size of estates of 5 000 hectares or more. In 1950, the average size was 15 115 hectares and this figure increased to 16 695 hectares by 1960. In Colombia, the average size of a multi-family property was 10 908 hectares in 1960, while in Chile the figure was 2 178 hectares. In Ecuador, the average size of farms greater than 1 000 hectares was 7 313 hectares and multi-family farms 1 977 hectares. In Guatemala, the average size was 896 hectares and finally in Peru 13 995 hectares.

Although there are large regional differences, the scale of land concentration in the 1960s, using the figures from the CIDA studies has little in common with the figures found in the current case studies. This can be seen from a few examples that show the size of properties today:

² These are the countries included in the CIDA reports as mentioned above.

³ In all examples, the definition of “large multi-family estate (or farm)” corresponds to those with sufficient land to provide permanent employment to a group of workers (equivalent to at least 12 or more) that is much more numerous than all the owner’s family members taken together and that requires a division of labour and administrative hierarchy.

- The five biggest “sowing pools” in Argentina manage hundreds of thousands of hectares.
- The size of the plantations of sugar cane, soybean and other grains and the magnitude of foreign investment in land in Brazil.
- The land set aside for the cultivation of African palm and sugar cane for biofuel production in Colombia.
- The number of hectares and the size of the industrial plants of “Translatin” forestry companies, the size of the large vineyards and, generally speaking, land concentration in Chile.
- The crops traditionally grown on large properties, as is the case for example with banana, sugar cane and African palm plantations in Ecuador.
- The size of plantations dedicated to the production of sugar cane, African palm, soybean, livestock as well as those used for forestry production in Guatemala.
- Concentration boosted by the privatization of state-owned land and by the development of large-scale irrigation projects in Peru, and the size of agricultural property owned by the main economic groups of this country.
- In the case of Mexico (which was not included in the CIDA report) in 1990 according to the Agricultural and Livestock Census, which was carried out with the aim of redistributing land, there were 10 870 private landowners with estates of 1 000 hectares or above, or 0.8% of total landowners and they possessed 36 932 000 hectares or 51.6% of all private property with an average of 3 400 hectares per owner.

The above evidence shows that the concentration of landownership has increased noticeably in the region when compared with the situation that prevailed in the 1960s.

Current levels of concentration/foreignization need to be seen in the context of the modernization of production in the rural economies of Latin America. It is clear that there is a more efficient use of productive resources, even though there are criticisms with regard to social exclusion and the lack of attention to environmental issues.

In addition, unlike the earlier enclaves, basically tropical-zone plantations, these new forms try increasingly to integrate society at the national and regional levels, as can be seen through the establishment of formal corporate social responsibility programmes (CSR) which are part of the agenda of most of these companies. It is also true that the extent of the outreach of such programmes varies from company to company; nonetheless they all have a CSR programme.

Another aspect that marks an important difference in land concentration of the past and that observed today refers to the nature of land-owning groups. While in the past they had a strong sectoral brand and, it has to be said, their main economic activity was agricultural production, at present large rural landowners have a multi-sectoral base. In other words, the main groups in the different countries have interests in all productive activities of the most dynamic sectors of the economy, including forestry and agriculture. It also needs to be stressed that, in five countries of the region (Brazil, Argentina, Paraguay, Bolivia and Uruguay), land concentration and foreignization mainly revolves around the cultivation of oilseeds, especially soybean.

In conclusion and bearing in mind the limitations inherent in comparing data that are not homogenous, it can be said that land concentration and foreignization are substantially greater and different from what traditionally existed in the region.

2. Concentration of investors and products

Five broad categories of investors exist: (i) Transnational companies; (ii) domestic investors; (iii) investors within the region; (iv) foreign governments; and, (v) investment funds.

1) Transnational companies

These have always existed in the region and have links to fruit (Dole, Chiquita Brand, etc.), to dairy products (Nestlé and others), and to forest-related activities (Store-Enso, etc.). What is new is the fact that they no longer are the only foreign investors.

2) Domestic investors

These too have always existed but before they were essentially specialized and were known by different

names: “latifundistas” (large-scale farmers), “*hacendados*” (ranchers), agrarian bourgeoisie and agricultural entrepreneurs. What is original now about this category is their interest in having a broader more diversified portfolio, which includes finance, commerce, industry, services and agricultural investments. The shift into other sectors corresponds to market opportunities which normally are varying.

3) Investors within the region

An interesting feature, worth highlighting with regard to the process of land concentration/foreignization and which is specific to Latin America and the Caribbean, is that in the different trajectories one can observe the “porosity” of the expansion of land tenure among countries of the region.

Intraregional expansion has taken three different tracks, according to the resources that have been mobilized. In all cases, it mobilizes the accumulated experience in the country, which has reached its limits, via “*Translatin*” companies to mobilize resources; through a mix of landownership and leasing (such as the agricultural “pools” in Argentina); and, through migration (the case of Brazilians in Bolivia and Paraguay).

a) Route 1: *Translatin*

According to ECLAC, the large companies of Latin America have become increasingly international, especially since the 1990s. This has been prompted by different factors such as economic reforms, saturated local markets, opportunities in neighbouring countries and the need to spread risk.

This type of company is also present in the forestry and agricultural sector. Let us analyse some examples such as the case of Chile where the large forestry companies are extremely concentrated and are expanding in the region. On the one hand, there is Forestal Arauco (CELCO), a company set up by the Chilean State at the end of 1960s, with more than 40 years of existence and purchased by the entrepreneur Anacleto Angelini as a branch of COPEC (Petrol Company of Chile), which is one of the three largest economic groups in the country. It is a public limited company with national investors and is controlled by the same economic group. In 2010, the sales of Forestal Arauco amounted to US\$ 3 788 million and profits to US\$694 million. In 2009, its investments amounted to US\$670 million, of which the most prominent were the acquisition of TAFISA in Brazil for the production of wood boards and the creation of a joint venture with the Scandinavian company, Stora Ensam for the acquisition of land in Uruguay.

However, in order to have a more exact idea of the extent of the land controlled by these companies, it is necessary to make an in-depth analysis of the information. In the case of this company in Uruguay, it is necessary to add to the area of land it controls directly, some 138 000 hectares which it owns in the company Montes Del Plata, which was set up by its own company Arauco with the Finnish company Store Ensa. This company is a Uruguayan domestic company which originated with the land that the Chilean company bought from the Spanish group ENCE. Thus, to the 126 786 hectares that CELCO owns in Uruguay, it is necessary to add the 138 000 hectares that Store Ensa has brought to Montes del Plata.

CELCO’s land assets amount to 1.6 million hectares distributed geographically as follows:

Table 1.1: Area of land and plantations belonging to CELCO

Country	Land area	Planted area
Chile	1 115 237	736 637
Argentina	263 394	130 101
Brazil	145 109	74 667
Uruguay	135 011	78 234
Total	1 658 751	1 019 639

Source: CELCO Report, 2012.

The other Chilean forestry group, CMPC, is for its part a traditional family firm established some 90 years ago and is still under family control. The company’s sales in 2010 amounted to US\$ 4 219 millions, for wood-derived products.

Through its subsidiary, Forestal Mininco, it guarantees the supply of raw materials from its own plantations, located in Chile, Argentina and Brazil, as given in the following table:

Table 1.2: Area of land and plantations belonging to MININCO

Country	Land area	Planted area
Chile	730 335	504 406
Argentina	94 283	62 821
Brazil	213 104	112 689
Total	1 037 722	679 916

Source: CMPC Report, 2012.

Mininco harvested 17 800 hectares of planted forest in 2009 in both Chile and Argentina and, at the same time, it planted 27 000 hectares. From 1991, CMPC initiated industrial investments and purchases in Argentina and continued with the same in Uruguay in 1994. Between 1994 and 1996, it extended its operations in Argentina, opening three new plants, and it expanded to Peru in 1996, to Mexico in 2006, to Colombia in 2007 and Brazil and Ecuador in 2009. In Brazil, it acquired, from the Brazilian group, Aracruz the pulp mill in Guaiba (RS) with 212 000 hectares of land. In 2012, with an investment of US\$2 000 million, it started to expand the mill in order to double its processing capacity.

b) Route 2: combination of landownership and leasing (the case of the farming “pools” in Argentina)

This section will focus solely on the expansion of companies that operate under this novel mechanism. At a later stage, the role of landownership will be analysed with regard to the current concentration of land.

In Argentina, the so-called “Sowing pools” are agricultural production systems that are characterized by the fundamental role played by investment funds and by a business model whereby control of agricultural production is acquired by leasing large extensions of land in both the country itself and in neighbouring countries and by contracting teams for sowing, fumigating, harvesting and transporting. The objective is to generate economies of scale and high returns. Once the harvest is terminated and the end products completed, the profits are distributed among the pool in charge of the sowing and the owner of the land.

From the growth of this type of investment, it is possible to see how the rules, designed to govern the operations of networks of producers, have been broadened with domestic and international financial and commercial integration, together with the purchase and leasing of land in neighbouring countries such as Brazil, Paraguay, Bolivia and Uruguay.

Some information⁴ is presented below about the expansion of some of the main companies, which have either developed using the “sowing pool” mechanism or are large leasing companies: MSU, Grobo, El Tejar, CRESUD and ADECOAGRO, with the aim of showing the size, which such companies have reached.

MSU: a family firm with rural activities since 1860. It has managed to have 15 000 hectares of its own and has 6 500 heads of livestock. Until 1985, it was organized as a sowing pool. Since then, it has dedicated itself to leasing land and sowing in Argentina (20 000 hectares owned, 140 000 hectares leased); Uruguay (25 000 leased), Paraguay (10 000 hectares leased) and Brazil (where they started with 5000 hectares). They have 1 000 contractors and a stable technical staff of some 260 persons.

GROBO: A family firm with a long tradition in agriculture. In the 1990s they pioneered the sowing pool model and cultivated 250 000 hectares: 90 000 hectares in Argentina, 16 000 in Paraguay, 89 000 in Uruguay and 55 000 hectares in Brazil. The firm not only manages agricultural production (basically wheat and soybean) but also provides inputs, seeds management, and offers logistical services. They first expanded into Uruguay with soybean, then to Paraguay and more recently to Brazil.

EL TEJAR: emerged in 1987 as an association of livestock producers in the Cuenca del Salado. Currently it has 1.1 million hectares split between owned and leased lands. El Tejar cultivates soybean, wheat, maize, barley, rice and sunflower in Argentina, Bolivia, Brazil, Paraguay, Uruguay and recently in Colombia. It raises livestock in Argentina and Uruguay. The company’s income comes in equal parts from Argentina and from abroad.

CRESUD: This company was formed in 1936 as a subsidiary of a Belgian financial company. During the 1990s, George Soros was one of the main shareholders but he withdrew in 2000. CRESUD’s shares are listed on the Commercial Stock Exchanges of Buenos Aires and New York. It produces cereals and oil seeds (wheat, maize, soybean, and sunflower) as well as cattle and milk products. It buys and sells land, controlling more than 900 000 hectares in Argentina, Brazil (Brasil Agro), Paraguay and Bolivia.

⁴ The figures provided are those that are available in information given by the companies themselves on their web sites. They have not been verified and are provided here in order to give an idea of the magnitude of the phenomenon.

ADECOAGRO: This Company, established in 2002, is dedicated to the production of foodstuffs and renewable energy in South America. It is present in Argentina, Brazil and Uruguay, and its core activities include the production of cereals, oil seeds, dairy produce, sugar, ethanol, coffee and cotton, as well as beef over a total area of more than 307 500 hectares, of which it owns 260 000 hectares, the remaining land being leased. As can be appreciated, these are major companies. Family firms predominate, though not exclusively. These companies started with accumulated experience in their own country before expanding into neighbouring countries with a strategy that had already been tested. The strong growth in the technological package of sowing directly – transgenic soybean – in Argentina together with growing demand in Asia are also important factors that explain their expansion beyond their domestic borders.

The “sowing pools” are novel relationships that combine land, capital and human resources; leasing of land (or other contractual arrangements to access land) and/or land provided in trust where one can observe: (i) a technological package using modern machinery; (ii) extensive use of biotechnology and agrochemical inputs; and, (iii) a complex information system and staff specialized in the selection of fields, production, management and commercialization.

With these combinations, it has been possible to reach the dimensions needed to optimize the new technological package, especially through the leasing of land or other contractual arrangements. In this way, it has been possible to use plots of land, which, if they had not been combined with others, would not have been viable given the new per hectare investment demands. At the same time, faced with dispossession, this system has enabled some of the small and medium-sized owners to maintain ownership of their property as “rentiers”.

Being on a large scale is not a pre-requisite of “sowing pools”. However the new technological packages which are capital-intensive, as well as the cost benefits in the acquisition of inputs, in commercialization and financing and the capacity to spread climate risk, have been, and will continue to be, some of the factors that favour the growth of large agricultural companies. In this sense, not all large companies are “pools”, inasmuch as there are family firms, as well as commercialization companies and companies supplying inputs that have also merged with the biggest market producers but do not always operate using the system and financial arrangements described above. Even though, the grand majority of them operate with arrangements that are, in part, comparable to those of the “pools”. One can talk about contract agriculture which is more than land contracting or leasing. These contract farmers belong to networks, which, through associations established between parts of one or several value chains, benefit from economies of scale – lower costs in general and particularly lower transaction costs as well as improved market power, the capacity to manage, coordinate and negotiate being a distinctive feature of their competitiveness, more than their technical and technological production capabilities.

This mechanism corresponds to a form of agriculture by contract. The producers are part of networks in which, through vertical integration and/or stable contracts, they are able to achieve economies of scale with lower costs in general and lower transaction costs in particular; management, coordination and negotiation capacity is a distinctive feature of their competitiveness, beyond their technical and technological capacities of production.

These firms, dedicated to cereal, grain and sometimes livestock production, have expanded by leasing rather than purchasing land and, as they have grown, they have concentrated their capital and increased domestic acquisitions as well as expanding, either through leasing or purchasing arrangements, in neighbouring countries.

c) Route 3: Expansion in neighbouring countries: Brazil in Paraguay and Bolivia

The third route to expansion is through the development of business activities in neighbouring countries, as highlighted through the example of Brazil where farm contractors have migrated to the neighbouring countries of Paraguay and Bolivia.

Paraguay

The “*Brasiguayos*”, the name given in Paraguay to Brazilian farmers who emigrated there at the end of the 1960s and their descendants are mainly located in the Eastern Region in the departments of Alto Paraná, Canindeyú, Amambay and Caaguazú, which share land borders with the Brazilian states of Paraná, Santa Catarina and Mato Grosso do Sul.

A high proportion of these early migrants were able to set up small- and medium-sized farms for the production of soybean for the main part and wheat and maize to a lesser proportion. Given the difference in the price of land, many Brazilian farmers took advantage of this opportunity to sell their land in Brazil and purchase twice as much or even more in Paraguay. This first stage of intensive assimilation of farmers and businessmen lasted until the mid-1980s.

From then until the end of the 1990s, a second phase occurred which consisted of the spread of medium- and large-scale agribusinesses. In addition to agricultural crops, farmers started simultaneously to turn to cattle production. Financing of larger-sized farms took place in two ways. The first was that some of the first “*brasiguayos*” were able to increase their resources, a strategy which found expression in the purchase of land belonging to other small Brazilian farmers, who were increasingly limited in reproducing their productive units in a context of strong capitalist agricultural modernization. Because of this process, these *brasiguayos* who had been excluded returned to their country of origin. The other method occurred with the integration of new Brazilian contractors, who, in an increasing proportion had started to manage, from Brazil, the installation and operation of farms, without settling in Paraguay. These entrepreneurs not only continued to have recourse to land purchases from impoverished *brasiguayos*, but they were also able to acquire land which belonged to large estate-holders (“latifundistas”) and also to Paraguayan peasants, in areas with high land concentration. In quite a few cases, this generated tension and conflict around land tenure.

Finally, a third phase started to take place in the first few years of the 2000s whereby there was an increased presence of the large agricultural “companies, both in the departments along the border mentioned above as well as in areas further inside the Eastern Region (in the departments of San Pedro and Caazapa). On the other hand, the new mechanism for large-scale Brazilian contractors to gain access to land through the purchase of large areas of land in the Western Region (Chaco), the department of Alto Paraguay on the border with Bolivia and Brazil, which was used exclusively for livestock production. One of the factors that encouraged investments in these areas was the low price of land.

Given the above-mentioned processes, it is understandable that rural Brazilian businessmen occupy the top place among foreign landowners in Paraguay, both for the amount of land they own and for the range of regions in which they have invested. Following the Brazilians, and in smaller proportions, are entrepreneurs from Argentina, Uruguay, Europe and some Asian countries.

The most active and strategic intervention, from among all rural land concentration and foreignization processes by foreign states, is that of the Government of Brazil. The Brazilian embassy in Paraguay has mechanisms to monitor investment in agricultural businesses. Besides, once the land purchase or, in some cases, the lease of land has been finalized, Brazilian public bodies provide technical advice to farmers on managing the production they have chosen, be it related to agriculture or livestock.

Bolivia

Brazil and Bolivia share a two thousand kilometre-long border, half of which is in the Santa Cruz department. There are three stages in the expansion of Brazilian farmers in Bolivia.

The first stage of Brazilian immigration occurred in the 1980s and was quite limited, especially when compared with later developments. From that point on, they started to experiment with the cultivation of soybean or other oilseeds either on land they had leased or in association with Bolivian producers; indeed, the Mennonites before them had already tried out these crops with satisfactory results and they continue this cultivation until now.

The second stage of Brazilian immigration lasted from 1993 until 1999 in the region to the east of Santa Cruz. However, a few years after this immigration started, there were several consecutive years of adverse climatic conditions which obliged many national and foreign investors to abandon the business. Many Bolivian businesses sold their land at a very low price in order to service their debt and foreign investors with available capital took advantage of this situation. Successful Brazilians who had settled in Santa Cruz as well as those who arrived some time later gradually acquired the best lands, to the point that they control the majority of the land used for soybean trade.

The third stage started in 2005, with a new wave of Brazilian investors. However, this time they were looking for land for livestock farming. The cultivation of soybean in Bolivia would not have developed to the current levels if it had not been for the presence of investors in agriculture from Brazil and other foreign countries, who bought land in Santa Cruz and brought with them, resources, knowledge and technology. They found in Bolivia significantly higher profit margins than they could obtain in Brazil because of the lower cost of land, the favourable dollar rate as the freely convertible currency of transactions, the almost non-existent taxes to be paid, and the 50% subsidy on the price of diesel. Moreover, Brazilian businessmen were integrated into the growing middle class of Santa Cruz, not only into corporate organizations but also into Santa Cruz social circles.

Up until now, the main trends emerging from the case studies have been analysed. Before concluding this chapter, the following are some of the questions which need to be answered through further in-depth studies.

4) Presence of “investor states”

This phenomenon is to be found at an incipient stage and is restricted to the big countries of the region. It is worth recalling the more orthodox definition which is: transactions of large areas of land; participation of a

Government from outside the country where the transaction is occurring; and the use of the transaction for the production of food for mass consumption.

From the strict definition of this phenomenon as outlined, it is clear that this is an important though incipient phenomenon which finds its expression in different levels of formalization and is present in two of the biggest countries of Latin America, namely Argentina and Brazil.

In Argentina, some plans have been detected but there is no actual concrete example of this phenomenon. Several deals have been identified that involved contractual arrangements that were not land purchases, and for this reason they would not fit strictly within the definition of this phenomenon. There are four on-going negotiations that fit the definition with interventions from Saudi Arabia, South Korea, China and Qatar. In Brazil, there is information about three transactions which involved bodies from Saudi Arabia and China as well as a South Korean company.

5) Investment funds

The high profit margins of some crops, especially “flex” crops have persuaded some investment funds to invest in the purchase of land in the Region. Among the buyers of large-scale areas of land are the Investment funds, be they private savings funds or institutional savings funds such as US and Canada teachers’ pension funds or more generic pension funds (Sweden).

Concentration of activities and products

Regarding land use, the goods produced from such concentrations of land are usually intended for:

1. Biofuels. Mainly crops that serve as a substitute for fossil fuels. The demand and the price depend to a large degree on public policies since some countries have decreed that such substitutes must reach a specified percentage of total fuels.

2. Basic consumer foodstuffs. The main basic foodstuffs have increased drastically in price since 2007 for different reasons, including the increase of biofuels, climatic problems in earlier years, reduction in inventories and an increase in demand in some emerging countries.

3. Forestry resources. It is necessary to distinguish between two types of goods with distinct characteristics: (1) timber and non-timber forestry products, for which demand has increased as emerging countries have grown; and (2) environmental services with the establishment of markets for pollution rights and carbon credits which have made it possible to obtain resources in exchange for planting trees through mechanisms which until now have been voluntary and are based on promises not to fell trees (REDD mechanism – Reducing Emissions from Deforestation and Forest Degradation).

Before continuing, it is necessary to look at “multi-purpose crops”, in other words those that have multiple and/or flexible uses in the triangle: food-feedstuffs-fuel, which are referred to as “flex crops” (see Borras et al., 2013). This type of crop, which includes sugar cane, soybean, African palm, has developed rapidly alongside land concentration and foreignization. The same has happened in non-food sectors, specifically in industrial forest production and large-scale conservation. Thus, this negates the general and often predominant narrative that links the current dynamic nature of land markets to the increase in food prices between 2007 and 2008. We will return to this topic at the end.

4. The development of *tourism* has naturally generated an increased interest in coastal zones and other areas of special interest because of the beauty of their landscape, the wealth of flora and fauna and/or the possibility of recreational activities, for which there is a high demand. Concentration of landownership for tourism is linked to tropical regions, to beach tourism; it is frequently in the hands of foreign investors. The main examples are located in Central America and the Caribbean.

5. **Mineral and energy resources.** This is not a new phenomenon, but the strong demand from emerging economies has increased the pressure on those regions and countries that possess mineral or oil wealth and consequently on their agricultural land.

6. **Fruit, vegetables and wine.** In addition to the traditional products exported by the countries of the Region, basically tropical ones (banana, pineapple and sugar), there are what is known as “non-traditional products”, products typically of temperate climate zones which have an out-of-season demand in the northern hemisphere.

7. **Conservation.** We will talk longer about the consequence of the particular nature of this phenomenon. Some land investments are made with the declared objective of “conservation”. It is worth pointing out that the declared objective is conservation of resources but this does not mean that it can automatically

be assimilated with a philanthropic activity. Some research would need to be made regarding its possible connection with current environmental businesses (for example carbon credit trading) and in the future (for example, shortage of fresh water worldwide).

Additional information is provided below about this specific “land use”. It deals with the concentration of ownership of land which is not used for agricultural production and which is to be found in Patagonia in South America.

In recent years, foreigners have acquired large properties in Argentina, mainly in the border areas near the mountains in Patagonia where the phenomenon has the following characteristics: the huge extent of these estates; the fact that they are in the hands of foreigners, who have fortunes of worldwide renown. We mention here several of the more iconic cases:

The first concerns Benetton Group S.A., an Italian clothing brand, founded in Ponzano, Veneto in 1955. Its core business is casual clothing, sold under the “United Colours of Benetton” brand. The Benetton brothers are among the largest landowners of the country, possessing a total of 930 000 hectares in the three southern provinces (Río Negro, Chubut and Santa Cruz), where they produce wool for their clothing business. As already mentioned, the land purchase by Benetton has a strong productive objective, mainly the production of wool, a first-level operation in international terms. The processing done in Argentina is minimal and occurs in the first stage of the value chain, namely washing wool for part of their production, while other unwashed wool is exported, but all wool is destined for their own clothing business. This, then, is an example of vertical integration, even though the primary production itself does not seem to be an important block of the business.

It is also worth mentioning Douglas Tompkins, an entrepreneur in the clothing industry who formerly owned brands such as Esprit, North Face, etc. He controls some 350 000 hectares, distributed in Corrientes, Santa Cruz, Neuquén and Tierra del Fuego, and bought for nature conservation.

Unlike these two cases, it is not clear, in the remaining cases mentioned below, as to what use they will make of the land. Even though a number of them are developing tourism activities or opening up their estates to visitors, what they have in common is that they are foreigners, rich and famous and their estates are generally, though not exclusively, located in Andean zones.

To those mentioned above, we should add Joseph Lewis who has 14 000 hectares in Río Negro; Joe Turner and Ted Turner, founder of CNN, who have 55 000 hectares in Neuquén and Tierra del Fuego; Ward Lay, born in 1945 and son of Herman Lay, who established the snack foods company, part of the PepsiCo group, bought 80 000 hectares in Rancho Alicia, between the provinces of Neuquén and Río Negro, to build a reserve for hunting and fly-fishing. With the exception of Benetton, these purchases show no evidence of having a “productive aim”.

Several large private projects are also to be found in Chile, with the declared objective of preserving the native forest and other national resources, although the use of the land also includes ecotourism, based in part as a way to self-finance the upkeep of these protected territories. Four such projects stand out because of their sheer size.

The first and the biggest is Pumalín, which belongs to Douglas Tompkins who was mentioned above as landowner in Patagonia in Argentina. Pumalín is a private park in Palena Province in the Lake Region of Chile, which started with the purchase of Fundo Reñihue (17 000 hectares) in 1991 with the aim of protecting the temperate-zone natural rainforest. To this were added several purchases of land acquired from neighbouring settlers and farmers, creating the biggest known private park with 300 000 hectares.

The agreement between Tompkins and the Government of Chile is that the park will be donated, in the future, for its administration and development, as a National Park under private management. It is open for ecotourism, for which there are cabins, guides, trekking trails and other facilities in line with its conservation purpose.

Another project is the Chacabuco Valley Estate in the Aysén Region, which was devoted to sheep rearing until 2004 when it was bought by Conservation Patagonia, an organization with its headquarters in California and also with links to Douglas Tompkins. This organization has 186 000 hectares across Chile and Argentina and is proposing to create, in the future, the National Park of Patagonia.

The Tantauco Park in the extreme west of the Island of Chiloé (Lake Region) was acquired in 2005 by the Future Foundation (of Sebastian Piñera) with the aim of preserving its eco-systems and the species to be found there. The Foundation is planning a sustainable tourism project and the creation of an ecological research centre with education objectives. The area in question is some 118 000 hectares.

Trillium, a forestry company with North American capital, purchased in 1993 from the Ministry of National Assets and from private interests, with an extension of 275 000 hectares for lenga beech logging in Tierra

del Fuego and Magallanes. In parallel to this, the same company under the name of Lenga Patagónica S.A., bought 75 000 hectares for the same purpose in Argentina.

In terms of investments in land with a conservation objective, it should be stressed that the interesting point to note is the formal and specific declaration on the matter. The declared objective is the conservation of resources. However, this cannot be simply assimilated to a philanthropic activity. On the one hand, there would have to be an investigation into possible connections with environmental businesses (for example the market in carbon credits) now and in the future (for example the topic of the global shortages of fresh water). On the other hand, ecotourism activities on such a type of property mobilize important economic resources, in so far as those who practise this type of activity come from high-income socio-economic categories. Also, one may consider the possibility that these are speculative investments, whereby investing in land is an asset that will always appreciate. In addition, the value of the investment is protected at times of high volatility on financial markets.

IV. Final note

From the above analysis, it is interesting to highlight the following facts:

1. Degree of concentration. The concentration presently observed in Latin America is much higher from what has been observed in the past and it has a different significance. Regarding the scale, this is much bigger now than what it was earlier in the 20th Century when it was considered necessary to undertake agrarian reforms. With regard to the importance of large concentrations, these were associated to the existence of large unproductive estates, which resisted modernization, with the exception of the plantations that were transnational enclaves located in the tropics.

2. Aspects specific to Latin America and the Caribbean. When comparing the processes of concentration in the region with those occurring in other regions, such as Africa, Asia and post-Soviet Eurasia, the following may be highlighted: (i) the Latin American and the Caribbean market is more dynamic than what is observed in other regions; (ii) an intraregional “porosity” of capital, technologies, entrepreneurs, business models exists among the countries of the region.

3. Presence of “flex crops” and food security. While this phenomenon is not exclusive to Latin America, it is worth highlighting because of the importance these crops have reached in the region. Those crops, which have multiple and/or flexible uses in the 3-in-1 triangle: “food-feedstuffs-fuel”, are called “flex crops” (Borras et.al.2010, 2013). They also exist in non-food sectors especially in industrial forestry production and large-scale conservation. This conclusion is far from the generally held, predominant opinion that links the global land rush, above all but not exclusively, to the increase in the prices of foodstuffs registered between 2007 and 2008.

4. Need for impact evaluations. It is urgent to gain further knowledge of the impact of these processes on family farming, the production of foodstuffs, the environment and on employment. In effect, it is necessary to be able: to measure better how much land that is now concentrated was previously land occupied by peasant farmers and to know what happened to these small farmers; to establish a comparison between production sectors that existed before and after these lands were concentrated and to know what was the balance in the supply of nutritious food; what is the environmental impact on natural resources of these large projects of concentration; and, finally, a comparison of the employment situation, both quantitatively and qualitatively, before and after concentration. Only once there is evidence about the different impacts will it be possible to evaluate the significance of the phenomenon being analysed.

5. Sustainability and the voluntary guidelines on tenure. Finally, it is worth reflecting on the sustainability of the situation as described with regard to the functioning of the land market and development, particularly in the way that food security is affected. It can be argued that there are serious doubts in this regard. Therefore, the document prepared by the FAO initiative on “Voluntary guidelines on the responsible governance of tenure of land, fisheries and forests in the context of national food security”, can be an effective tool for channelling the dynamics that shows the land market as a force to promote sustainable development and contribute to food security. This document, approved by all Member States of FAO in 2012 and involving a broad consultation with civil society, the private sector and academia, provides a reference framework to address this complex situation. While the guidelines are “voluntary”, they give legitimacy to the themes they cover and a framework for dialogue in every country in order to tackle the theme of tenure of resources according to the specific characteristics they face in their districts and regions and the unique national conditions.

Annex

The following is the complete list of the seventeen FAO-commissioned country studies on land grabbing in Latin America and the Caribbean; the first title is the summary paper.

- FAO, 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe*. Santiago: FAO.
- Baumeister, Eduardo, 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de Nicaragua*. Santiago: FAO.
- Carrera, Jaime Arturo and Jaime Luis Carrera Campos, 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de Guatemala*. Santiago: FAO.
- Donoso, Santander Tristán, 2011a. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de Costa Rica*. Santiago: FAO.
- Donoso, Santander Tristán, 2011b. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de Panamá*. Santiago: FAO.
- Echenique, Jorge, 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de Chile*. Santiago: FAO.
- Galeano, Luis, 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de Paraguay*. Santiago: FAO.
- Lavandier, Ingrid, 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de República Dominicana*. Santiago: FAO.
- Martínez, Luciano Valle, 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de Ecuador*. Santiago: FAO.
- Murmis, Miguel and María Rosa Murmis, 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de Argentina*. Santiago: FAO.
- Piñeiro, Diego 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de Uruguay*. Santiago: FAO.
- Remy, María Isabel and Carlos de los Ríos, 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de Perú*. Santiago: FAO.
- Robles, Héctor Manuel, 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de México*. Santiago: FAO.
- Salinas, Yamile Abdala, 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de Colombia*. Santiago: FAO.
- Urioste, Miguel, 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de Bolivia*. Santiago: FAO.
- Williams, Allan, 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de Trinidad and Tobago*. Santiago: FAO.
- Williams, Patrick, 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de Guyana*. Santiago: FAO.
- Wilkinson, John, Bastian Reydon and Alberto Di Sabbato, 2011. *Dinámica del mercado de la tierra en América Latina y el Caribe: El caso de Brasil*. Santiago: FAO.

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Chapter II:

Land grabbing in Latin America and the Caribbean, viewed from a broader international perspective

Saturnino M. Borras Jr.*, Jennifer C. Franco**, Cristobal Kay*** and Max Spoor ****

I. Introduction and key messages

This chapter is based on an empirical research commissioned by the UN Food and Agriculture Organization (FAO) on the state and trends in 'land grabbing' in seventeen countries in Latin America and the Caribbean. The seventeen studies were completed in mid-2011. The common analytical framework of the studies is both wide and narrow. On the one hand, it is wide because it looks into the broad processes of rural land and capital concentration in the context of neoliberal globalization, and, on the other hand, it is narrow because it looks into the phenomenon of 'land grabbing', based strictly on three specific dimensions, namely: i) the significant extent of recent large-scale land acquisitions; ii) the involvement of foreign governments in these land deals; and iii) the negative impact of these recent land investments on the food security of the recipient country. It is largely because of this kind of framing that most of the studies have been able to unravel and compile a significant quantity of empirical material related to land dynamics in the region. However, given that the focus of their analysis and conclusions was based on the narrow definition and dimension of land grabbing, the conclusion was reached that 'land grabbing' exists only in two countries of the region: Argentina and Brazil.

This chapter examines in depth the country studies and the synthesis paper, from a broad agrarian political economy perspective⁵. This approach includes inevitably an analysis of the nation-states involved in transnational land deals, but it goes beyond this focus. It is broad in that it includes national land deals, but at the same time it is not too open-ended. By analysing the purposes, (and thus the causes) of the current land rush, we will certainly be dealing with both the recent changes in and the imperatives of global capitalism more generally, as well as the different initiatives to tackle the challenges posed by the convergence of the multiple crises of food, energy, climate change and finance. This strategy enables one to navigate somewhere between too narrow and too wide parameters.

The objective of this chapter is to (re)interpret the empirical material in the seventeen country studies, based on the debates and literature that are emerging internationally with regard to land grabbing. Based on this, we reach some tentative conclusions and identify some possible policy recourse and future research. In addition to this international literature, the current chapter will also consider the insights from the seventeen country studies in the context of the key outcomes and recommendations of the land grab report released by the UN Committee on World Food Security (CFS) High Level Panel of Experts or HLPE (Toulmin et al. 2011). An attempt will be made to identify points of convergence and divergence between this report and the current conditions and trends of land grabbing in Latin America and the Caribbean. In turn, it is hoped that the knowledge and insights from this region can also help understand better the global phenomenon of land grabbing. It is our aim to make this chapter relevant for a variety of readers: civil society activists, policy-makers, government officials and academics.

* Professor at the International Institute of Social Studies (ISS), The Hague, Netherlands, Fellow of the Amsterdam-based Transnational Institute (TNI) and of the California-based Food First, and Editor of the *Journal of Peasant Studies*. borras@iss.nl

** Research Associate at the Transnational Institute (TNI). jennycfranco@tni.org.

*** Emeritus Professor at ISS and Editor of the *Journal of Agrarian Change*. kay@iss.nl.

**** Professor of Development Studies at ISS, and Visiting Professor at the Barcelona Institute of International Studies (IBEI) in Spain. spoor@iss.nl.

⁵ We employ, in a loose manner, a broad agrarian political economy perspective, addressing four distinct but interlinked questions: Who owns what? Who does what? Who gets what? What do they do with the produce/wealth that is created? (Bernstein 2010).

The main finding of this chapter is that, generally speaking, land grabbing is taking place, albeit unevenly, between and within countries in Latin America and the Caribbean. Current conditions and trends in land deals point towards further expansion and at a faster pace in the near future. Land grabbing in Latin America and the Caribbean has distinct features, including: (i) the significance of private lands transacted, (ii) the critical role played by domestic elites as key investors, (iii) the significance of intra-regional (Trans)Latina companies (TLCs) alongside conventional transnational companies (TNCs), (iv) the minimal scope of land deals (private or public) with the Gulf States, China, South Korea and India, which are among the major investors in other regions of the world, and (v) the fact that land grabbing in this region occurs in countries that do not fit the usual profile of ‘fragile’ or ‘weak’ states, which, in the view of some observers, facilitates such land grabs, as is the case of several countries in Sub-Saharan Africa. One can quickly see the difference in the political conditions of Brazil and Argentina on the one hand, and the Democratic Republic of Congo and Sudan on the other hand. Nevertheless, generally speaking, land grabbing in this region has many similarities with the processes that are taking place in other regions of the world, mainly because all regions have been integrated into the process of neoliberal globalization over the past two to three decades, albeit in different ways and to different extents. Moreover, there are agrarian processes and transformations across regions that have been inspired by: recent changes in the global food, feed and fuel triangle; the growing needs of global capitalist development especially in the context of the rise of the BRICS (Brazil, Russia, India, China and South Africa) and the MICS (middle-income countries) for meat, dairy products, timber and minerals; and the various climate change policy responses such as carbon trading and other mega conservation projects. Finally, the dynamics of land grabbing in the region generally reflect the overall key findings from the report on the topic by the High Level Panel on Food Security of the UN Committee on World Food Security (CFS) that was released in July 2011. The latter’s insights into the dynamics of land grabbing will help deepen and strengthen the report.

1. Highlights of the findings

- (1) The extent of land grabbing in Latin America and the Caribbean in terms of the number of countries involved and area covered is greater than previously assumed. However, it is not possible, at least at this point, to come up with clear quantitative data about how many hectares and households are actually affected. This conclusion is arrived at by using an analytical approach that is broader than the strict and narrow definition used by FAO in the seventeen country cases (which is based on large-scale land acquisition involving foreign governments and the subsequent food insecurity in the host country). The same conclusion can also be reached when analyzing other regional cases (Africa, Asia and former Soviet Eurasia) once the definition of land grabbing and its analytical framework have been adjusted from the ‘nation-states centric’ transnational perspective to one that focuses on the broad political economic character and orientation of land deals. We will discuss our alternative take on ‘definition’ later in the chapter.
- (2) Land grabbing occurs across different regimes of land property rights (private, state, communal) agro-ecological conditions as well as spatial locations (from cultivated prime agricultural land to borderland, from peri-urban areas to remote rural land), using a variety of acquisition mechanisms (purchase, lease, contract farming, value chain capture). In terms of international comparison, it is not an ‘either/or’ issue (i.e. land transacted was either private or state land), but rather it is a matter of degree for each category in the overall trend. In this context, private land transactions are probably highest in Latin America and the Caribbean as compared to other regions of the world where transactions are much more concentrated on the broad category of state (or ‘public’) land. Overall, however, especially in terms of the land area involved, transactions are certainly concentrated in land property regimes that are not fully and formally privatized such as frontier lands (often belonging to indigenous peoples) and claimed by the central state.
- (3) The formal nationality of ‘land grabbers’ is diverse and, at times, not always clear and easy to establish. There are four types of land grabbers in this context: international; (Trans) Latina; domestic/national; and, ‘undetermined’. The last category consists of companies in which the dominant nationality of investors is not clear, and many of them are based in tax havens in the region (namely Panama and the Cayman Islands). The transnational dimension in land deals is substantial, although, in general, foreign governments are not directly involved (there are some scattered government-brokered negotiations but these are at very preliminary and ad hoc stages, except for some deals established in Brazil and Argentina). Meanwhile the intra-regional (transnational) land transactions involving (trans) Latin American corporations probably represent the bulk of land deals in the region, or certainly, at least, are currently the most noticeable trend. Finally, the role and participation of domestic or national elites (many of whom are linked, to varying degrees, to international capital) are quite important, even predominant in many countries of the region. When compared with other regions of the world, the processes in Latin America and the Caribbean differ from those observed in Africa where transnational (trans-regional) deals predominate and are commonplace. However, the Latin America and the Caribbean circumstances are closer to those of Southeast Asia. In the latter, intra-regional land investments by (trans) Southeast Asian companies are substantial, probably more important than those by investors from outside the region, at least for the time being. However, the critical role played by domestic/national elites in Latin America and the Caribbean is similar to what can be observed in all other regions of the world: Africa, Asia and post-Soviet Eurasia.

- (4) Land grabbing occurs not only with the aim of greater food production, especially livestock production. It occurs within the emerging food-feed-fuel triangle involving what we call here 'flex crops', in other words, crops that have multiple and/or flexible uses in the '3-in-1' triangle, as well as within non-food sectors, specifically industrial tree plantation and large-scale conservation. This conclusion is significantly different from the dominant, mainstream narrative that links the current global land rush mainly, if not solely, to the 2007-08 food price spike. The latter is ahistorical. Our conclusion directly links our analysis to the broader international processes of the political economy, in which land is used for purposes other than for food production. This finding in the region is similar to that observed in other parts of the world, based on emerging empirical evidence, which contradicts the official and mainstream explanation that the 2007-08 food crisis provoked land grabs. This narrative that focuses on the food crisis- is indeed problematic.
- (5) In most cases, land deals in the region have not had any immediate large-scale negative impact on food security in the host countries. We can, however, assume that exceptions exist, probably at the local level where there were clear displacements of communities that resulted in the disruption of production, supply and access to food, as was in the case of Colombia. One reason for this is that large-scale land deals have occurred more generally outside the staple food sector which remains in the hands of smallholders. Another reason is that massive commercial farms and plantations as well as conservation sites have been opened up in frontier lands, which generally are sparsely populated. This may be similar to general trends observed in parts of Southeast Asia and post-Soviet Eurasia (in the latter, fertile land had been abandoned). However, this may be significantly different from what we witness in some parts of Africa where local communities are displaced or relocated, livelihoods disrupted, and subsistence food production destroyed. Despite these examples, it is, overall, difficult to establish a direct link between large-scale land deals and food insecurity in Latin America and the Caribbean, at least not an immediate impact.
- (6) Land grabbing in the region occurs in countries that do not fit the usual profile of 'fragile' or 'weak' states. The political conditions of Brazil and Argentina, the two countries where land grabbing occur the most, are markedly different. The same is true of other countries such as Chile and Uruguay. What can be observed generally, at least from the FAO studies, is that there is no major concern in the countries studied about manipulative, non-transparent, shady and corrupt land deals, unlike what can be seen in other countries in Africa, post-Soviet Eurasia or Southeast Asia (see, for example, Vermilion and Cotula, 2010). This situation is different from the dominant narrative on land grabs which assumes, arguably erroneously, that problematic land deals occur in countries with 'weak' or 'fragile' governance structures. The general policy prescription to make land deals more 'transparent' and 'responsible' is the logical policy option for this kind of basic assumption about the problem. This assumption is being challenged more generally, and the empirical insights from the current regional study offer evidence which would point to a rebuttal of the assumption that land grabs would not be a problem if only they were transparent.
- (7) There is no consensus within the state and in society about these land deals; they are contested within the context of state-society interaction, including the environmental context, and by indigenous peoples. The role of the state in facilitating land deals is, for the most part, central to the process. This is seen in five broadly distinct but interlinked tasks to facilitate land deals that only a state can do. All states are engaged in systematic policy and administrative initiatives around the notion of 'available marginal' lands: (i) creation/justification; (ii) definition, reclassification, quantification; (iii) identification; (iv) acquisition/appropriation; and (v) re-allocation and disposing of land to transform scarce resources legally controlled by the national government in exchange for new large-scale land-based investments. The state's role in land grabs is the same as that observed in other regions of Asia, Africa and post-Soviet Eurasia. Meanwhile, grassroots resistance, whether organized/structured or otherwise, is present in many countries, but is generally sparse, weak and uneven. This is similar to the situations found outside the region, but, above all, in post-Soviet Eurasia. Potential and actual social divides (class, gender, ethnicity, ideology, among others) are the hallmarks of existing agrarian structures and institutional spaces between and within state and society. These are manifest in, and partly influence the nature of state-society politics around land deals.
- (8) Land use change has been multidirectional: within the food sector, for example, land that used to produce food now produces feed or fuel; previous non-agricultural or non-forestry land is now used to produce food, feed and fuel for export; natural forests have been transformed into industrial tree plantations. This diversity in land use is also observed elsewhere in Africa, Asia and post-Soviet Eurasia.
- (9) In some instances, large-scale lands deals in Latin America and the Caribbean have resulted in dispossession by displacement of the rural poor. But more generally, it has not resulted in mass dispossession – at least not on the scale observed in many places in Africa and some parts of Asia. Again, of course we see some hotspots where people have been evicted from their lands, most especially in Colombia. On many occasions, land deals have led to the incorporation of smallholders and farmworkers (to their detriment or otherwise) into the emerging commercial farm enclaves and plantations. The mixed outcomes in terms of incorporation are similar to what can be seen in the emerging land-oriented ventures in Asia and Africa.

- (10) The land grabs that have resulted in protests are typically characterized by non-redistributive land policies that lead to the (re)concentration of land combined with a model of production that neither guarantees food security nor protects the environment. For land investments to be socially and environmentally desirable, they have to be built on or result in (re)distributive land policies and models of production that provide food security and protect the environment. However, such an ideal set-up is more the exception than the rule in the Latin American and Caribbean context, quite similar in many ways to what is happening in Africa, Asia and post-Soviet Eurasia. Exactly where the trend in Latin America and the Caribbean stands between these two poles is an empirical question.
- (11) The contexts, actors, conditions, and consequences of the renewed land rush in the region require some new and also some tested types of public action if the ideal scenario is to be achieved, namely (re)distributive land policies combined with land investments that provide for food security and protect the environment. Conventional land policies, such as land reform, have become even more relevant and urgent in the current context – but are inherently limited. There is a need for an overarching concept that is appropriate for the changed contemporary context. The bottom line is to secure the right of working class and indigenous peoples to have effective access to, control over and use of land, and to live from it and on it as a resource and a territory. This requires not a purely market-based intervention, but a strong state-society interactive intervention, which includes well-organized civil society movements as well as associations for environmental and agrarian justice, at the local, national and transnational levels. This observation also applies to other regions of Asia, Africa and post-Soviet Eurasia.

2. Synthesis of the FAO land grab studies in Latin America and the Caribbean

It is useful to provide a short summary, highlighting the key findings and conclusions of the seventeen country studies based on the original framework employed by FAO for the research. It has to be noted that the current land grabbing and land concentration in the region are taking place against the backdrop of neoliberalism that has swept across Latin America and the Caribbean. This movement has transformed the agricultural sector to some extent and (agrarian) societies more generally, although not always as intended and as predicted,⁶ (Gwynne and Kay, 2010). We will not embark here on a discussion of neoliberal globalization and the region’s agricultural sector. To some extent, the seventeen country case studies have covered this and the synthesis (see Chapter 1) has also underscored important elements of this transformation. The task at hand is to examine the question for land grabbing. For this purpose, two key tables are useful (tables 2.1 and 2.2).

Some conclusions can be drawn from Table 2.1. First, across Latin America and the Caribbean there has been a significant increase in (foreign) investments in land and agriculture during the past decade. The level of these investments is high in almost all of the seventeen countries, with only about three at the medium level (Costa Rica, Guatemala and Panama), while only one country is in the ‘low to none’ category (Trinidad and Tobago). Indeed, despite the disparities between and within countries, vibrant investment in land and agriculture is, to a large extent, a region-wide phenomenon. Second, taking the definition of land grab as something that involves foreign governments, there are only two countries to which this applies, namely Argentina and Brazil. Third, in all seventeen countries studied, there is no single country case where food security has been weakened by the increase in land and agricultural investments.

Table 2.1: Land investments, land grabbing, and food security in selected countries

Presence of recent large (foreign) investments in land			Presence of foreign 'land grabbing'		Negative impact on food security of investment recipient country	
High	Medium	Low to none	Yes	No	Yes	No
Argentina	Costa Rica	Trinidad & Tobago	Argentina	Bolivia		Argentina
Bolivia	Guatemala		Brazil	Chile		Bolivia
Brazil	Panama			Colombia		Brazil
Chile				Ecuador		Chile

⁶ The argument “to bring the state back in” in the context of agrarian transformation in Latin America and the Caribbean has been widely argued in recent years. Among the region-wide relevant studies is the one by Spoor (2002) in which he demonstrates that the growth of the agricultural sector in ten of the most important agricultural countries of the region of Latin America and the Caribbean during the period of state intervention of the 1960s and 1970s was higher and more robust than in the neoliberal 1980s and 1990s. There was also no evidence of the supposed “lost decade” of the 1980s, as far as the agricultural sector was concerned. In effect, the sector actually benefited from the substantial public investments made earlier. Finally, following the widespread structural adjustments, implemented with varying timings, the expected rapid recovery and high growth levels in the agricultural sector did not materialize.

Colombia			Paraguay		Colombia
Ecuador			Peru		Ecuador
Paraguay			Uruguay		Paraguay
Peru			Mexico, 'but'		Peru
Uruguay			Costa Rica		Uruguay
Mexico			Guatemala		Mexico
Nicaragua			Nicaragua		Costa Rica
Dominican Rep.			Panama		Guatemala
Guyana			Dominican Rep.		Nicaragua
			Guyana		Panama
			Trinidad & Tobago		Dominican Rep.
					Guyana
					Trinidad & Tobago

Source: 17 FAO country studies (see Annex in chapter 1), plus the synthesis paper (Chapter 1).

Table 2.2: Land and capital concentration, by country and sector

Country	Sectors where recent significant (land & capital) concentration has occurred
Argentina	Soya, wheat, livestock, sugar cane, tobacco, fruit, conservation
Bolivia	Soya, livestock, forestry
Brazil	Soya, sugar cane, poultry, livestock, fruit, forestry
Chile	Fruit, dairy, wine, seeds, poultry, conservation
Colombia	Oil palm, sugar beet, sugar cane, soya, rice, corn, forestry
Ecuador	Banana, sugar cane, oil palm, forestry
Paraguay	Soya, corn, wheat, livestock
Peru	Fruits, vegetables, sugar cane, oil palm
Uruguay	Soya, dairy, wheat, rice, livestock, forestry
Mexico	Value chain of maize, sugar cane, fruit, flowers, coffee, barley, tequila
Costa Rica	Banana, pineapple, oil palm
Guatemala	Sugar cane, oil palm, forestry
Nicaragua	Livestock, rice, oil palm, sugar cane, citrus, tourism, forestry
Panama	Banana, coffee, rice, oil palm
Dominican Republic	Sugar cane, banana, fruit, vegetables
Guyana	Sugar cane, livestock, rice, pineapple, forestry
Trinidad & Tobago	Sugar cane, cacao, fruits

Source: 17 FAO country studies (see chapter 1).

Meanwhile, the following conclusions can be drawn from Table 2.2 First, concentration of land and/or capital tends to occur in a variety of ways: from land grabs, to 'commodity grabs' (capture of goods and profits in the value chain), to 'green grabs' (land grabs in the name of the environment; see Fairhead, Leach and Scoones, 2012). Second, this concentration occurs in various food and non-food sectors, but there is a remarkable surge in particular sectors linked to the rise of 'flex crops' (crops which have multiple uses - food, animal feed and biofuels, and the use of which can be changed quite flexibly, particularly soya, oil palm and sugar cane), alongside land acquisitions related to the expansion of industrial tree plantations and mega conservation projects.

These insights are among the many points highlighted in the seventeen country case studies. They will serve as a starting point for the subsequent discussion in the remainder of this chapter where the empirical material from the country studies will be evaluated and re-examined from a broader analytical and international perspective. The reports will not be examined in great detail as this has already been done in the excellent summary (see chapter 1).

II. Scope, assumptions and context

As mentioned earlier, the definition of 'land grab' used by FAO in the seventeen studies is anchored to three interlinked dimensions, namely, a) large-scale land acquisition; b) involvement of foreign governments; and c) the negative impact on food security in the host country. These dimensions are among the most problematical and controversial aspects of the current land rush. But defining land grab in this way is bound to miss some significant aspects of the nature and the dynamics of contemporary land grabbing and the possible routes towards agrarian change.

This chapter does not intend to offer a standard definition of land grabbing. The term 'land grab' is inherently problematic and will always be contested. But one thing that makes the term quite powerful, and it is the reason for continuing to use it here, is because it implies power and power relations – which makes it a useful, powerful but controversial term. It gives a political and historical context to the current scramble for land worldwide. We will continue to use the term 'land grab' – for lack of a better term. We will avoid substituting it with de-politicized terms such as 'large-scale land acquisitions' or 'large-scale land investments', although these terms will be used occasionally when referring to generic land transactions. At others times, we will use the term 'land deals'.

Defining features rather than a strict definition

For current purposes, it is more useful to outline a set of defining features of land deals in order to differentiate every day, regular land market transactions from what is being referred to more broadly and loosely as 'land grabs'. In our opinion, the ten defining features are: (i) implying relatively large land acquisitions either through purchase or lease, as well as through a variety of institutional arrangements ranging from contract farming and contracts with supermarkets to forest conservation, among others; (ii) involving lands in a wide range of agro-ecological conditions (from productive plains to forested rural areas) and in different locations (from remote rural areas to peri-urban corridors); (iii) involving lands in private, communal or state ownership; (iv) having the objective and/or the result of "extraction" from the land and its other intrinsic resources such as water and forest, directly or indirectly (i.e. capturing produce and profits through the value chain) through the production of food and non-food goods for domestic trade and consumption or for export; (v) being either legal or illegal, carried out transparently or otherwise, involving corruption or not, (vi) involving a variety of investors: natural persons or corporations, public, private or mixed public-private investment groups of both domestic and international origin (vii) resulting or not in an undermining of local-national food security, in displacement and dispossession of the earlier occupants of the acquired territories, in the incorporation (adversely or otherwise) of the previous occupants of the acquired lands and/or those who live in the vicinity, and in destruction of the environment; the bottom-line is the shift of control over the land and other associated resources such as water; (viii) but such large commercial transactions should be more or less traceable to recent changes in the nature and dynamics of global capitalist development in general, to the recently changing food-feed-fuel triangle, to climate change-related global policy changes such as the use of biofuels and large conservation initiatives, and the recent financial crisis where financial companies started to view land investment as an alternative, safer investment; (ix) geopolitically, linking such land transactions to the broader (direct and indirect) impact of the rise of BRICS (Brazil, Russia, India, China and South Africa), and to some extent of some MICs (middle income countries) on a more polycentric global food-energy regime; and (x) finally, and in terms of timeline, looking at recent developments, focusing on the past decade or so.

This set of qualifiers is no guarantee against fuzzy classifications of land deals, but it is helpful in terms of setting the boundary, especially with regard to regular land market transactions that occurred prior to the recent period and the context being examined here. It will also free us from the too narrow and problematic 'food crisis-centric' analysis that is often over-fixated, partly erroneously, on the 2007-08 food crisis, or the 'nation-states centric' analysis that is often focused on the Gulf States, China and South Korea. In the literature on land grabs, there are two broad frameworks that are commonly and rather casually employed.

One of the most fundamental assumptions underlying the global land grab narrative is that the converging crises of food, energy, climate, and finance have a solution, and the solution lies in the existence of global reserves of agricultural land: 'marginal, empty, under-utilized and available' (Borras and Franco, 2010a, 2010b). It is assumed that taking these lands to solve the multiple crises and promote capital accumulation: (a) will not displace any significant number of people since these are sparsely populated, if not completely empty, spaces; (b) will be easy to acquire since most of these lands are state-owned; and (c) will result in positive sum outcomes for societies since marginal lands are converted into productive resources, and will generate livelihoods and employment in local communities. Depending on the combination of factors under consideration, the global land reserve is estimated, at a minimum, to be 445 million hectares (see Table 2.3, the last four columns from the right; Deininger, 2011).

Table 2.3: Total forested, cultivated, and non-forested, non-protected agriculturally suitable areas by region and selected countries

	Total Area	Forest Area	Cultivated Area	Non-cropped, non-protected suitable			
				Forest	Non-forest with population density of		
				<25/km ²	<25/km ²	<10/km ²	<5/km ²
Sub-Saharan Africa	2 408 224	509 386	210 149	163 377	201 540	127 927	68 118
Angola	124 294	57 941	2 930	11 502	9 684	6 625	4 561
Burkina Faso	27 342	2 072	4 817	452	3 713	1 040	256
Cameroon	46 468	23 581	6 832	8 973	4 655	3 205	1 166
Central Afric. Rep.	62 021	23 496	1 879	4 358	7 940	6 890	5 573
Chad	127 057	2 280	7 707	680	14 816	10 531	7 061
Congo	34 068	23 132	512	12 351	3 476	3 185	2 661
D.R. Congo	232 810	147 864	14 739	75 760	22 498	14 757	8 412
Ethiopia	112 829	8 039	13 906	534	4 726	1 385	376
Gabon	26 269	21 563	438	6 469	954	927	839
Kenya	58 511	3 284	4 658	655	4 615	2 041	935
Madagascar	58 749	12 657	3 511	2 380	16 244	11 265	6 572
Mali	125 254	3 312	8 338	582	3 908	776	28
Mozambique	78 373	24 447	5 714	8 247	16 256	9 160	4 428
South Africa	121 204	8 840	15 178	918	3 555	1 754	649
Sudan	249 872	9 909	16 311	3 881	46 025	36 400	18 547
Tanzania	93 786	29 388	9 244	4 010	8 659	4 600	1 234
Zambia	75 143	30 708	4 598	13 311	13 020	8 367	3 083
Latin America & Carib.	2 032 437	933 990	162 289	290 631	123 342	91 576	64 320
Argentina	277 400	33 626	28 154	16 228	29 500	23 835	16 856
Bolivia	108 532	54 325	2 850	21 051	8 317	7 761	6 985
Brazil	847 097	485 406	62 293	130 848	45 472	27 654	15 247
Colombia	113 112	64 543	7 339	31 313	4 971	3 776	2 838
Ecuador	25 152	11 631	3 384	3 663	638	415	313
French Guyana	8 034	7 809	6	3 554	27	27	27
Guyana	20 845	17 737	464	8 501	210	189	156
Mexico	194 218	64 447	25 845	7 206	4 360	2 857	1 719
Paraguay	39 904	19 112	5 419	10 269	7 269	6 035	5 133
Peru	128 972	68 312	3 799	39 951	496	476	438
Suriname	14 460	13 847	86	5 318	6	5	5
Uruguay	17 772	1 323	2 030	731	9 269	8 681	7 340
Venezuela	90 531	48 345	3 912	6 167	8 966	7 725	5 891
Eastern Europe & Central Asia	2 469 520	885 527	251 811	140,026	52,387	29,965	18,210
Belarus	20 784	7 784	6 019	4 853	3 691	868	204
Russian Fed.	1 684 767	807 895	119 985	128 966	38 434	24 923	15 358
Ukraine	59,608	9,265	32,988	2,594	3,442	394	74
East & South Asia	1 932 941	493 762	445 048	46 250	14 341	9 496	5 933
China	935 611	167 202	136 945	10 514	2 176	1 383	843
Indonesia	183 897	95 700	32 920	24 778	10 486	7 291	4 666
Malaysia	32 243	21 171	7 184	4 597	186	119	50
Middle East & North Africa	1 166 118	18 339	74 189	209	3 043	843	236
Rest of world	3 318 962	863 221	358 876	134 700	50 971	45 687	41 102
Australia	765 074	88 086	45 688	17 045	26 167	25 894	25 593
Canada	969 331	308 065	50 272	30 100	8 684	8 289	7 598
Papua New Guinea	44 926	29 387	636	9 746	3 771	3 193	1 917
United States	930 303	298 723	174 515	74 350	8 756	6 818	5 058
World total	13 333 053	3 706 457	1 503 354	775 211	445 858	305 711	198 064

SOURCE: Deininger, 2011; original source: Fischer and Shah, 2010.

Note: 'Suitable' means that at least 60 percent of possible yield can be attained for any of the 5 rainfed crops considered here (wheat, oil palm, sugar cane, soybean, maize). Countries are included if they have a total of at least 3 million ha of forested or non-forested suitable area for areas with population density <25/km². Suitable ha per cultivated ha area based

on non-protected non-forest suitable area where the population density of the grid cell is <25/km² <10/km² or <5/km². Source: Deininger (2011; with original source: Fischer and Shah 2010).

Deininger (2011) is particularly looking for a specific type of available marginal land (see Table 2.3, third column from the right), and identifies and quantifies it as follows:

“Using the 25 persons per km² cut-off, the seven countries with the largest amount of suitable but uncultivated land (Sudan, Brazil, Australia, Russia, Argentina, Mozambique, and Democratic Republic of the Congo, in that order) account for 224 million ha, or more than half of global availability. Thirty-two countries with more than three million ha of land each account for more than 90 percent of available land. Of these, 16 are in Africa, eight in Latin America, three in Eastern Europe and Central Asia, and five in the rest of the world.”

There are at least three contentious aspects of this assumption. First, the assumption and definition of what is marginal, under-utilized, empty or sparsely populated are problematic. Territories occupied by indigenous peoples and by pastoralists tend, for the most part, to fall under this definition, which is often based on mainstream economic ideas about factors of production and economic efficiency in resource allocation and use that do not look at the social, cultural, and political dimensions of land.⁷ The idea that there exists an international standard to measure the ‘efficiency of land use’ is inherently problematical because different peoples have different conceptions about land and its use: a corn farmer in the US Midwest has a different idea about land and its use, compared to a nomadic livestock herder in Mozambique, for example. This critique applies to the notion of ‘yield gap’ which is being used to justify corporate take-overs of ‘marginal lands’. It is similarly anchored in international (usually western, capitalist) concepts about what should be the yield per hectare of a particular crop or herd: hypothetically, five tonnes of maize per hectare in industrial, mechanized, fossil-based farming in the US Midwest is taken as a benchmark against which to judge a hectare of land in Ethiopia that produces only a tonne of corn using conventional subsistence farming methods, or indeed a standard ratio of one hectare of land for one cow in Argentina versus ten hectares for one goat in Namibia.

Second, mapping of these marginal lands in order to identify and quantify them for eventual appropriation is usually done through satellite imaging that captures the physical features but not the social relations that occur in these spaces. Thus, this manner of identifying and quantifying future acquisition and reallocation of land considers land and property as ‘things’, devoid of any social dimension (Borras and Franco, 2010c, Nalepa, 2012).

Finally, even if assuming such marginal lands exist and they are available for taking⁸, preliminary evidence from various regions of the world show that land investors tend to be interested in lands that do not fit the ‘marginal, unused/underutilized, empty’ profile. Instead, they prefer to acquire lands that are productive, usually with existing or potential irrigation systems, and close to existing road networks. This type of land usually has local communities living on it and farming it. A case in point is the 30 000 hectare sugar-cane plantation of Procana in Mozambique which is close to the Massingir dam, from which the investor has been assured by the government that it will receive a steady and sufficient supply of water (Borras, Fig and Monsalve, 2011, Woodhouse and Ganho, 2011).

The ‘available marginal land’ narrative is problematic when paired with the narrative about the 2007-08 food crisis that is popularly assumed to be largely due to population increases, increasing consumption levels and dietary preferences (more meat and dairy produce, as the world’s middle class expands). This argument claims that, by 2050, we would need to have doubled food production based on current aggregate production-consumption levels and trends in population growth. Inserted into this narrative is the persistence of hunger in the world: 1 billion by 2011. The solution: more food to end hunger. Hence, there is a need, and so the global rush for new lands that can be used to produce more food.

There are two problems inter-linked with this assumption and prediction, and both concern the issue of food ‘distribution’, taken here in its socio-economic and political sense but also in its technical sense. On the one hand, the fact that one billion people are hungry is not due to lack of food, but due to the inability of these people to access and buy food. At least for now, this is the case, though it is likely to change as the population grows and the agro-ecological resource base is depleted. Increases in production and productivity would

⁷ See Akram Lodhi, Borras and Kay (2007) for a detailed discussion on the multi-dimensional character of land.

⁸ Of course there are places where there are indeed available marginal lands – that are not actually agro-ecologically marginal, but are in fact fertile. These can be found, for example, in post-Soviet Central Eurasia. These have been abandoned, taken out of production, but are not uninhabited. Visser and Spoor (2011: p. 300) argue: “According to the World Bank’s calculations, only Brazil and Sudan as individual countries have more potential land available in terms of non-forested, non-cultivated land suitable for rain fed production. Of course, Russia has much more fertile farmland with more precipitation than a country like Sudan, thus representing a much larger potential increase in production. Furthermore, Russia together with Ukraine and Kazakhstan took almost 23 million hectares of arable land out of production in the 1990s, representing the largest reduction worldwide in recent history (FAO/EBRD 2008). Of this area at least 11 to 13 million hectares consist of non-marginal lands which could be brought into production without major ecological constraints (2008, 2).”

certainly be needed. On the other hand, a serious problem is the massive food waste that occurs between the place of production and the dining table. The 2011 Report by the High Level Panel of Experts (HLPE) of the United Nations Committee on Food Security (UN CFS) estimated the quantity of food wasted to be around 30 percent of total food production (Toulmin et al., 2011). Hence, producing more food does not necessarily mean more food for everyone.

Moreover, initial evidence demonstrates that land deals are not always about producing food. The non-food aspect of land deals is quite significant, and comes in a variety of forms such as the vast tracts of lands for conservation, carbon offset arrangements (e.g. REDD+), and industrial forest plantations. Conventional food crops are no longer always and automatically used for food, as they become part of the emerging complex of 'flex crops' many of which are ending up or could end up as biofuels. The very nature of flex crops makes it impossible to pin down how many food stuffs (or, indeed feed stocks) end up being used as food, as animal feed⁹, or biofuels, making it difficult to track down what percentage of recent land deals are for food or non-food production. However, one thing is certain: the percentage of land deals for non-food production is very high in Latin America and the Caribbean, as in other parts of the world, and this trend is set to continue. Hence, a food crisis-centric analysis of current land grabs is misleading. Nevertheless, the productivity levels of agricultural production certainly need to be improved, food waste minimized (partly through improved technology and infrastructure) and the area of cultivated land increased. Historically, agricultural land area has expanded (see Table 2.4).

Table 2.4: Historical land expansion and recent demand for land

Region	Cultivated land area (millions of ha)			Annual change (%)	
	1961	1997	2007	1961-1997	1997-2007
Sub-Saharan Africa	134.6	192.2	218.5	1.60	2.63
Latin America	102.6	160.9	168.0	1.62	0.71
East Asia & Pacific	183.9	235.7	262.8	1.44	2.72
South Asia	197.9	212.9	213.5	0.41	0.06
Oceania	34.0	42.8	46.7	0.25	0.38
Middle-East & North Africa	77.9	91.3	89.0	0.37	-0.23
Eastern Europe & Central Asia	291.5	263.6	241.7	-0.77	-2.19
Western Europe	99.4	86.8	83.5	-0.35	-0.32
North America	235.3	232.5	225.3	-0.08	-0.72
World total	1357.1	1518.6	1549.0	4.49	3.04

Source: Adapted from Deininger, 2011.

Notes: Cultivated area is arable land or land with permanent crops. Land demand 2009 refers to intended or actual land acquisitions based on media reports

During the past fifty years, agricultural land expansion has been significant, from 1.36 billion hectares in 1961 to 1.55 billion hectares in 2007 in the world. For the same period, expansion of agricultural land in Latin America and the Caribbean went from 103 million to 168 million hectares. Mainstream thinking tends almost always to see this expansion as insufficient. More lands for cultivation are needed, as well as significant increases in productivity. And these production and productivity increases are all needed now, resulting in a two-pronged strategy: agricultural 'extensification' and intensification (see also Hecht, 2005), as many of the recent land investments are large-scale, industrial, monocrop commercial farms and plantations - worldwide and in Latin America and the Caribbean. Of the minimum estimated 'available marginal' lands of 445 million hectares (see Table 2.3, third column from the right), 28 percent (or 123 million hectares) are in Latin America and the Caribbean. This context is important for the in-depth analysis of land grabbing in the region which now follows.

III. Condition and trends in land grabbing in Latin America and the Caribbean

Large-scale land investments in the region have surged in the past decade in most countries in the region. Land grabbing - broadly cast (according to the ten defining features of land grabbing) to include foreign and domestic capital - is underway in far more countries of Latin America and the Caribbean than previously

⁹ In this chapter, animal feed is considered as non-food because its immediate use is not food for human consumption but feed to animals. Of course, later people end up eating the animals. But we do not consider grass as food even when the former is perhaps the most common feed for cattle, goats or sheep.

assumed (see Table 2.5, and compare with Table 2.1). This phenomenon occurs not only in the food sector. Land grabbing occurs in two broad sectors: within the food sector which broadly includes the food-feed-fuel complex which is characterized by 'flex crops' and livestock, as well as in the broad non-food sector, namely industrial forestry, large-scale conservation, carbon offset arrangements such as REDD+, mineral extraction, among others. While land grabbing is not something new to this region, the context, condition, orientation and range of key players in contemporary land grabs are significantly different from earlier episodes. For one, in earlier occurrences of land grabbing, the region and individual countries were inserted in the first and second global food regimes, anchored by the empires on both sides of the North Atlantic according to the classic formulation by Friedmann and McMichael (1989), (see also McMichael, 2009, Pechlaner and Otero, 2008, and van der Ploeg, 2008). This is different from the current global food-energy regime which seems to display a more polycentric configuration, with multi-directional flows of food products. Yet, the region shares with other regions of the world one common context, namely neoliberal globalization (Akram Lodhi and Kay, 2009, Gwynne and Kay, 2004), as well as key policy contexts such as the North's mandatory public policies to blend bio-fuels with other fuels. (Gillon, 2010, Hollander, 2010, Franco et al., 2010). These have triggered speculations of a massive biofuel market, particularly in Europe, and have further exacerbated land grabbing.

Table 2.5: Presence of land grabbing in selected Latin American and the Caribbean*

Presence of recent large investments in land			Presence of land grabbing (domestic & foreign capital)			Country with major land investors into other countries in the region
High	Medium	Low to none	High	Medium	Low to none	
Argentina	Costa Rica	Trinidad & Tobago	Argentina	Panama	Costa Rica	Argentina
Bolivia	Guatemala		Bolivia	Mexico	Dominican Rep	Brazil
Brazil	Panama		Brazil	Nicaragua	Guyana	Chile
Chile			Chile		Trinidad & Tobago	Colombia
Colombia			Colombia			Panama
Ecuador			Ecuador			Mexico
Paraguay			Guatemala			Costa Rica
Peru			Paraguay			
Uruguay			Peru			
Mexico			Uruguay			
Nicaragua						
Dominican Rep						
Guyana						

* Based on an in-depth analysis of the seventeen country studies and the summary paper, based on the ten defining features of land grabbing, discussed earlier.

The extent of recent large investments in land is wider in terms of geographic scope than previously assumed. Brazil, Argentina and Paraguay are the countries usually cited as countries where there have been recent large-scale land acquisitions. However, empirical data from the seventeen country studies by FAO demonstrate that large-scale land acquisitions are, generally speaking, present in many more countries. In fact, only Trinidad and Tobago qualifies in the category of 'low to no' investment, while the remaining countries are either in the category of medium or high, with the latter category having the bigger share. Following the FAO definition, we differentiate between 'large-scale land investments' and 'land grabbing'. The categories of high, medium and low define the amount of large-scale land investments, not necessarily land grabbing (see first three columns from the left of Table 2.5). This is what we have mentioned earlier about the relatively broad framework of the FAO study in terms of analysing land market dynamics and agricultural transformation. In effect, there is a renewed interest in agricultural investment across the region.

The extent of land grabbing is far greater than previously assumed. Taking a broader analytical approach, it can be argued that ten countries are currently experiencing a relatively high level of land grabbing and another three a medium level. The ten countries where there is significant land grabbing are: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guatemala, Paraguay, Peru and Uruguay (i.e., all in South America, except for Guatemala), while the medium-level countries are Panama, Mexico and Nicaragua (see Table 2.5, columns 4, 5 and 6).

The popularization of soybean, sugar cane and oil palm, all flex crops, in the context of recent changes in the global food-energy regime has led to the massive expansion of commercial farms and plantations for these

crops in Argentina, Bolivia, Brazil, Colombia, Ecuador, Paraguay, Peru, Uruguay and Guatemala (see, for example, Hecht, 2005). The phenomenal increase in the demand for meat and other animal products (Weis, 2010)¹⁰, as well as for fruit and wine, have in turn led to the expansion of lands for livestock production and for orchards and vineyards in Argentina, Bolivia, Chile, Uruguay and Nicaragua.

The search for minerals and fossil fuels have led to large-scale mining concessions in Peru and Ecuador, while the expansion of industrial tree plantations is seen in Bolivia, Brazil, Chile, Colombia, Ecuador, Uruguay, Guatemala, and Guyana. Moreover, large-scale conservation projects are the hallmarks of recent large-scale land acquisitions in Argentina and Chile. (See Table 2.6).

Table 2.6: Land grabbing by country and by (broad) sector

Country	Flex crops and other food sectors	Non-Food
Argentina	Soya, wheat, livestock, sugar cane, fruit	Tobacco, conservation
Bolivia	Soya, livestock	Forestry
Brazil	Soya, sugar cane, poultry, livestock, fruit	Forestry
Chile	Fruit, dairy, wine, seeds, poultry	Conservation, forestry
Colombia	Oil palm, sugar beets, sugar cane, soya, rice, maize	Forestry
Ecuador	Banana, sugar cane, oil palm	Forestry, minerals
Paraguay	Soya, corn, wheat, livestock	
Peru	Fruits, vegetables, sugar cane, oil palm	Minerals
Uruguay	Soya, dairy, wheat, rice, livestock	Forestry
Mexico	Maize value chain, sugar cane, fruit, coffee	Flowers, barley, tequila
Costa Rica	Banana, pineapple, oil palm	
Guatemala	Sugar cane, oil palm	Forestry
Nicaragua	Livestock, rice, oil palm, sugar cane, citrus fruit	Tourism, forestry
Panama	Banana, coffee, rice, oil palm	
Dominican Republic	Sugar cane, bananas, fruit, vegetables	
Guyana	Sugar cane, livestock, rice, pineapple	Forestry
Trinidad & Tobago	Sugar cane, cacao, fruit	

Source: Country case studies and synthesis paper

Land grabbing as well as land and capital (re)concentration occurs in two broad mega-sectors, namely, the food sector that includes flex crops and other foods and the broad non-food sector. This is contrary to the casual dominant narrative that land grabs occur because of the 2007-2008 food crisis and that they are oriented to food production for export to food insecure countries. There is certainly some truth to this storyline, especially when we see some Chinese and Gulf State governments and/or companies negotiating with various governments in different parts of the world for possible land leases or contracts for food exports. But in general, what we witness in Latin America and the Caribbean is a large-scale, almost simultaneous response across the region to the changing nature and demands of both flex crops and other food sectors (especially livestock), the sharp increase in demand for minerals and other primary commodities (especially timber), as well as a reaction to policies linked to the strategies to limit the effects of climate change (conservation projects, including REDD+).

The rise of flex crops, namely sugar cane, soya and oil palm, has been substantial (see Table 2.7 – data for South America and Central America). In this table, one can observe an increase over the past decade, though it is worth noting the erratic increase in soya production in Central America. It is difficult, if not impossible, in the current context to make a clear-cut differentiation about the actual use of these crops. It is difficult, for example, to determine precisely the extent and the amount of land converted to the production of biofuels precisely because of the character of the preferred primary crops. The actual, potential, or speculated markets for each and all of the uses of these flex crops are likely to have rendered investments in them safer. This partly explains the preference for these crops in several countries of the region. Nevertheless, other food sectors remain important, especially livestock raising. In South America, there were 347 million cattle in 2009, compared with 293 million in 1995; while in Central America the number of cattle increased from 41.5 million in 1995 to 45.6 million in 2009. Cattle require much more land than any combination of flex crops (see Wilkinson and Herrera, 2010, Novo et al., 2010, in the case of Brazil).

¹⁰ One of the major factors is the increased consumption of livestock and dairy products in middle income countries, especially China. In China, Philip Huang (2011) explains that historically, China's diet was on a 8:1:1 ratio (cereals: meat: vegetables). It dramatically changed over the past two decades to its current 4:3:3 ratio, contributing in turn to the dramatic changes in the global demand for animal feed and animal products.

Meanwhile, the share of non-food land grabs is significant. The two most important sectors in terms of actual and potential need for land are industrial tree plantations and conservation. The expansion of industrial tree plantations in the region in recent years has been dramatic (see Table 2.8). While large-scale conservation occurs mainly in two countries, Argentina and Chile, the scale of individual cases (e.g. UCB deal in Argentina) and the aggregate total are significant. Moreover, not covered in this chapter nor in the seventeen country studies is the emerging trend of placing forests under the carbon-offset programs, i.e. REDD+. Such policies have an important impact in terms of land control and on the livelihoods of local communities across the country (see, e.g. Osborne, 2011 in the case of Mexico; see also Corbera and Schroeder, 2011). Large-scale conservation, industrial tree plantations, policies such as REDD+, biofuel commercial farms and plantations, among others, are being referred to collectively as ‘green grabs’ – land grabs in the name of the environment. It is becoming more and more common to see this type of land grabbing covered in the critical land grab literature; it was first highlighted in an academic collection put together by Fairhead, Leach and Scoones (2012).

Table 2.7: The rise of ‘flex crops’ in South America and Central America, area harvested (in ha), 1961-2009

South America			
	Soya	Sugar cane	Oil Palm
1961	259 534	2 124 775	38 700
1965	491 639	2 582 414	56 500
1970	1 443 590	2 485 528	57 081
1975	6 467 817	2 904 841	50 643
1980	11 467 985	3 623 922	83 088
1985	14 306 828	4 975 021	123 794
1990	17 725 284	5 290 929	210 906
1995	18 912 325	5 692 331	275 364
2000	24 156 087	5 995 162	341 709
2005	40 234 628	7 025 810	404 372
2009	42 792 479	9 878 744	448 313
Central America			
	Soya	Sugar cane	Oil Palm
1961	9 943	500 207	22 910
1965	27 446	643 413	26 080
1970	111 844	761 258	21 986
1975	345 230	787 752	24 708
1980	155 287	882 750	35 447
1985	488 311	796 627	41 913
1990	309 996	875 047	57 197
1995	163 048	946 158	76 266
2000	85 992	1 071 684	109 430
2005	115 315	1 219 806	179 701
2009	83 444	1 231 025	239 204

Source: FAOSTAT, compiled by the authors.

It is the same two categories of land grabs – the food-feed-fuel triangle and other food sectors on the one hand and the non-food sector cluster on the other -- that we see in Africa and Asia, with the exception of the fact that the animal feed (soya) component of the Latin American region remains unmatched elsewhere in other regions of the world (Teubal, 2006). However, behind many of the land investment hotspots of Asia and Africa, there is the accelerating phenomenon of flex crops, above all those used as food and fuel, especially oil palm and sugar cane. Meanwhile, industrial tree plantations are equally massive in Asia and Africa (see Table 2.8 for regional comparisons), while large-scale conservation in Africa (see, e.g., Kelly, 2011, Corson, 2011) are comparable to what we see in Chile and Argentina. Some REDD+ related enclosures, which were not picked up in the FAO case studies are also becoming a particular type of ‘land grab’, as mentioned earlier. The UN CFS HLPE report on land grabbing (Toulmin et al., 2011) has also underscored the phenomenon of flex crops (although it was not called that way) and the importance of the non-food dimension in land grabs.

Table 2.8: Plantation area, by region, and increase in (tree) plantation area from 2000 to 2010 (in thousands of hectares)

	Africa	Asia	Oceania	Europe	Caribbean	Central America	North America	South America	World
Plantation Area, 2010 (000 ha)	15409	115783	4101	69318	547	584	37529	13821	264084
Annual Increase (000 ha)	245	2855	78	401	15	16	809	376	4925
Annual Increase (%)	1.75	2.87	2.12	0.60	3.34	3.14	2.46	3.23	2.09

Source: UNEP (forthcoming, Chapter on Land) based on case studies and synthesis report.

The scale and pace of land grabbing is uneven between and within countries, and investments are not always located in ‘marginal lands’. The narrative on land deals worldwide is based on a simple assumption: that the crises of food, energy, climate change and finance capital have a solution, and the solution lies in the existence of global agricultural land reserves (Deininger, 2011, but see Borras and Franco, 2010a). This is the reason for the arguments around ‘yield gaps’, among others. In land-abundant countries, it is theoretically possible that, to some extent, the argument based on this assumption may hold, especially in clearing forest lands that are empty or at most extremely sparsely populated, or even in abandoned fertile lands such as those in Central Eurasia (Visser and Spoor, 2011). But there is hardly any frontier land now that is empty.

Moreover, studies show that land investments do not always go to such isolated lands. Instead, they tend to go where there are existing productive lands with water supply as well as proximity to a road network. The market gardens and vineyards in Chile are concentrated in a few suitable geographic spots in the country (Echenique and Romero, 2009; Kay, 2002), and the same is true in Argentina (in San Juan and Mendoza regions). The significant expansion of sugar cane plantations in São Paulo occurs at the expense of adjacent or nearby small plots (many of them settlements from the land reform). There is also an emergence of plantation corridors along the borders where there is the existing infrastructure needed for such investments, suggesting cross border capital investments, for example, in Paraguay along its borders with Brazil and Argentina. This has in fact prompted national governments in the region to pass laws and policies prohibiting foreign investments within 50 kilometres from the borders as they are worried about the potential geo-political and national security implications of such foreign investments.

A combination of agro-ecological factors, well developed infrastructure and proximity to water sources, as well as favourable socio-political and legal conditions explain the attraction of some particular geographic places – and not always and automatically about ‘available marginal lands’. Evidence shows that ‘available marginal lands’ – i.e. marginal, under-utilized or unused, empty or sparsely populated, geographically remote, and socio-politically and legally available lands – are not where most of the land investments around ‘flex crops’ and other food sectors occur (see Cotula et al., 2009 for Africa). It seems, however, that several of the non-food-related land deals, i.e. industrial tree plantations, mining concessions, and large-scale conservation projects are carried out in places that more or less fit the profile of ‘available marginal lands’, although it cannot be said that this is strictly the case for REDD+ areas (see, e.g. Osborne, 2011 in the case of Mexico). In short, and overall, it is naïve to think that it is sufficient to indicate available marginal lands on a map and to expect that land investors will follow (see Nalepa, 2012).

In Africa and Asia, there is a similar pattern of land investments, which is highly uneven between and within countries – but a matching exercise between available zoned marginal lands and emerging enclaves of land investments does not always produce a picture of what has been promised officially. Indeed, the non-food sector such as industrial tree plantations and large-scale conservation tends to be located in places that are more or less close to the profile of marginal lands. One can think of the 300 000 hectare Pheapimex eucalyptus industrial tree plantation in Pursat, Cambodia (Borras and Franco, 2011) on a large tract of land that is sparsely populated and not farmed very much, or the many large conservation areas in Africa (see Kelly 2011, Corson 2011). But it does not mean that these are always absolutely empty and available. However, similar to the trend in Latin America and the Caribbean, sites of flex crops tend to be located in areas that do not fit the marginal land profile. At one end of the spectrum is the case of Procana in Mozambique where, taken in isolation, this tract of land may fit the marginal land profile, but when taken in relation to its immediate environment (adjacent to a dam) then, it certainly does not fall under the ‘marginal lands’ category (Borras, Fig and Monsalve, 2011). At the other extreme, are lands that are extremely productive, and were simply being converted to new uses in the context of the renewed land rush; this is the case of some very fertile land in Tamil Nadu converted to jatropha production (Ariza et al., 2010) or indeed some very productive vegetable

farms destroyed to give way to extensive open pit mining exploration, as in a particular case of a Brazilian mining project in the province of Tete in Mozambique.

Internal lands grabs that occur in India (see Levien, 2011) and China are partly due to rapid and massive urban sprawl and the proliferation of special economic zones which are carried out by expropriating highly productive, usually irrigated food-oriented farms. More generally, and elsewhere, there have been and are attempts to produce flex crops in marginal lands. But where this was carried out, the outcomes were not always promising commercially. This is indeed the case of jatropha, a crop which it was believed could be grown in marginal conditions. However, attempts in many places to grow this weed under these conditions did not prove to be commercially viable, as for example in the case of a South Korean investment in Saranggani province, Philippines (Borras and Franco, 2011), Kenya (Hunsberger, 2010), and indeed in many places in Tamil Nadu, India (Ariza et al., 2010). For this crop to be viable, farmers had to use irrigation as in the case of Tamil Nadu (Ariza et al., 2010), thereby directly competing for water use, thus affecting the food sector.

Furthermore, there are similar broad patterns in terms of geographic spread of land investments between and within countries. In several countries, national governments carved out big chunks of lands and assigned these for large-scale land concessions. This is the case of Ethiopia where large-scale foreign land investments were in the lowlands, in the sparsely populated areas of Gambella, Benishangul-Gumuz and South Omo (Lavers, 2012, Makki, 2012), or the pre-mapped areas for the 'Economic Land Concessions' (ELCs) in Cambodia. This is similar to mapping and allocating 'special economic zones' (see, e.g. Levien, 2011) – only the scale here is massive and land use change is quite radical. By comparison, we can think of the allocation in the Amazon and the Cerrado in Brazil as key sites for land investments, the Chaco region in Paraguay and Bolivia, and so on.

In addition, and in terms of national policies in favour of limiting, or trying to limit, large-scale (foreign) land deals, evidence suggests that such policies do not automatically translate into the expected outcomes. Nearly all governments in South America (and also Mexico) have existing laws and/or have recently passed new policies and laws prohibiting, controlling, or regulating foreign ownership of lands. The most recent to date is Peru. (This sounds contradictory because liberalization and foreignization of capital and enterprises have been underway and in full swing in the region). The difference is glaring with Central America and the Caribbean where there is no legislation except in Guatemala. In South America, this issue is such a hot topic at present, reflecting the controversial and sensitive nature of the issue of foreignization of land. Yet despite the existence of laws and policies prohibiting or regulating foreign landownership of land, it is in these countries where massive land investments, foreign and domestic, have been opened up during the past decade. In contrast, Nicaragua is perhaps one of the countries in the region with liberal laws and policies for land investment that are the friendliest towards foreigners – and yet, it has been one of the least successful countries in attracting large-scale land investments by foreigners. It seems that a combination of agro-ecological, economic, socio-political and legal conditions, as well as the extent to which national governments market their lands to investors, explain why some land investors acquire lands in one country and not in another.

In some ways, and by mere comparison, the trend in South America is different from land grabs in Asia, Africa and the former Soviet Eurasia. In these places, initiatives have been taken to further liberalize foreign ownership of land or direct production operations in countries where this was not yet the case. In the Philippines, the current initiative in the national parliament to amend the Constitution is principally aimed at doing just this. However, there are no known major initiatives or trends elsewhere that seek to curtail foreign ownership or control of land as a direct reaction to the surge of large-scale land investments, as witnessed in South America.

IV. Key drivers and actors of the regional land rush

As discussed earlier, the key drivers of the current land rush in Latin America and the Caribbean are multiple and diverse but can be clustered into four broad categories. First, the changing character and increasing demand from the global food-feed-fuel triangle are key drivers in the current land rush (Graziano da Silva et al., 2010). This can be seen partly from the continuing expansion of the livestock (especially cattle) sector, as well as the expansion of flex crops, particularly soya, sugar cane and oil palm in several countries of the region. In addition, this is also seen in the changing patterns of consumption, i.e. sharp increases in quantity and changing preferences, especially from middle-income and rapidly urbanizing countries within and outside the region, for meat, animal products (dairy), fruit and wine (Weis, 2010). This changed (external) context has largely accounted for the consolidation of the fruit and wine sectors in Chile, has pushed for the continuing expansion of lands for livestock production across the region, and has transformed the region into the world's main producer of soya. Biofuel production has been a key driver within the food-feed-fuel triangle, and has been the principal reason for the consolidation and expansion of sugar cane and oil palm in the region (see, Franco et al., 2010, Wilkinson and Herrera, 2010).

Secondly, sharp increases in the demand for minerals and forestry products from middle-income countries within and outside region and from the BRICS have resulted in the expansion of extractive industries that

require the capture or control of lands. Peru and Ecuador stand out as key areas of expansion of the mineral extractive industry (Bebbington et al., 2009), while several countries have witnessed rapid and massive expansion of industrial tree plantations.

Thirdly, policies broadly linked to the different responses to the environmental crisis and climate change have led to the enclosure of vast tracts of lands in the region. Argentina and Chile are two countries where large-scale conservation projects have been carried out. Across the region, REDD+, under certain conditions, is emerging as an important driver of land grabs, but as mentioned earlier, this has not really been examined in any significant way in the seventeen country studies.

Fourthly and finally, the recent financial crisis has perhaps partly made land investments safer, especially flex crops. This can be seen partly in the number of companies whose origins and sectors are not that clear, and where headquarters are located in known tax havens, such as Panama and Cayman Islands (see Table 2.5). Whether or not and to what extent this has led to or will lead to speculative land investments remain to be seen.

From a comparative perspective, land investments in Latin America (in flex crops, other food sectors especially livestock, or industrial tree plantations) seem to be significantly different from land investments in Africa, as well as parts of Asia and the former Soviet Eurasia. In the beginning of 2011, up to 70 percent of the land recently acquired and allocated through large-scale land investments has not seen any increase in actual production (Deininger, 2011; Cotula, 2012). Yet, the four clusters of key drivers in Latin America and the Caribbean are the same as those that have caused the land rush in Africa, Asia and the former Soviet Eurasia. This is more or less the same set of key drivers identified and examined in the UN FCS HLPE land grab report (Toulmin et al., 2011).

In addition, and for our purposes, the key actors active in the region can be usefully categorized into five, namely, international investors, (Trans)Latina investors, domestic or national capital, finance companies, and the central state (see Table 2.9).

1. International investors

The 'international investors' category covers those investors who are mainly from outside Latin America and the Caribbean. They may be governments or private transnational corporations (TNCs). Governmental investors in this category are not so significant in the region. There have been recent negotiations between the governments of the Gulf States, China, South Korea, and Japan for possible land acquisitions via a variety of arrangements, but nothing concrete has been agreed upon in this regard, or at least not on the scale of these governments' involvement that we see in Africa, Asia and former Soviet Eurasia (see Table 2.9).

Conventional TNCs are currently entrenched in the region, and to a significant extent engaged in land investments. They originate from countries such as the United States, Canada, Spain, Portugal, Italy and others (see Table 2.9). For a more detailed country case, Brazil is interesting (see Tables 2.10 and 2.11) because while it is becoming increasingly involved in land investments outside Brazil, it is also host to many foreign land investments itself. More generally in the region, these international investors are engaged in flex crops, in other food sectors as well as in non-food land-oriented ventures. On the one hand, they are engaged directly in land acquisition as is the case of United Colours of Benetton (UCB) that has acquired nearly a million hectares of land in Argentina for conservation and for sheep farming, or the large-scale conservation in Patagonia, also in Argentina (the China Heilongjiang Beidahuang State Farms Business Trade Group has also recently announced an investment of US\$ 1.5 billion to farm 330 000 hectares in Patagonia), the TNCs involved in banana cultivation in several countries, and so on. On the other hand, they are engaged indirectly through supermarket companies that control value chains such as a number of companies from the United States that are deeply entrenched within the Mexican and Central American food sector (Reardon and Berdegúe, 2002). 'Commodity grabs' or 'value chain capture' might be a useful concept to describe this on-going capture of value and profit throughout the chain. Other international investors are of course linked in a variety of ways to the region's agricultural sector, such as through trade that links European, American and Chinese buyers of soya to Paraguay, Argentina and Brazil, or fruit and wine from Chile, ethanol from Brazil, sugar cane from Guatemala. Others are linked through special climate change mitigation strategies such as 'carbon offset' arrangements through REDD+.

Table 2.9: Selected land investors in Latin America and the Caribbean (partial)

Countries of origin of foreign investors	Countries active in investment
International	
Gulf States	Argentina, Brazil
China	Argentina, Brazil
United States	Colombia, Peru, Mexico
European countries	Colombia, Peru, Uruguay, Mexico
South Korea	Argentina, Brazil
Japan	Brazil, Colombia, Ecuador
(Trans) Latina	
Argentina	Brazil, Uruguay, Paraguay
Brazil	Bolivia, Colombia, Paraguay, Uruguay, Chile
Chile	Argentina, Brazil, Uruguay, Colombia, Ecuador, Peru
Colombia	Bolivia, Peru

Source: FAO seventeen country studies, plus the summary paper

It is important to examine the constellation of international investors involved in the region today within the context of an emerging polycentric food-energy regime – in contrast to previous food regimes anchored by empires on either side of the North Atlantic (Friedmann and McMichael, 1989; McMichael 2009). The current trend suggests of multiple centres of power, a more diverse range of key international actors within the governance structure of the food-energy complex, both sectorally and geopolitically. Sectorally, what we witness is not only the conventional food-feed TNCs involved in agricultural input-output markets (Teubal, 1995). TNCs involved in the region today include unconventional actors such as oil corporations, auto conglomerates, biofuel companies, and so on, reflecting the changed global food-energy regime. Geopolitically, we are witnessing not only North Atlantic-based TNCs and empires, but a far more diverse range of actors, namely originating from the BRICS and several middle income countries – both within and outside Latin America and the Caribbean. It is not difficult to surmise that the implications of this changed global configuration are far-reaching for the formal and informal rules that govern production, distribution and consumption within the food-feed-fuel triangle, other food sectors, and non-food sectors that have been analysed.

In comparison, the significance of international investors from outside the region, and the changed character of these actors as discussed above, is broadly similar to what we witness in Africa. However, the overall role of international investors in terms of direct involvement in land grabs is far more widespread in Africa and the former Soviet Eurasia than in Latin America and the Caribbean. But compared to Southeast/East Asia, which is marked by significant intra-regional transnational investments, the role played by international investors from outside the region is probably much larger in Latin America and the Caribbean. However, it is likely that the common denominator in all the regions mentioned is that land grabs are very much linked to international investment through a variety of indirect ways: e.g., massive expansion of the Indonesian oil palm is partly due to the anticipation of an increasing market in Europe; the same is happening in Colombia and Guatemala where palm oil expansion is significant.

2. (Trans)Latina investors

Following the discussion above, one of the most palpable changes in the global food-energy system and the phase of capitalist development today is the rise of powerful regional economic players, above all the BRICS. Equally important is the rise of several middle income countries (MICs) in these regions. This has resulted in a situation where perhaps the most important land investors in the region are not the conventional transnational companies (TNCs), but the (Trans-)Latina Corporations (TLCs). The latter are of two types: a company with a single origin in terms of nationality (Latina) or an alliance of two or more Latin American companies (Trans-Latina). Either type may have some link with international finance. Either type can be in the form of either an individual or a legal entity. For example, many Brazilian farmers buy up or lease lands in Paraguay to produce soya or engage in livestock raising, creating recurring tensions between the local farmers and the Brazilian ones. Also, many Brazilians have ended up owning significant quantity of lands in Bolivia – a trend that started much earlier, but gained momentum in recent years and the emerging orientation of production has been directly linked to the changing global context (Mackey, 2011). See Table 2.12 where it is shown that 43 percent of total soya production in Bolivia is under the hands of non-Bolivians. Tables 2.13 and 2.14 refer to Chilean companies operating elsewhere in the region. The Chilean company CELCO has 26 percent of its industrial tree plantation operations outside Chile (in Argentina, Brazil and Uruguay), while another Chilean company, MININCO, has 38 percent of its industrial tree plantation operations in Argentina and Brazil.

Table 2.10: Number and area of rural estates owned by foreigners in Brazil, as of May 2010

State	Number of estates	%	Area (ha)	%
Rondônia	119	0.35	29242	0.67
Acre	26	0.08	13799	0.32
Amazonas	307	0.89	232021	5.33
Roraima	66	0.19	27729	0.64
Pará	1143	3.33	235628	5.42
Amapá	15	0.04	6228	0.14
Tocantins	181	0.53	109517	2.52
Maranhão	184	0.54	70135	1.61
Piauí	82	0.24	58770	1.35
Ceará	401	1.17	34734	0.80
Rio Gde Norte	128	0.37	20806	0.48
Paraíba	248	0.72	6828	0.16
Pernambuco	368	1.07	9667	0.22
Alagoas	101	0.29	13577	0.31
Sergipe	81	0.24	3439	0.08
Bahia	2192	6.38	368888	8.48
Minas Gerais	2639	7.68	491548	11.30
Espírito Santo	304	0.88	19770	0.45
Rio de Janeiro	2110	6.14	85284	1.96
São Paulo	12291	35.76	491437	11.30
Paraná	5130	14.93	299061	6.88
Santa Catarina	1290	3.75	54605	1.26
Rio Gde Sul	1895	5.51	113801	2.62
Mato Grosso Sul	781	2.27	473325	10.88
Mato Grosso	1229	3.58	844279	19.41
Goiás	843	2.45	230629	5.30
Distrito Federal	217	0.63	4314	0.10
Brazil Total	34371	100.00	4349074	100.00

Source: Sauer and Leite (2012) based on INCRA, May 2010. Re-worked by the authors.

Table 2.11: Origin of the capital invested in Brazil, 2010

Country	Area (hectares)	% of total	%
Portugal	1030119	23.68	36.95
Japan	432469	9.94	15.51
Italy	256145	5.89	9.19
Lebanon	172696	3.97	6.19
Spain	127499	2.93	4.57
Germany	123667	2.84	4.44
Netherlands	114189	2.62	4.10
Sub-total	2787713		
Others	530927	12.21	
Inexistent data	1208690	27.79	
Invalid data	352598	8.11	
Total	4349002	100 00	

Source: Sauer and Leite (2012) based on INCRA, May 2010. Re-worked by the authors.

Table 2.12: Bolivia – Change in land area (ha) under soybean production by origin of producer (1994, 1999, 2004, 2009 summer seasons)

Origin of producer	1994		1999		2004		2009	
Bolivians	86760	36%	131760	26%	189700	32%	301715	43%
Brazilians	19075	8%	166700	33%	185500	31%	175886	25%
Mennonites	103490	43%	142330	28%	145800	24%	113116	16%
Argentineans	-	-	-	-	-	-	70480	10%
Japanese	27700	11%	37800	7%	40500	7%	32044	5%
Others	4768	2%	30450	6%	40500	7%	7090	1%
Total	241793	100	509040	100	602000	100	700331	7 100

Note: (a) data may not total due to rounding errors in source data

Source: Mackey, 2011.

Table 2.13: Area of land and plantations by the Chilean company CELCO

Country	Land area	Forest planted area
Chile	1115237	736637
Argentina	263394	130101
Brazil	145109	74667
Uruguay	135011	78234
Total	1658751	1019639

Source: CELCO Report, 2012.

Table 2.14: Area of land and plantations by the Chilean company MININCO

Country	Land area	Forest planted area
Chile	730335	504406
Argentina	94283	62821
Brazil	213104	112689
Total	1037722	679916

Source: CMPC Report, 2012.

Yet, it is not an issue of mere presence or absence of a powerful region-based player. It is also quite heterogeneous between regions. What Brazil is in Latin America and the Caribbean is different from what South Africa is to Africa or Russia to former Soviet Eurasia. In terms of the scale of investments, intra-regional/transnational investments are far more extensive and vibrant in Latin America and the Caribbean than what we witness in Africa (see Hall, 2012 for a comparison) or the one in former Soviet Eurasia (see Visser and Spoor, 2011 and Visser, Mamanova and Spoor, 2012 for a comparison). They are however comparable to similar investments in Southeast/East Asia where we can include China and other key players: South Korea, Japan, Taiwan and Singapore (Borras and Franco, 2011). What this implies in terms of future patterns of intra-regional production, trade and consumption – as well as governance – remains to be seen and will require further empirical research.

Moreover, the preponderance of MICS within a region also does seem to matter. MICS are not as common in Africa, as in Latin America and Southeast Asia. This partly differentiates the intra-regional trajectories in land investments between and within regions. The extent and character of key land investors from MICS within the region are very comparable between Latin America (Chile, Uruguay, Mexico, Costa Rica, in addition to Argentina) and Southeast Asia (Malaysia, Indonesia, Vietnam, and Thailand). Vietnamese companies crossing borders to forge land deals in Cambodia and Laos (Kenney, 2012), or Thai companies in Cambodia and Burma, or Malaysian companies in the Philippines (Borras and Franco, 2011) have some resonance with Brazilians going to Paraguay, Chileans to Argentina, Costa Ricans to Nicaragua, and so on. Again, what this implies for future trajectories of agrarian transformation and governance remains to be seen and will require further empirical research.

3. National/domestic investors

Despite all the talk about the significance of foreign land investors and foreignization of land, a constant feature across Latin America and the Caribbean is the fact that national and domestic elites (landlords and capitalists) remain the most important investors in land and agriculture, including their involvement in recent ventures linked to the changed global context. In several investments involving international and (Trans-)Latina companies, the participation of nationals remains common and significant. In some cases, the differentiation between foreign and local is blurred especially when it involves naturalized and/or dual citizens, as in the case of Brazilians or Japanese in Bolivia (Mackey, 2011). Whether and to what extent diaspora from outside the region play an important role in 'foreign land investments' remains to be researched (e.g. to what extent the Portuguese land investors in Brazil are part of the diaspora – see Table 2.11). This phenomenon is significant in some countries beyond the region, such as Ethiopia (Cotula, 2012). Meanwhile, efforts to control foreign ownership of land in most countries across Latin America have perhaps led, in part, to corporate joint ventures in order to circumvent the property ownership limitation by recruiting a local company that can own land as a partner in the enterprise.

The key importance of domestic or national capitalists in land deals in the region is similar to other regions. In Africa, Cotula (2012) explains as follows:

In Ethiopia, for example, domestic investors account for over 60% of the land area acquired in the period 2004-2009. The World Bank study found that nationals accounted for 97% of the land area acquired in Nigeria, and for about half or more in Sudan (78%), Cambodia (70%), Mozambique (53%) and Ethiopia (49%) – though only 7% in Liberia (Deininger et al, 2011). Similarly, Faye et al. (2011) found that, in Senegal, acquisitions by nationals accounted for 61% of acquired land areas.

The situation is very similar in Southeast Asia. Indonesian capital is most dominant in the oil palm sector in Indonesia, as is Malaysian capital in Malaysia's palm sector. Of course, much of this national capital is in turn linked to transnational finance capital. Perhaps the largest recent formal land allocation (at least on paper) in the Philippines is the San Miguel Corporation-Kuok Company land deal where the Philippine government formally allocated one million hectares of land to these two companies – one Filipino and the other Malaysian – to develop these 'empty, marginal lands' into productive farms for food security (which turned out to be not marginal lands – see Borras and Franco, 2011). The focus is on the production of cassava and oil palm for ethanol. In another case, in Isabela province in the Philippines, since foreign companies cannot own lands in the country, an alliance of Taiwanese, Japanese and American companies forged a joint venture with a local company that, in turn, leased lands from land reform beneficiaries to establish the country's largest sugar cane ethanol plantation (Franco, Carranza and Fernandes, 2011; Borras and Franco, 2011).

However, this phenomenon should not be taken out of context. In most places, it is the domestic elites that formally control land, but subsequent investments are directly or indirectly linked to foreign investors or to the new broader global context. The case of Isabela in the Philippines mentioned above is classic: domestic partners were recruited to take direct charge of land acquisition and consolidation, and the foreign companies take direct control of everything else beyond that (Franco, Carranza and Fernandes, 2011). The case of Kampong Speu Sugar Corporation in Cambodia, a Cambodian company, engaged in the land grab of 20,000 hectares of land, with Thai capital, for sugar production and export to Europe. In short, it is important to recognize that domestic elites are directly and frequently involved in such transactions in a major way and on most occasions worldwide, and they remain in greater control of land in the current global land rush – but this does not diminish in any way the critical role played by foreign investors in contemporary land grab. The key is to establish the direct and indirect ways in which domestic and international investors are entwined in the current context.

4. Central state

Attention has been focused on foreign private companies and foreign governments and their role in the global land rush. The role played by the central state is often inadvertently ignored or not given sufficient emphasis. In Latin America and the Caribbean, the role of the central state in either promoting (foreign) land investments or promoting national companies to invest abroad has been critical. All states are engaged in systematic policy and administrative initiatives around the notion of 'available marginal' land, and their role in facilitating land investments in these spaces include some, or all, or a combination of the following: (i) invention/justification, (ii) definition, reclassification, quantification, (iii) identification, (iv) acquisition/appropriation and (v) reallocation/disposing of these lands to transform such scarce resources under their legal control in exchange for new large-scale land-based investments on these lands. Here, technical re-mapping and land use reclassification is an important instrument employed by the state (Nalepa, 2012). A concrete example of involvement by the state using these instruments is the Colombian State in Afro-Colombian territory (Cardenas, 2012; Grajales, 2012). In some cases, coercion accompanies the state's effort at organizing territory, enforcing its sovereignty and authority, as well as supporting with enthusiasm private capital accumulation – as in the case of present-day Colombia (Ballve, 2011, Grajales, 2011) and in many

countries of Latin America and the Caribbean in recent decades (Kay, 2001). It is easy to surmise that, in the case of Latin America and the Caribbean, the practice of 'state simplification' (Scott, 1998) is quite common especially since many land deals have involved opening up new frontier land. Cases of massive industrial tree plantations and large-scale conservation definitely involve the state in a key role, and also in brokering REDD+ contracts.

The role played by the central state in Latin America and the Caribbean is quite similar to that in all other regions of the world despite different contexts. Levien (2011) has examined the role played by the state in the context of debates around the Special Economic Zones (SEZs) in India, where the state's constitutional right to expropriate lands for the 'public good' is often invoked when expropriating land from peasants. In examining the case of land grabs in Ethiopia, Lavers (2012) argues that host countries are not passive and hapless victims as some reports would suggest. States are manoeuvring actively to exploit emerging opportunities opened up by the changes in the global political economy that allows them to exploit their natural resources, especially land. It is the Ethiopian State that proactively re-classified and re-zoned its land, and reallocated huge tracts as free zones for (foreign) land investments. This is the same case in the re-mapping of Cambodia by the state, identifying vast tracts of lands that are allocated as Economic Land Concessions or ELCs.

Whether in the context of the original Marxist formulation of a stage towards capitalist development ('primitive accumulation'), or the David Harvey (2003) reformulation of a continuing process of 'accumulation by dispossession', or the Polanyian critique of privatizing nature (Polanyi, 1944), and in other radical eclectic radical studies – the centrality of the role of the state in the process of private capital accumulation is quite firmly established in scholarly literature. It is unfortunate that when current research into current global land grabbing was initiated, this topic was not researched, though new scientific literature on the role of the state is beginning to correct this omission. (see, for example, Peluso and Lund, 2011, Borras et al., 2011).

Stepping back to look at the bigger picture three broadly distinct but interlinked areas of state action are emerging that are relevant for an understanding of contemporary land grabs, namely, 'state simplification process', assertion of sovereignty and authority over territory, coercion through police and (para)military force to enforce compliance, extend territorialisation, and act as broker for private capital accumulation. First, in order to administer and govern, states engage in a simplification process to render complex social processes legible to the state. The creation of land registries, land records and titles are attempts at simplifying land-based social relations that are otherwise too complex for state administration (Scott 1998). This requires the official powers of the state to register land relations and (re)classify land. This in turn brings us back to the notion of 'available marginal, empty land': if it has not been formally privatized, then it is state-owned; if the official census does not show formal settlements, then the land is empty land; if the same official census does not show significant agricultural production activities, these are un-used lands. Currently, many land investments in Latin America and the Caribbean are in frontier regions, encroaching on indigenous peoples' territories as in the case of Afro-Colombians (Cardenas, 2012) or taking over grasslands such as the case of the Cerrado in Brazil (Oliveira, 2011).

Secondly, beyond the economic benefits, land investment is also viewed as a building block for the state-building process where sovereignty and authority are extended to previously 'non-state spaces' (Scott, 1998). Again, a good example in the region is the Afro-Colombian case (Ballve, 2011). Thirdly, coercion through police and (para)military force to enforce compliance with the state simplification project, as in the case of Colombia (Grajales, 2011) is carried out to a large extent on behalf of the dominant classes of capital, transnational or domestic, though it is always accompanied by the other task of the state to maintain a minimum level of political legitimacy – making accumulation and legitimation uneven and contested, across geographic spaces and over time (Fox, 1993, chapter 2). This is the case across Latin America and the Caribbean, as it is elsewhere.

In short, the critical role of the central state in the current land rush makes the issue of land grabbing a murky issue: legally and technically speaking, taking what is yours is not always considered 'grabbing'. A first step to understand better the role of the state in contemporary land grabbing is to analyse state-capital relations from the perspective of class (Bernstein, 2010) as well as to qualify politically and historically the analysis of state-society relations around the global phenomenon that is land grabbing.

V. Dynamics of land use change

One of the most contentious features of global land grabbing is the conversion of land used to produce food for local consumption and/or into land to produce food and biofuel for export. The conversion of land use from small-scale farming to large-scale industrial plantation is also subject to criticism. This occurs to some extent in Latin America and the Caribbean. However, the change in land use does not always fit the dominant critical narrative.

One phenomenon in agriculture that partly differentiates the current global land grabbing from previous waves of enclosures is the emergence of ‘flex crops’, as already mentioned above, as well as the continuing expansion of livestock raising, especially cattle – in the global context of expansion of the middle class in the BRICS and the MICs. The technological requirement for flex crops has been established: e.g., flex sugar cane mills, and so on. The convergence of food and energy crises, and the fusion of food and energy sectors in the global food-energy regime has partly shaped and has been reshaped by the rise of these flex crops, which are in turn an integral part of the changing food, feed and fuel triangle. This has implications on trajectories of agrarian change, specifically land use change. The conventional notion of comparative advantage between crops may have been partly overtaken by the new notion of flex crops. The problem of investment anxiety towards the boom-bust cycles of various crops may be partly solved by flex crops where one has multiple possibilities for trading, depending on price movements or state subsidies. It is not surprising that a significant portion of new land investments are in these flex crops and other food sectors (livestock raising remains a key sector), in addition to non-flex crop commodities such as timber. The notion of flex crops will be used to analyse land use change dynamics perspective. A broad typology of four ideal-type directions of change in land use is captured in Figure 2.1 and elaborated in greater detail in Table 2.15.

Figure 2.1: Main directions of land use change

Type Food to Flex crops/food	A	Type Food to Non-food/food	B
Type Non-food to Flex crops/food	C	Type Non-food to Non-food	D

Adapted from Borras and Franco (2012)

Based on Figure 2.1 and Table 2.15, we see that what critics object to with regard to large-scale land investments does occur in Latin America and the Caribbean, namely, C2 where non-food lands, including forests and savannahs, are being converted to production sites for flex crops and other food for export (fruit, livestock and others). This is in addition to D2 where the same type of land is being converted to land for non-food use (timber, carbon offset contracts, and so on), also for export. For the C2 type, examples include the Brazilian Amazon and the Cerrado where there is currently a major land rush by domestic, (Trans) Latina and international investors. Another example is much of the soya expansion in Paraguay, Bolivia and Argentina, among other countries.

For D2, examples include many of the large-scale industrial tree plantations in Brazil, Uruguay, Chile, Argentina, Bolivia, among others, large scale conservations in Argentina and Chile, as well the emerging carbon-related forestry captures (e.g. via REDD+) such as those in Mexico (Osborne 2011). The range of investors is similar: domestic elites, plus a significant (increasing) role played by (Trans)Latina companies, such as the example of Chilean companies involved in industrial tree plantations within and outside Chile as cited earlier. International investors are dominant in large-scale conservation.

The C2 pattern of land use change in the region are similar in many parts of the world: from the massive clearing of Indonesian forest for conversion to oil palm plantations to the acquisition of second growth forest/ grazing lands in Mozambique for conversion to sugar cane plantations for biofuels. The D2 pattern of land use change in the region is also not unique as it is the same case in many parts of the world: from industrial tree plantations in Cambodia to large-scale conservation projects in Africa.

Table 2.15: Character, direction and orientation of land use changes

Ideal Type	From	To
A	Food production	Flex crops/food production
A1	Food for consumption	Flex crops/food for domestic exchange
A2	Food for consumption, domestic exchange	Flex crops/food for export
A3	Food for export, mono-cropping & industrial farming	Food for consumption and domestic exchange, small-scale, poly-culture
B	Food production	Non-food production (industrial tree plantation, conservation, REDD+, and so on).
B1	Food for consumption, domestic exchange	Non-food for export
B2a	Food for consumption, domestic exchange	Non-food for local use and domestic exchange, but corporate-controlled

B2b	Food for consumption, domestic exchange	Non-food local use and domestic exchange, non corporate-controlled
C	Non-food	Flex crops/food production
C1	Non-food lands	Flex crops/food for consumption, domestic exchange
C2	Non-food lands	Flex crops/food for export
D	Non-food and marginal/idle lands	Non-food production
D1	Non-food lands	Non-food production for use and domestic exchange
D2	Non-food lands	Non-food for export

Source: Adapted from Borras and Franco (forthcoming, 2012).

Note: more heavily shaded rows represent those types that are the object of anti-land grabbing views and political campaigns; they all represent change from local/domestic use to production for export. Food lands include lands devoted to livestock.

However, what is different in Latin America and the Caribbean as compared to other regions in the world is that evidence tends to suggest that the majority of recent land investments did not happen by converting pre-existing food-oriented peasant agriculture into flex crops/food products and non-food products for export, i.e. the A2 and B1 flows (see Table 2.15) – or at least not on the scale witnessed in Africa and Asia as well as in China. Most country studies in the FAO study on land grabs in the region have reported along this line, with a few possible exceptions, such as peasant farmers and Afro-Colombians who were expelled from their lands in Colombia to pave the way for oil palm expansion. To date, it is estimated that 5.1 million persons have been displaced and dispossessed, directly involving about 6.6 million hectares of farmland. Most, if not all, country case studies reported no evidence to show that food security has been undermined to any significant extent in this region (see Table 2.1). Overall, much of the land investment occurred in frontier land. Hence, the heavily criticized A2 and B1 patterns of land use change (see Table 2.15), while true in many regions of the world, have not really occurred in any significant or alarming extent in Latin America and the Caribbean.

However, A2, B1, C2 and D2 are not the only patterns of land use change in Latin America and the Caribbean and elsewhere outside the region. While there are some potential and actual social and environmental issues in these particular flows, this may be different for others, such as A1 or A3. The latter may in fact provide some basis for possible alternatives, including ‘food sovereignty’ alternatives based on agro-ecological perspectives (Altieri and Toledo, 2011, Rosset et al., 2011). Other patterns might be more complex and pose dilemmas, such as B2 – B2a and B2b, where the difference is whether or not the production model is corporate-controlled. The case of competing models of alternative biofuel production in Brazil (corporate, community, corporate-community, and so on) as studied by Fernandes et al. (2010) is a good illustration of the dilemmas and contradictions of alternative production models.

Finally, the dynamics of land use change shown in Table 2.15 should not be seen as unconnected patterns. It is important to determine whether and how different patterns are linked to each. For example, the expansion of cattle, food crops, soya and sugar cane in Brazil is better seen as interlinked – in political economic terms, as well as spatially and temporally – with one influencing the other, as empirically demonstrated by Novo et al. (2010).

VI. Dynamics of land changes in property and labour relations

The seventeen FAO studies have been framed secondarily (though significantly) within the perspective of and debates around ‘foreignization’ of land property (The principal framing being the involvement of foreign governments and the undermining of food security). It is certainly quite relevant and important, especially because it touches the raw nerve of what is a controversial and politically sensitive dimension of global land grabbing. The political tension in Paraguay near the border with Brazil where native Paraguayans feel aggrieved of their dispossession of land that has been taken over by Brazilian capitalist farmers is one example of how potentially and really explosive this issue is in the region. The tension-filled phenomenon of what is sometimes referred to as ‘Brasiguayos’, Brazilian commercial farmers in Paraguay, is however quite different from the less tension-filled Brazilian presence in Santa Cruz, Bolivia, as noted by Mackey, 2011). The Gulf States, Chinese and South Koreans who currently control land in the Cerrado in Brazil (and earlier, Japanese investors) are another example.

In the context of Latin America and the Caribbean, however, and as mentioned earlier, the extent of international investors, especially those involving foreign governments, is not as widespread as it is in Africa

or the former Soviet Eurasia. For one, we have not seen hundreds of Chinese farmers relocating to a Latin American country in order to directly farm Chinese-purchased land. In addition, there is not always animosity between local people and foreigners over 'foreign' ownership of land, as explained by Mackey (2011) in his study of Brazilian-owned land in Santa Cruz, Bolivia. Yet, overall, the foreignization of land property remains a politically sensitive issue, pushing South American governments to formally prohibit or regulate such practices. But, on its own, the 'foreignization narrative' has major weaknesses and limitations, and can be misleading. It is also fraught with contradictions: foreignization of land is not acceptable, but foreign capital and investments (which ultimately indirectly capture land resources) are welcomed. This question is better seen against the backdrop of the dynamics of change with regards to land tenure relations.

The 'foreignization of land' narrative gives an incomplete perspective and can be misleading in a number of ways. First, there are two extreme poles in this narrative, namely, the 'foreign government-as-land grabber' and the 'diaspora-as-foreign-land grabber'; both are indeed processes of foreignization¹¹. On the one hand, by narrowly defining land grabs as those land investments with direct participation by foreign governments, one will end up accounting for only a very small portion of the global land rush phenomenon. On the other hand, by automatically counting diaspora land purchases as land grabs, our analytical focus may be slightly deflected away from the relevant dynamics that we are interested in: the processes of agrarian restructuring due to recent changes in the global food-energy regime and the overall capitalist requirement for key primary commodities. It is certainly important to include these two poles in our analysis, but one should go beyond these.

Second, a foreignization narrative tends to deflect the focus from the more crucial issues surrounding the global land grab phenomenon, i.e. the causes, conditions, mechanisms and consequences of global land grabbing. For example, critics look at A2, B1, C2 and D2 in other regions and the role played by foreign investors in these objectionable changes in land use patterns. Such an analysis is relevant, but it poses dilemmas and contradictions: what if it is the same change in land use, but does not involve a foreign investor? In many instances, this is the case in various regions of the world.

Third, the foreignization narrative inadvertently focuses on a narrow section of 'foreign' actors or 'triggers' or investors, i.e. (a) limited to a few 'newcomers': China, Gulf States and South Korea, at the expense of a comprehensive and more precise understanding of the role played by the traditional North Atlantic empires, as well as the broader role played by the rise of the BRICS and MICS, and (b) limited to governmental or corporate land grabbers at the expense of connecting to some key policy drivers, e.g. the European Union biofuel mandatory blending target that has sparked massive speculation worldwide for biofuel markets and thus for establishing new plantations for a variety of raw materials (Franco et al., 2010; White and Dasgupta, 2010), or the US decision to convert its maize sector to ethanol and the implications for the global food-energy regime (Gillon, 2010; Hollander, 2010).

Finally, the foreignization narrative in the end is strongest in terms of objecting to 'foreign ownership of land' in a country, which in turn partly drives recent national policy initiatives to curtail such a phenomenon. But this happens without really addressing the logic that underpins global land grabbing since the phenomenon continues through activities of the domestic elites, as in Brazil, Bolivia, Ecuador, Paraguay or Argentina (Teubal, 2009) - and elsewhere, as in Cambodia and the Philippines. Does land grabbing necessarily and always require foreignization of land? Conversely, does foreignization of land always imply land grabbing?

Instead of overly focusing on foreignization of property, it is useful, in addressing changes to land property relations, to look into the character and direction of changes in social relations around property. This perspective will bring us closer to our task of reaching a better understanding of the dynamics and trajectories of agrarian change in the context of global land grabs. There are two key features of the dominant narrative around land grabs. One is the foreignization of spaces, as explained above. The other is the casual assumption that land grabs lead to dispossession: people are expelled from their lands. There are two broad types of land dispossession, namely, 'dispossession through differentiation' (which is the classic Leninist, or indeed, Chayanovian perspective) and 'dispossession by displacement' (Araghi, 2009; see also Li, 2011). Our concern in this paper is focused more on the latter than in the former. A few cases of dispossession (the latter type) certainly occur in Latin America, with perhaps Colombia as an iconic case, and some instances of smallholders getting displaced in Paraguay and Argentina. But this phenomenon of dispossession by displacement in Latin America and the Caribbean is on a relatively smaller scale, at least to date - when compared to processes of dispossession in other regions in the world, especially Africa and Southeast Asia -- in the general context of the land grab debate, and in China and India in the form of 'internal land grab' (by domestic land grabbers, for internal production-consumption and urban growth requirements). Hence, to include Latin America and the Caribbean in the sweeping conclusion of: 'land grabs lead to massive dispossession by displacement' is not supported by evidence.

¹¹ See Zoomers (2010) for a discussion of the topic.

Changes to land property relations are better understood from the broader perspective offered by the typology in Figure 2.2¹² The defining principle of Type A is the redistribution of land-based wealth and power from the monopoly control of either the private landed classes or the state to landless and near-landless working poor (poor peasants and rural labourers). It is a ‘zero-sum’ reform process although this perception depends on the net loss to the landed classes and the net gain by poor people with little or no land. The conventional notion of redistributive land reform that is applied only to large private land, is the most commonly understood example of redistributive land policy. However, there are a variety of other policy measures that can change the relative share of land held by social classes and groups. These include land restitution, shared tenancy, land tenure reform, land stewardship, recognition of indigenous land rights and labour reform, regardless of whether the policy is applied to private or public land. The key is to establish the degree to which land-based wealth and power is redistributed.

Type B is distribution. Like Type A (redistribution), the landless and near-landless working poor are beneficiaries of land-based wealth and power which are transferred to them. But in Type B, the original source of wealth and power is the state, the community or a private entity, which is fully compensated by the state. This ‘positive sum’ reform process does not confiscate resources from one social class to redistribute them to another and it has been deployed in some cases precisely to avoid more radical redistributive policies (Fox 1993, 10). However, in other cases, this type of reform involves affirming and protecting pre-existing land access and occupancy by poor peasants whose tenure is insecure, as is the case in many countries in Africa (Cousins 2007).

Figure 2.2: Flow of land-based wealth and power

Type Redistribution	A	Type Distribution	B
Type Non-(re)distribution	C	Type (Re)concentration	D

Source: Borras and Franco (2010c)

Type C is non-(re)distribution, and its defining character is the maintenance of a status quo, marked by land-based inequity and exclusion. The most typical land policy here is a ‘no land policy’ which, in conditions of land-based inequities and exclusion, supports the existing distribution of land-based wealth and power. In other settings, a similar effect may be created when an existing land policy, even a redistributive land reform policy, is kept dormant ‘from above’ or becomes frozen or flounders in the course of implementation as it comes up against impediments within the state or in society or both. However, this kind of situation should not be confused with others involving active land policies that are categorically non-(re)distributive, to which we turn next.

The fourth type, Type D, is (re)concentration. The defining character here is that, while land-based wealth and power transfers do occur, access to and control over land are further concentrated in the hands of the dominant social classes and groups: landed classes, capitalists, corporate entities, state or other dominant community groups such as village chiefs. This kind of change can occur on private or public lands. The organization of control over land resources can be made through individual, corporate, state or community property rights. The transfer may involve full landownership or not. Different variations are possible, but the bottom line is the same: the beneficiaries of such transfers are the dominant social classes and groups (or the state).

In the context of the typology given above, the existing trend in Latin America and the Caribbean just before the current land rush was to move away from (re)distributive land policies (Types A and B), and towards Type C (non-redistribution). When the contemporary land rush started to gain momentum in the region, Type C became much more prevalent and there was a growing trend to move away from Types A and B. In the same period, Type D (re-concentration) has accelerated, according to the findings from the FAO case studies. These seventeen country studies have, more generally, highlighted the different forms and degrees of (re)concentration of landownership and land-based wealth and power through direct land grabs or through agricultural value chains. Today, in many countries in the region, the Gini coefficient for landownership remains very high. This is despite the long history of agrarian reforms in the region (Kay, 1998). The spate of land investments and land grabbing may even exacerbate this already difficult problem of land control.

One of the immediate effects of the rising economic value of land is that it would make the already difficult (re)distributive land policies even more so and the resistance to change by private landowners will become even stronger. The calculation by the state of its control over land resources and of possible dividends is likely to block, not facilitate, pro-(re)distribution policy trends (Types A and B) (Kay, 1998). Today, few countries in the region talk about conventional redistributive land reform in a vigorous or vibrant manner – and arguably, not even in those countries where some sort of land reform is still underway and enjoying varying degrees of

¹² The analysis/discussion about this typology is drawn from a paper by Borras and Franco that appears in *the Journal of Agrarian Change*, 11(1), January 2012; see Borras and Franco (2012).

support and interest from the state. These countries include Brazil, Paraguay, Venezuela, Bolivia and Ecuador. Market-led agrarian reforms were attempted in Central America as part of the 1996 Peace Accords, but they delivered dismal outcomes (see, for example, Gauster and Isakson, 2007 for Guatemala, and de Bremond, 2007 for El Salvador). The same happened in Brazil (de Medeiros, 2007). Peru has opted for auctions of state lands and this has been heralded by mainstream economists as a good way to (re)allocate land resources for a more efficient use (World Bank, 2010). Formalization of land property titles to claimants, though not necessarily along the ideological bias of conventional land reform, is favoured in some places (Eguren, 2006). This is the case for example in Brazil, with the aspiration of “Terra Legal” to formalize the land claims of some 300,000 settlers in the Amazon. This policy has been calculated, in a context of rising investments in agriculture, to expand agribusiness into this under-exploited agricultural land. In the Terra Legal campaign, the ceiling for the size of individual farms has been increasingly adjusted over time to the current 1 500 hectares – which, for a family farm, is relatively large even by Brazilian standards (Oliveira, 2011).

At the same time, land deals do not always necessarily result in dispossession by displacement of affected local communities. In many cases it can result in the incorporation, adversely or otherwise, of smallholders and indigenous communities into the emerging plantations and value chains (Butler Flora and Bendini, 2003). While peasants may retain some access to land, they increasingly have to diversify their sources of income and seek a variety of off-farm employment opportunities furthering the process of de-agrarianization (Bryceson et al., 2000; Gómez, 2002; Giarracca and Levy, 2004; Brumer and Piñeiro, 2005; C. de Grammont and Martínez Valle, 2009; Edelman, 2008 and 1999). In the case of Latin America and the Caribbean, evidence suggests that this is likely to be the more prevalent condition in the future.

As mentioned earlier, evidence shows that in Latin America and the Caribbean, expulsion of peasants and indigenous peoples from their land is not the norm – save for some specific cases, for example in Colombia and Paraguay¹³. Much of the concern is about foreignization of land property (which we discussed above) and concentration of land and capital. For the latter, the question is not so much about whether or not peasants are expelled from their land, but more about the terms under which they are incorporated into the emerging flex crops’ sector, other food sectors (especially livestock), value chains, and other non-food land-based businesses such as industrial tree plantations or REDD+ contracts. It brings us to the useful concept of ‘adverse incorporation’ put forward by Du Toit (2004) which goes beyond questions of ‘social exclusion/inclusion’. Using the concept of ‘adverse incorporation’, we look at how and in what ways the very terms of poor people’s incorporation into the emerging land-based businesses cause their poverty and disempowerment. This is important to point out especially because policies on global land grabbing are usually accompanied with the narrative that land investments are good opportunities to be welcomed and that they only need to be regulated, through some sort of ‘code of conduct’ (von Braun and Meinzen-Dick, 2009; Deininger, 2011; see Borras and Franco, 2010a, 2010b, as well as Cotula, 2012, for critical views). Not expelling peasants from their lands, and incorporating them into the commercial farms and plantations either as contracted small farmers through a variety of arrangements such as contract farming or joint ventures, or as farm workers, is a key social dimension of the notion of a desirable land investment. It is at the very heart of the advocacy for the adoption of a set of principles, more specifically known as ‘Principles for Responsible Agriculture Investments’ put forward by the World Bank, UNCTAD, FAO and IFAD (World Bank et al., 2010; see also World Bank 2010; Deininger, 2011).

Available evidence in Latin America and the Caribbean based on the seventeen country studies by FAO does not offer any conclusive insight as to whether or not and to what extent peasants and workers are being incorporated adversely. There are earlier studies about existing commercial farms and plantations employing workers in unfavourable terms, such as casual labour, which can be seen in Chile as well as in the sugar cane sector of Brazil. Moreover, there is evidence that indirectly suggests possible adverse incorporation into the value chain, such as the Mexican food value chain controlled by US-based supermarkets (Rubio, 2003, Teubal et al., 2005). This is one area that needs further scientific research in the future. However, it is most likely that there are very different terms of incorporation, which may be ‘adverse’, ‘favourable’ and somewhere in between. The study done by Fernandes et al. (2010) about various experiences in small-scale, community-based biofuels projects linked, or not, to large-scale industrial processors in Brazil, describes the conditions for some peasants as being adverse but not for others.

This is the same situation elsewhere outside the region. For example, McCarthy (2010) studied different villages in the province of Jambi in Indonesia which is an area of major expansion of oil palm. His study shows that some groups were expelled from their lands, others not; for those who were not expelled, they were incorporated into the oil palm sector, and some were incorporated adversely, others not. The factors that intervene in socio-economic differentiation are multiple, and include pre-existing social class status,

¹³ It has to be pointed out that in classic Marxist agrarian political economy peasants getting expelled from their lands was not bad per se – as long as they were absorbed in other sectors of the economy as labourers. The problem is when they are expelled from their lands and, in Tania Li’s formulation, have nowhere else to go and no employment elsewhere; they become ‘surplus’ people; ‘surplus’ in the sense that the current conjuncture of capitalist development, at the place and time where these people are, does not need them (Li, 2011). This becomes a big problem. And for Li that is a central question today in many land grabbing hotspots such as Indonesia.

capital and access to different kinds of land, quality of labour and so on (White, 1989, Kay, 2006). Polarized positions on either side of the debate, either those focusing on adverse incorporation or favourable terms of insertion will surely be able to mobilize evidence to support their positions. A more systematic review of lessons from the political economy of past institutional arrangements (e.g. contract farming, joint ventures, trade agreements, and so on) in particular societies will be relevant and important to be able to assess current conditions and future trajectories for these development strategies (see, e.g. Little and Watts, 1994).

VII. Trajectories of agrarian-environmental change

Bringing together and connecting our analysis of the dynamics of changes in land use, in landownership and in labour relations change bring us to a broader and more integrated perspective of agrarian-environmental change. The challenge is: how can we feed the world in a socially just and environmentally sustainable way? Table 2.16 provides another typology that can provide signposts for our analytical exploration and to put into perspective what is happening in Latin America and the Caribbean, as well as beyond the region.

The worst scenario which is over-hyped in the media and NGO quarters about global land grabbing is that the latter leads to situations captured in the ideal-type H (see Table 2.16): the accompanying land policy is for non-redistribution and/or (re)concentration, subsequent changes in land use do not result in greater food security to people who need it or may even undermine existing food security, and such change in land use does not protect nature and might even be environmentally destructive. This scenario puts forward cases of peasants who were expelled from their lands or from state lands, being enclosed for agribusiness purposes, at the same time clearing forests to produce biofuels or timber in areas of conflict in Colombia, Brazil, Argentina, Guatemala, and Paraguay.

At the opposite end is ideal-type A: where land policy is (re)distributive, and productive enterprises lead to food security through production models that are ecologically nurturing. The study by Rosset et al. (2011) on the Cuban campesino-to-campesino agro-ecological movement, Holt-Gimenez's (2006) book on the Central American agro-ecological movement, and the recent scoping study by Altieri and Toledo (2011) about the five poles of 'agro-ecological revolution' in Latin America and the Caribbean show the existence of this alternative concept. These alternatives are real and operational, not imagined. There are several difficult questions for this alternative: can it achieve the necessary scale to feed the region and the world, can it increase to the needed level of productivity, and so on? The debate goes on.

Table 2.16: Possible linkages between changes in land property relations and land use

Changes in land property relations	Changes in land use (i): Food security	Changes in land use (ii): Ecologically nurturing
A: (re)distributive	Yes	Yes
B: (re)distributive	Yes	No
C: (re)distributive	No	Yes
D: (re)distributive	No	No
E: non-redistributive/(re)concentration	Yes	Yes
F: non-redistributive/(re)concentration	Yes	No
G: non-redistributive/(re)concentration	No	Yes
H: non-redistributive/(re)concentration	No	No

Source: Borras and Franco (2012)

However, in the real world, between ideal-types A and H, there exist diverse combinations of the three key elements of land policy, food security and the ecological dimension of production. These various combinations pose dilemmas and contradictions to different social classes and groups in society. For example: ideal-type B may be acceptable to some advocates for agrarian justice, but not to advocates for environmental justice; conversely, ideal-type C may be acceptable to advocates for environmental justice but not to those for agrarian justice. Meanwhile, ideal-type E may not be approved by advocates for land justice, but it might have no problem gaining popularity from the broader quarters of society. These various combinations, from B to G, occur in real life in the region, and are reflected, to varying extents, in the seventeen country studies by FAO. It is relatively easy in the context of public policy to think about ethics of development and pursue win-win scenarios: ideal-type A is clearly the uncontested win-win scenario. But perhaps the most common types are neither Types A nor H - but those in the shades of 'grey' -from B to G, or combinations of these within a country. It is from this perspective that we can have a better understanding of the character of the subsequent political contestations around global land grabbing, which we will now address in the next section.

VIII. Land grabbing debates between state and society

States and societies are differentiated along many potential divides: class, gender, ethnicity, ideology, rural-urban divide, among others. The state itself is easier seen as an arena made up by a range of actors and characters by potential differences. And so, while it is useful to look into political dynamics between government ministries, it is also equally useful to look into social groups within ministries. Stepping back and looking at the big picture, the broader class alliances and competing ideologies at play are also important factors to look into, when trying to understand the character of the state. This will help us understand why central states take a proactive large-investment friendly strategy when it suits them.

Meanwhile, the long tradition of agrarian political economy scholarship in Latin America and the Caribbean has taught us one basic point: that societies and local communities are not homogeneous entities. Local communities are usually differentiated – again, along class, gender and ethnicity divides, among others. The main point being made here is that to assume or casually claim that civil society groups have consensus views (often times assumed to be oppositional to land grabs) is wrong and misplaced. Moreover, to assume and casually claim that central states have coherent positions and strategies for land investments is just as problematical. In addition, cleavages between and within states and civil society should not always be perceived as something negative. Equally important, these cleavages open up avenues for possible debate and mobilization when they may provide windows of opportunity in the political set-up (Brockett, 1991; Tarrow, 1994; Fox, 1993). This basic starting point will also frame our discussion on the implications for public action in the next section. This is an important reminder of what needs to be analysed in the dynamics of state-society interactions around land grabbing in Latin America and the Caribbean. A few observations need to be made, largely but not solely based on the seventeen country studies,

First, there are similarities and differences of views and strategies of the states across the region. A common fact is that all ‘foreignization of land’ – taken here as foreigners being allowed to own land – is politically sensitive and problematical. However, in the region, there are two clusters. On the one hand, South American governments have moved, in varying ways and extents (past and current), to pass laws and policies that prohibit or regulate foreignization of land. On the other hand, there is no significant move like this in Central America (with the exception of Guatemala) and the Caribbean. Land renting/leasing and increasingly contract farming with foreign companies are different issues, and are generally welcomed by all central governments across the region. Some are more successful in their campaigns to attract land investors such as Brazil, Argentina, Paraguay and Bolivia, while others are not despite having highly liberalized (land) policies, such as Nicaragua.

Second, the various social groups within and between local communities have different reactions and positions. The emerging literature on land grabbing worldwide is dominated by terms such as ‘local communities’ or ‘local people’. They (inadvertently) imply a notion of undifferentiated communities, which is problematical. More generally worldwide, local communities include landless rural labourers, poor peasants, rich farmers, local elites such as ‘hacenderos’ (ranchers) in Latin America or tribal chiefs in Africa, entrepreneurial land brokers, or corrupt government officials. These communities are also differentiated along gender, ethnicity, and generation, and differences also occur between communities. When a land investment is made in these local communities, it impacts differently on these various social classes and groups between and within the communities. In turn, these groups react differently to the investment: some support it, others not. This is concretely illustrated in the case of Procana sugar cane plantation in Mozambique where the project impacted differently on animal herders, subsistence farmers, women, older and younger community members, as well as communities relocated from the nearby Limpopo international park (Borras, Fig and Monsalve 2011). To what extent this is true in the current context of land grabbing in Latin America and the Caribbean has not been significantly addressed in the FAO country studies. Yet, our guess is that it will be a similar situation. Nevertheless, further research into this angle is urgent and necessary.

Third, there are differentiated positions between organized civil society groups, partly along the actual and potential divides between labour, agrarian, and environmental justice perspectives. In general, it is rather casually assumed that organized civil society groups are opposed to land investments, and are opposed in the same way for the same reasons. Yet, civil society groups are diverse and are differentiated along multiple divides including class origin and mass base, ideology, politics, and institutional organization including source of funds (Borras, 2010; Borras, Edelman and Kay, 2008). This is an important starting point in order to understand better the different reactions, positions and collective actions by various civil society groups.

A land investment may be seen by a workers’ trade union as a major job-generating venture and it is likely to push for labour standards as a regulatory framework, while a small farmers’ association may see it as a land grabbing process which might result in their dispossession and is thus likely to oppose it. Finally, an environmental justice group may see it as an environmental disaster and will mobilize against it. For example, Indonesia, which is a hotspot in terms of massive land investments and forest clearing, is today also host to key transnational civil society groups: World Wildlife Fund (WWF), Greenpeace, Friends of the Earth and La Via Campesina. However, these four international networks see the problem of massive oil

palm expansion and forest clearing differently; they frame their demands differently, and interact with (inter) governmental institutions in different ways. As a result, their impacts on actual policy making and politics around oil palm and forest are necessarily different from one another (see, Peluso et al., 2008, Pye, 2010). Moreover, a REDD+ venture may get a green light from one environmental group, but might be opposed by a peasants' association partly because it limits, when it does not completely prohibit, certain livelihood activities by peasants (Osborne, 2011).

Hence, while land grabbing, especially the most protested scenario H (see Table 2.16) potentially unites agrarian and environmental justice groups, the diverse scenarios from B to G are issues that potentially divide them. This is a useful analytical point that can help us study and understand civil society's positions with regards to land investments. The seventeen studies by FAO have not particularly covered this area of inquiry in any thorough and systematic way. However, there are other studies that suggest such cleavages exist, as in the case of the major split within the Brazilian Landless Movement (MST) a few years ago on the issue of biofuels, and subsequent contrasting views between rural-oriented civil society groups (small farmers' association, workers' trade unions, and so on) in Brazil on the same issue, as examined in Fernandes et al. (2010). Overall, this is another issue that requires urgent research.

Fourth, there are differentiated positions between organized civil society groups and sections within local communities. Civil society groups have ideological and institutional interests that do not always reflect or dovetail with those of the various sections in local communities that are affected by a major land investment. Therefore, it is frequent that organized civil society groups take positions towards land investments that contradict the positions of their local community sections. For example, organized agrarian and environmental groups in the Philippines are protesting actively against the largest sugar cane biofuel plantation in the province of Isabela, denouncing it as a land grab, while the overwhelming majority of the affected sections of the local communities (many of whom are land reform beneficiaries) are not against the investment at all, although many of them would have liked to negotiate better deals (Franco, Carranza and Fernandes, 2011). Again, the seventeen country studies by FAO in Latin America and the Caribbean do not include in their framework such an angle of inquiry. However, there are circumstances that might suggest the existence of such cleavages. For example, in São Paulo, Brazil, organized agrarian movements and even the land reform agency, INCRA, have been mobilizing support to try to prevent land reform beneficiaries from leasing their lands to the expanding sugar cane plantations for various reasons: ideological, political, socio-economic, organizational. It is, however, public knowledge that leasing of land by land reform beneficiaries continues to occur frequently and is increasing. Many of these individuals are, or were, members of organized civil society groups¹⁴. This is another area of inquiry that requires further research in Latin America and the Caribbean and elsewhere.

Fifth, there is arguably quite weak transnational organized opposition to global land grabbing. The issue of liberal trade through the World Trade Organization (WTO) provoked massive protests worldwide in the 1990s and a little bit beyond that period. Peasant and farmer organizations across the Global South-North divide became united and engaged in relentless, widespread, militant collective actions – connecting local, national and international initiatives (Edelman, 2009). Powerful institutions paused and listened to them. They made a huge impact (Borras, Edelman and Kay, 2008). If indeed global land grabbing is occurring at the scale being reported in the media and civil society circles, namely that it has the potential to and is actually expelling peasants from their lands which could undermine the food security of the world, then indeed this is even graver than the WTO threat. To date, however, we have not witnessed a similar conflagration or even a hint of multi-level protests, from the same groups of civil society organizations, with the scale and intensity that is anywhere close to the anti-WTO campaign, or, indeed, to the scale and intensity of the campaign against genetically modified (GM) crops by the same groups (Scoones, 2008). There are scattered movements, including those in the arena of the UN Committee on Food Security (CFS). However, as is well-known, civil society groups are more effective in their collective actions when and where they combine diplomatic negotiations with militant street and farm actions. Via Campesina is well-known for this type of activism (Deere and Royce, 2009; Borras, 2008).

Sophisticated political strategy and collective actions are not particularly widespread, coherent or consistent today in the face of the current global land grabbing. The land grabbing struggle is marked mainly by negotiations around the UN CFS, at the global or regional levels, including Latin America and the Caribbean, as well as by the usual manifestoes and reports from large, well-funded nongovernmental donors. One reason for this is that most of the major land grabs are not occurring in places where there is an organized mass base of (trans)national agrarian movements. Whether or not this will remain so, remains to be seen. La Via Campesina, CLOC (Coordinadora Latinoamericana de Organizaciones del Campo), and allies have organized the first ever international conference and strategizing initiative led by the peasant movement in Mali from 16 to 21 November 2011. It remains to be seen whether it will lead to a major shift in collective actions towards more persistent and militant forms. However, at least, one key ingredient for effective collective action is present: that is, the existence of effective research and information collecting tools that can inform policy advocacy and campaigns. This is in the form of several radical NGOs and think tanks working around the

14 Partly based on field work by Borras in Sao Paulo, in 2008. See also Monsalve et al. (2008).

land-grab issue, including GRAIN, Foodfirst Information and Action Network (FIAN), Focus on the Global South, and so on, that are in turn working closely with radical (trans)national agrarian movements. Again, this is another area that requires closer attention and careful research in Latin America and the Caribbean, and beyond.

IX. Policy and political implications and challenges for future research

The renewed interest in land by the state and corporations that led to the current global land rush has in turn posed old and new issues in (trans)national governance that requires action by the state and non-state actors. Instead of a list of prescriptions regarding public action, this section raises further analytical issues and dilemmas that are important to consider in drawing up public action plans, nationally and transnationally. This is simplified in four clusters: state, international institutions, civil society organizations, and the research and academic community. We also strongly suggest for those interested in possible options for public actions to take a careful look at the set of recommendations offered in the UN CFS High Level Panel of Experts (HLPE) report on land grabs (Toulmin et al., 2011). This set of recommendations is more global and comprehensive, though many of them are relevant to the Latin America and Caribbean context.

1. State

Central states are key players in global land grabbing, as we have discussed earlier. As such, they will play a contradictory role in many public actions: as key actors pushing for land investments and at the same time they mediate between those that promote large-scale land investments and those who oppose them, between those who accumulate land and those who are dispossessed. There is nothing new in this, as states are always faced with the dilemma of maintaining a minimum level of legitimacy in governance while at the same time facilitating capital accumulation (Fox, 1993, chapter 2). This is likely to result in cleavages within the state: between those who tend to prioritize political legitimacy and those who prioritize capital accumulation, and such cleavages run between and within ministries and levels of governance. While this facilitates the rise of state actors who would not cave into pressures from civil society groups, the same may open up spaces for more interaction between sections of state actors and civil society groups (ibid.). Attempts to look at public actions involving the state are better grounded when they start from the assumption of the state as a point of debate and policy making as inherently contentious.

There are some issues for discussion. First, regulating/prohibiting foreignization of land that is being taken up now by most governments in South America is quite understandable, and it is important to focus the analysis on land grabs around this issue.

However, such government measures do not confront the issue of land investment and land grabbing, since merely regulating land grabbing is not a substitute for a broader state policy on land investments. Public action related to land policy is better off embedded within the typology of change of land property relations that we discussed earlier. In this context, states should make the maximum effort not to veer towards land policies that generate Type C and D changes (non-redistribution/re-concentration). Instead, governments should establish mechanisms and policies for Types A and B (re-distribution) if appropriate and possible, especially where there is a high degree of inequality in landownership, which is the case for many countries that are recipients of large-scale land investments such as Bolivia (Kay and Urioste, 2007) and Colombia, as well as countries that are both recipient and the origin of land investments, such as Brazil (Wolford, 2010) and Chile.

Second, when speaking about equity, it is not fair to talk about the productivity of small-scale farming and large industrial-scale farming without looking at the history of neglect in terms of productive investments in the small-scale farming sector. It remains a central obligation of the state to provide significant investment to the small-scale farming sector. It is ideal if this is done using agro-ecological alternatives, partly because the corporate sector can take care of itself and should not need additional public funds. Any public investment should be geared towards achieving scenario A (see Table 2.16): (re)distributive land policy combined with food-securing and ecologically sound production models. Third, there are two central issues at the heart of land investments that states should consider: making sure that people are not expelled from their lands, but at the same time making sure people are incorporated into the emerging land-oriented ventures but not in an adverse manner. In short, states are morally obliged to avoid, as best as they can, sliding into scenario H (see Table 2.16).

2. International institutions

By international institutions here we mean in the broadest sense to include UN organizations such as FAO, UNCTAD, UNHRC, and UNEP, international financial institutions such as the World Bank, IADB, and IFAD,

nongovernmental donor organizations (including bilateral and multilateral agencies), as well as philanthropic organizations that are all involved in one way or the other in issues around land grabbing. International organizations – together and separately – historically, have played a critical role in land and rural development policies in Latin America and the Caribbean, and beyond. They are all quite concerned about the potential negative implications of land grabbing, and so are actively searching for ways to deal with the phenomenon. But this circle is a highly differentiated community, because of its ideology and politics, among others.

There are some issues for discussion. First, there are three key policy currents all related to dealing with land grabs, namely, the Principles of Responsible Agricultural Investment as discussed earlier, the Voluntary Guidelines as anchored by FAO, and the Minimum Human Rights Principles as advanced by the UN Rapporteur for the Right to Food, Olivier de Schutter (2011). In the context of Latin America and the Caribbean, strong support by the international institutions for the Voluntary Guidelines and the Minimum Human Rights Principles are a move in the right direction. This will, among others, be well received by civil society groups, especially (trans) national agrarian movements such as CLOC and La Via Campesina. Second, the UN CFS High Level Panel of Experts (HLPE) report on land grabbing has put forward the proposal to organize a UN observatory within FAO, linked to the Voluntary Guidelines so that it will be made mandatory for national governments to prepare annual reports about land investments and their impact on local communities, food security and the environment. It will be useful if this can be explored and supported in Latin America and the Caribbean.

Third, a ‘complaints centre’ should be established within the UN (possibly connected to the Voluntary Guidelines) to provide a space for local communities to come together and to demand accountability. This is especially relevant in cases where people have been expelled from their lands by land investors involving (trans)national companies, in countries where national policies do not favour their demands for accountability and indemnities. This is especially relevant with the rise of non-traditional key actors in global large-scale land acquisitions coming from the ranks of BRICS and MICs, from the Gulf States to Brazil, from China to Chile, from South Korea to Argentina, from India to South Africa, and so on. The requirement for global governance has become more complex with the rise of the BRICS and MICs alongside the traditional power-holders from both sides of the North Atlantic. Finally, it is important for international institutions to support efforts for direct actions by those who are most affected by land grabs, and provide them and their social movement organizations with institutional arenas for engagement: ‘not about us, without us’, as a popular rallying slogan would remind us.

3. Civil society organizations

The challenge for organized civil society including peasant movements is enormous. It is relevant to put forward some issues for discussion. First, following the typology on land policy, there are two broad struggle fronts where organized civil society groups must simultaneously engage, namely, the struggle against dispossession and the struggle for (re)possession. Land grabbing that expels peasants from their lands require coherent struggles against dispossession. This is a defensive struggle. Alongside is the need to heighten struggles for (re)possession especially in settings where landownership distribution is extremely unequal as in many countries in Latin America and the Caribbean today. This is a more proactive struggle. Whether and how and to what extent organized groups will be able to carry out this dual task remains to be seen, but these groups need external state and non-state political and logistical support. This should come in various forms, including favourable institutional arenas for political contestations.

Second, while land is central to contemporary peasant struggles, it is important to avoid a ‘too-land centred’ struggle framework. Labour reforms, especially in light of trends towards adverse incorporation, are equally important. Whether and how land-oriented and labour-oriented struggles could complement each other is not always automatic and obvious, as shown in the case of Brazil. Third, any effective struggle against dispossession and destitution in the current context of global land grabbing will necessarily require cross-class alliances. Forging tactical and strategic alliances between agrarian, labour and environmental justice movements will be critical. Constructing alternatives, such as ‘food sovereignty’, will require similar cross-class coalitions to be more effective. And while this will create synergies, the same will inherently bring out tensions (see Borras, Edelman and Kay, 2008).

4. Research and academic community

The challenge for the research and academic community is equally huge and difficult. The need for informed policy-making and policy advocacy by state and non-state local, national and international actors is urgent and necessary. There are some urgent issues for discussion. First, there is a need to broaden the ranks of scholars and practitioners involved in ‘engaged research’ – research that is not purely academic, but takes on board practical interests and with deep sense of urgency, as well as takes the side of the poor. The Land Deal Politics Initiative (LDPI – www.iss.nl/ldpi) is a good example. It is a loose global network of universities and dozens of individual academics who are engaged in serious scientific research on global land grabbing. But

its reach remains relatively limited, and should be expanded, in order to include various regions such as Latin America and the Caribbean. Similar networks within the region and elsewhere should be encouraged and supported. Second, there is an urgent need to carry out research on particular 'blind spots', some of which have been identified earlier that are related to local communities, differentiated impact on local communities, diverse resistances, different stances adopted by organized civil society groups. The summary paper by FAO (Chapter 1) also offers an extended outline of pending 'big picture' questions that are important for our fuller understanding of land grabbing in the region, but that require further scientific research. There are several other strategic questions of political economy, political ecology and political sociology that require deeper scientific research. Third, there is a need to build a network between the academic community, development practitioners, government officials, and political activists about land grabs that would inform policy making and policy advocacy work by state and non-state actors, now and in the near future.

X. Conclusion: towards a 'land sovereignty' agenda

As the final reflection point, we come back to some of the most common and casual issues being floated as possible responses to global land grabbing, including: land reform, the non-privatization of the remaining communal land, and so on. The problem with these formulations is that they run into a lot of dilemmas and contradictions: land reform – but many sites of current land grabbing worldwide and in Latin America and the Caribbean involve land reform settlements; then it is not a shield against land grabbing and dispossession; the problem with choosing either private or public, state or community ownership of land is that land grabbing occurs across different regimes of property rights. How then can we make sense of these contradictions and be able to move forward? Below we offer a concept, i.e. 'land sovereignty', for discussion, drawing from Borras and Franco (2010b).¹⁵ It is not meant to advocate for 'land sovereignty' – but we simply want to raise some analytical issues that might help us think deeper about possible policy and political actions now and in the near future.

In our view, it is useful to have an overarching framework that takes the messy, complex, currently existing land-based social relations (along James Scott's formulation) as the starting point, emphasizing rural poor people's effective access to, control over, and use of land (Borras and Franco 2010b, 2010c). 'Land sovereignty' aspires to dialogue with the popular proposition for a radical alternative today: 'food sovereignty' (the right of people to produce and consume healthy and safe food in or near their territory – see Martinez-Torres and Rosset, 2011). As an alternative conceptual framework and political platform, we define land sovereignty as the right of the working class and indigenous peoples to have effective access to, control over and use of land and live on it as a resource and territory (Borras and Franco, 2010b). Simply put, land sovereignty is rural poor people's right to land – more or less along the lines advocated by Via Campesina in its campaign to have a UN Peasants' Charter (see Edelman and Carwil, 2011). The use of the term 'sovereignty' here sounds awkward, but we could not think of any other better term.

The starting point of land sovereignty is a reaction to the dominant view on land which is founded on the quest for the most efficient economic (re)allocation and use of land as a scarce factor of production that can be attained by leaving it primarily to the forces of the free market. But the forces of the free market respond primarily to profit motivation, and are almost impossible to hold accountable (the difficulty of 'codes of conduct', for example – see de Schutter, 2011; Borras and Franco, 2010a for critiques). We therefore bring the state back in, and so the idea of sovereignty immediately involves the role of the nation-state. However, in our definition of land sovereignty, we do not stop at the nation-state as we bring 'people' into the definition, highlighting the notion of a 'popular sovereignty' – but more specifically the working classes, or the rural poor. Here, the word sovereignty implies the 'people' and the 'state', the two key elements of the common conception of 'sovereign' or 'sovereignty'. In this sense, land sovereignty emphasizes a 'bundle of powers', as conceptualized by Jesse Ribot and Nancy Peluso (2003). It takes on board formal 'rights' (as in the notion of 'bundle of land property rights'), but embeds these within the question of power relations, as elaborated in a related discussion by Fox (2007: p.335). The character of land-grabbing issues in Latin America and the Caribbean, which necessarily deal with 'state sovereignty' and 'people's effective control' over land and territory, has a natural connection with the 'land sovereignty' framework.

To be useful, the notion of land sovereignty should be interpreted in a broad and flexible manner depending on specific concrete circumstances. It can be national or local in scope. It can be used to produce food for consumption and the market, as well as for other productive endeavours. In terms of systems of property rights, these can be communal, community, state, or private property rights, held individually or collectively. Hence it goes beyond the common binaries: private versus public, state versus community, and so on. Unlike the limited scope of the several variants of land reform, land sovereignty simultaneously addresses all the broad and key land-based social dynamics of redistribution, distribution, non-redistribution and (re)concentration. And so necessarily, land sovereignty includes land reform. The concept of land sovereignty necessarily addresses the

¹⁵ The rest of the discussion on land sovereignty is taken from Borras and Franco (2010b).

two broad fronts of contemporary land struggles: struggles against land dispossession and displacement, as well as struggles for land (re)possession.

The notion of land sovereignty politicizes and historicizes the de-politicized and ahistorical popular mainstream conception of land governance, bringing in social relations as the key unit of analysis and object of policy and political advocacy rather than ‘things’ like papers and titles. Land sovereignty is thus used in the hope that it can also contribute to the construction of a counter-narrative in reaction to the aggressive neoliberal ‘land governance’ perspective – which is a state-centric concept and political project whose dubious and deeply flawed starting point and guide to action is the neat state land property standard grids and categorizations that attempt to simplify (i.e. dismiss, reject, distort) actually existing land-based social relations. Land governance is a view and initiative ‘from above’. Land sovereignty brings the ‘people’ back in. Its starting point is the actually existing land-based social relations ‘from below’, and thus is inherently political and historical in orientation, addressing power relations emanating from the social relations of land-based property and production. In a way, land sovereignty is the notion of a ‘people’s (counter)enclosure in the midst of widespread attempts at corporate-driven and state-sponsored enclosures worldwide. Finally, the notion of land sovereignty is inherently a cross-class political project involving different strata of the working classes and groups, both rural and urban, within and across national borders. As such, it internalizes the pre-existing tensions among these different groups. But a workable political project like land sovereignty is one that confronts, and does not back away from, political tensions while exploring potential synergies among diverse groups within a cross-class coalition. Land sovereignty is a rough concept that may be worth-exploring as a useful analytical guide.

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Chapter III:

Dynamics of land markets in Costa Rica, Guatemala, Mexico, Nicaragua, Panama and the Dominican Republic: the context and comparison

Eduardo Baumeister *

Presentation

This chapter comprises three sections. The first explores some of the structural factors contributing to the processes of land concentration and foreignization. The second section presents a synthesis of the six country case studies, commissioned by FAO and undertaken by Santander Tristan Donoso for Costa Rica and for Panama, by Jaime Arturo Carrera C. for Guatemala, Manuel Robles Berlanga for Mexico, Eduardo Baumeister for Nicaragua and Ingrid Lavandier for the Dominican Republic. The third section is a comparative analysis of the six case studies, considering the features they have in common and those that are country-specific.

I. Structural context of the cases under consideration

From the perspective of size, there are two main groups. On the one hand, the countries of Central America and the Dominican Republic and on the other Mexico, the second most populated country of Latin America with more than 110 million inhabitants.

Land concentration and foreignization are long-standing deep-rooted processes in these countries which, apart from the colonial period proper, date back to the second half of the 19th century when these countries started to engage noticeably in these processes, and even with the participation of domestic and foreign governments (banana, coffee, sugar cane, livestock, sisal) at different moments of the 19th and 20th century¹⁶. Also longstanding is the mechanism of external control over the primary agrarian production processes --the purchase of products, agro-industry and direct trade - as reflected typically in the coffee sector in countries such as Costa Rica, Nicaragua, Panama or Mexico and to a lesser degree in the case of Guatemala, where, both now and in the past, concentrations of capital controlled both primary production, milling processes and external commercialization. The same can be observed in the current processes of consolidation of land concentration in the different countries, each with their specific rhythms and mechanisms, by domestic and international companies as well as inter-regional ones with Latin American capital. There are also new investment thrusts in tourism (second homes, hotels, golf courses), biofuels (mainly sugar cane and African palm), commercial forest plantations¹⁷, and in the expansion of mining (especially open cast)¹⁸.

* Argentinian. Doctor in Social Sciences from the University of Nijmegen, Netherlands, he is associated researcher at IN-CEDES (Instituto Centroamericano de Estudios Sociales y Desarrollo) in Central America. ebaumeister@gmail.com

¹⁶ With reference to banana plantations, see Mario Posas (1993) as part of the *Historia de Centroamérica sobre Plantaciones Bananeras en Centroamérica*, vol 4. Capítulo 2.

¹⁷ According to the statistics of SIECA (Secretaría de Integración Económica Centroamericana), exports of timber, wood products, charcoal, and wood pulp increased from US\$370 million in 2000 to US\$824 million in 2010.

¹⁸ In 2000, the five Central American countries exported mining products of the order of US\$374 million which, by 2010 had increased to US\$898million - an increase of 140%. Estimates based on the Statistics of SIECA.

1. Dynamics of agricultural land use

Evolution of cultivated areas

A first approximation of the dynamic nature of the rural land market can be observed from the changes in farm sizes. Since these data are only registered during Farm Censuses, it is useful to use the proxy statistic of farmed areas which, in the FAOSTAT statistics, is called agricultural land and which corresponds to the sum of areas under annual and permanent crops as well as meadows and pastures (cultivated or wild). Unlike many areas of the world such as most of Europe where over many centuries farm areas have not grown, and indeed have declined because of urban growth and industrial activities as well as other non-agricultural uses, the agricultural frontier has expanded in many zones of Latin America, typically in Brazil, in eastern Bolivia, and Paraguay to mention but a few. In these countries, the expansion of farm land has been due specifically to the increase in livestock farming and soybean production. Something similar is happening in some of the small and relatively densely populated countries of Central America.

Table 3.1 shows that, between 2008 and 2009, farmed areas grew markedly in some of the countries. In Guatemala, there was a 44% increase in farmed areas, 37% in Nicaragua, and 20% in Panama. On the contrary, in Costa Rica, an important agricultural productivity reconversion in the 1980s and 1990s (reduction in the production of livestock and basic grains) meant that some areas reverted to forestry and the total farmed area fell by 28% between 1980 and 1990. In the Dominican Republic, the farmed area was also reduced and, in Mexico, it remained at the same level.

In the 2000s, some of the countries experienced important growth in crops, which, for this part of the world, was associated to biofuel production (maize, sugar cane and African palm). In Guatemala, the increase in these sectors was 41% between 2000 and 2009, while in Costa Rica it was around 23%. In Nicaragua, a lower rate of growth of only 4% was recorded, and a decrease in Mexico, Panama and the Dominican Republic, demonstrating that biofuels have different rates of expansion.

Finally, the last column of Table 3.1 shows the growth in meat production between 2000 and 2009. The livestock farming that has developed in most of the countries is of the extensive grazing type particularly in Nicaragua, Guatemala and Panama, or co-exists with intensive patterns as in Mexico and Panama. Thus, the expansion of cattle farming is associated much of the time with the expansion of grasslands. In Nicaragua, beef production, boosted by exports, increased by 105% between 2000 and 2009. In the Dominican Republic, the figure was 44% and beef production also grew in Guatemala and Mexico, though much less intensely in Costa Rica, where the herd is currently lower than what it was in 1980 and where there was a sudden change to dairy production, and to a lesser degree, to beef. The growth rate in the production of beef is also low in Panama where there has been an overall decline in agricultural activity.

The longest-standing integration to international markets has been in coffee and bananas, the most classical of tropical crops, occupying a minimum 4% of all agricultural land in Mexico and as much as 28% in Costa Rica. Likewise, the most typical biofuel crops, sugar cane and palm, occupy 4% of agricultural land in Mexico and 22% in Costa Rica.

A similar trend can be seen in the sector of fruit, vegetables and other categories, which generally include non-traditional items that are relatively intensively grown and highly commercial. In the Dominican Republic, these account for 48% of all agricultural land, 31% in Costa Rica, 24% in Panama and only 12% in Nicaragua. This highlights the differences in integration of the so-called non-traditional items – relatively early and well-established in the Dominican Republic and Costa Rica, where the companies traditionally linked to banana production have diversified mainly into African palm, pineapple, watermelon and melon production.

Table 3.1: Percentage increase in total area of farms, for biofuels and for cattle

Country	Areas in farms	Areas for biofuels	Areas for cattle production
	2009/1980	2009/2000	2009/2000
Costa Rica	-28	23	13
Guatemala	44	41	21
Nicaragua	37	4	105
Mexico	4	-10	21
Panama	20	-10	7
Dominican Republic	-6	-21	44

Source: FAOSTAT and own calculations

Note: Biofuels : total of sugar, maize and African palm production

Table 3.2: Agricultural land use, 2010

	Costa Rica	Guatemala	Nicaragua	Panama	Dominican Rep.
Basic grains*	19.5	53.2	70.5	50.4	27.0
Coffee, banana	27.9	14.6	11.8	12.4	15.1
Sugar cane, palm	21.9	12.2	5.9	13.3	9.8
Cacao					18.5
Other fruits and vegetables and others	30.7	19.9	11.7	23.9	48.1
TOTAL	100.0	100.0	100.0	100.0	100.0
Agricultural hectare/EAPA**	1.5	1.0	1.7	1.5	2.2

Source: FAOSTAT and national population census in the 2000s.

* maize, wheat, beans, sorghum, rice, wheat, oats

** economically active population in agriculture

2. Agricultural globalization

Independent of the fact that five of the six countries studied, with the exception of Mexico, are small countries, each generally with less than 10 million inhabitants, they occupy leading positions in world trade with respect to several important agricultural products, adding pressure on land use for crops linked to world markets and, as a consequence, leading possibly to processes of land [re]concentration and the increased presence of foreign investors.

In effect, 2009 data indicate that Costa Rica occupies the top position as exporter of pineapples, the third position for bananas and the eighth for palm oil and the 12th for coffee exports. Guatemala is the third exporter of sugar in the world, the fourth for bananas, the sixth for coffee and the ninth for palm oil. Mexico is the top exporter of avocados, the eighth of sugar, the ninth of coffee, the tenth of bananas and the 11th for pineapples, Panama is the eighth exporter of pineapples (see tables 3.4, 3.5, 3.6 and 3.7).

Table 3.3: Mexico – Land use in hectares and percentages

<i>Total</i>	<i>17 537 108</i>	<i>100.0</i>
Basic grains	12244410	69.82
Coffee	741410	4.23
Sugar cane	703943	4.01
Bananas	76927	0.44
Cotton	112937	0.64
Palm	31804	0.18
Soybean	153473	0.88
Alfalfa	377756	2.15
Grains	340000	1.94
Fruit, vegetables & others	2867385	16.35
Agricultural hectare/EAPA		2.2

Source: FAOSTAT and own calculations

Table 3.4: World exports of sugar, 2009

Country	Exports in US\$000s, 2009	Percentage of world trade	Ranking
Brazil	5978500	59.1	1
Thailand	756697	7.5	2
Guatemala	507702	5.0	3
South Africa	247467	2.4	4

Cuba	215570	2.1	5
Mauritius	214117	2.1	6
Argentina	153517	1.5	7
Mexico	148252	1.5	8
Colombia	106891	1.1	9

Source: FAOSTAT

Table 3.5: Coffee: main producing and exporting countries, 2009

Brazil	Green coffee	3 761,610	1
Colombia	Green coffee	1552440	2
Vietnam	Green coffee	1508870	3
Indonesia	Green coffee	822313	4
Peru	Green coffee	583789	5
Guatemala	Green coffee	582281	6
Honduras	Green coffee	515313	7
Ethiopia	Green coffee	365689	8
Mexico	Green coffee	358037	9
Uganda	Green coffee	268704	10
India	Green coffee	261526	11
Costa Rica	Green coffee	237088	12
Nicaragua	Green coffee	236764	13
El Salvador	Green coffee	229831	14
Kenya	Green coffee	198103	15

Source: FAOSTAT

Table 3.6: Leading exporters of bananas in 2009, '000s US\$

<i>Country</i>	<i>Exports in US\$000, 2009</i>	<i>Ranking</i>
Ecuador	1983970	1
Colombia	794121	2
Costa Rica	613744	3
Guatemala	414582	4
United States of America	376322	5
Philippines	360289	6
Honduras	179752	7
Cote d'Ivoire	112476	8
Dominican Republic	106085	9
Mexico	77177	10

Source: FAOSTAT

Table 3.7: Distribution of oil palm plantations in Central America by age, in 000s of hectares, in 2010

Country	Number of years since sowing (000s hectares)					Total
	0-2	3-7	8-15	16-22	23+	
Costa Rica	6824	9383	17581	9961	4057	47807
Guatemala	8655	21559	10928	4353	81	45576
Honduras	10904	25838	24179	10304	13238	84463
Mexico	4380	12000	4768	2696	260	24104
Nicaragua	3725	4990	568	1650	-	10933
Panama	538	1952	1266	409	2621	6786
Dominican Republic	163	1600	918	4818	830	8329
TOTAL	35189	77322	60208	34191	21087	227997
	15%	34%	26%	15%	9%	

Source: http://www.asd-cr.com/images/The_oil_palm_industry_in_Costa_Rica.pdf, consultation on 10 January 2012.¹⁹

3. Globalization and tourism

Some of the pressures on land are linked to the development of tourism, due as much from hotel expansion as from the development of second homes and additional investments such as marinas for international yachts or golf courses. The case studies of Panama, Dominican Republic, Mexico and Nicaragua show how part of the demand for agricultural land is coming from the tourism sector in its different forms.

In reality, these Latin American countries have already launched themselves into tourism and there are structural conditions (geographical location, natural beauty, climate, beaches, mountains, relatively cheap manpower) that would suppose that the expansion in demand for resources, and particularly land, will continue to grow over the next few decades, even though the dynamic processes observed until 2007 have become more sluggish due to the global crisis.

Table 3.8 gives an indication of the presence of international tourism in the different countries of Latin America, measured by the proportion of international tourists per year in relation to the total number of inhabitants in each country. Of the 19 countries of Latin America, ranked by order of importance, Panama occupies the second place, Costa Rica the third, Dominican Republic the fourth, Mexico the sixth, El Salvador the eighth and Nicaragua the ninth. It is interesting to observe that the dynamics of tourism is different for each country. In Panama, the expansion of tourism can be explained by its role in maritime transport, as a financial centre, fiscal paradise, and retirement destination for pensioners from North America and other countries. In Costa Rica, it can be explained by attractive hotel complexes on the beaches, mountains and protected zones and in Mexico by its significant natural and cultural resources, with a tourist flow from a range of origins. Among the tourists who travel to El Salvador and Nicaragua are nationals or children of nationals (generally dual nationals) who live in the United States and spend the vacations in their country of origin.

Table 3.8: Number of international tourists, inhabitants, percentage of tourists per inhabitant, 2010

in '000s

	Tourists	Population	Tourists/ inhabitants*100	Rank
Uruguay	2407	3369	71.4	1
Panama	1712	3508	48.8	2
Costa Rica	2100	4639	45.3	3
Dominican Rep.	4125	9899	41.7	4
Cuba	2507	11258	22.3	5
Mexico	22395	110675	20.2	6

¹⁹ ASD Costa Rica was created in 1986 as an independent, specialized company dedicated to the development of highly productive oil palm seed varieties and clones. ASD offers, on the international market, sowing materials with special characteristics adapted for different environments and planting densities.

Chile	3389	17114	19.8	7
El Salvador	1150	6192	18.6	8
Nicaragua	1011	5822	17.4	9
Argentina	5288	40738	13.0	10
Honduras	896	7621	11.8	11
Guatemala	1219	14376	8.5	12
Peru	2299	29495	7.8	13
Ecuador	1047	13773	7.6	14
Paraguay	465	6455	7.2	15
Bolivia	671	10031	6.7	16
Colombia	2385	46299	5.2	17
Brazil	5161	194946	2.6	18
Venezuela	615	28980	2.1	19
TOTAL	60455	563831	10.7	

Source: International tourist statistics from Wikipedia, CELADE and own computations.

II. Cases studied

1. Costa Rica²⁰

There are differences between the pattern of concentration in the direct production of basic crops such as coffee, bananas, livestock and sugar cane, and that of non-traditional products. As has already been observed, small and medium producers have historically been very present in the primary processing of coffee, while the subsequent processes and the exporting of coffee have been more concentrated and include multinational companies.

Traditionally, there has always been a strong presence of external capital in the production of bananas, in the coastal areas of both the Pacific and the Atlantic. Subsequently, domestic companies have been developed, co-existing alongside foreign companies such as Chiquita, Dole, and Del Monte.

Sugar cane

Recent data show that there are 15 sugar mills in Costa Rica. The sugar-cane sector has more than 12,000 independent suppliers of sugar cane, according to the database of the Registro de Productores y Ingenios (Register of sugar-cane producers and mills). Almost 90% of them are small producers with productive units of less than 3.3 hectares and all together they account for 45% of all sugar cane produced. The remainder is produced directly by the sugar mills.²¹

Oil palm

The history of oil palm in Central America went initially hand in hand with that of the United Fruit Company. This company, the main activity of which was banana production and export at the end of the 19th century, has always been interested in diversification. The first oil palm plantations were set up in Parrita (Central Pacific region) as an alternative crop on abandoned land that had been previously used to grow bananas.²²

Land concentration and foreign presence exist in the oil palm sector. Of the total planted area (52 600 hectares), 60% is in the hands of transnational and domestic companies (cooperatives and independent producers). On the other hand, 44% of all farms are less than 21 hectares in size and the 65% produced is exported.

The planted area indicates an activity that is growing because of its importance as a substitute product for petroleum, and this should maintain demand and adequate prices for producers. The report of SEPSA

²⁰ Based on the study prepared by Santander Tristan Donoso, Consultant for FAO in 2011.

²¹ <http://www.laica.co.cr/productores.php>

²² http://www.asd-cr.com/images/The_oil_palm_industry_in_Costa_Rica.pdf

(Secretaría técnica de Planificación Sectorial Agropecuaria, 2010) stated that there are some 2 106 producers in the country, generating directly 7 000 jobs and another 21 000 indirectly.

95% of the areas planted with oil palm are in the Pacific coastal region and the remaining 5% in the Atlantic region. There is potential to expand this crop to 89 400 hectares (56 200 hectares in the Pacific region and 33 200 hectares in the Atlantic region)²³; some of the investors in this sector are investors of Nicaraguan origin from way back who are also investing in oil palm in Nicaragua.

Banana production

This is the main agricultural export and is highly mechanized. Transnational companies have the largest planted area and banana commercialization is concentrated in the banana companies, which are Chiquita Brand, Dole and the Banana Development Corporation; the latter is the subsidiary of the North American multinational company Fresh Del Monte Produce Inc, which also has, as a subsidiary, the Pineapple Development Corporation (Pindeco). Pindeco is the biggest producer of pineapple. The planted area for this crop is 44 000 hectares, of which 52.1% is planted by transnationals and the remainder by independent producers.

Rice

The phenomenon of land concentration is very evident for rice cultivation. There are 1 000 producers occupying an area of 62 400 hectares. Of the total number of producers, small producers with farms of less than 50 hectares represent 77%. Medium-size producers are 17% of the total, with farms ranging from 50 to 200 hectares. The remaining 6% are large-scale producers with farms of 200 hectares and above.

While numerically small producers are in the majority, the large producers, with farms of 500 hectares on average, control the ownership and productive structure.²⁴ According to information provided by Conarroz, an area of 54 052 hectares was planted with rice in 2007-2008 and there is evidence of concentration since the large rice producers, namely those with farms of 200 hectares and above, control about 55.2% of the land, or 29 728 hectares²⁵. The above shows the high level of land concentration, notwithstanding the impact on food security of this seasonal commodity for the population.

Pineapple

Pineapple production, albeit a strategic part of agricultural exports of non-traditional products, is a sector where land concentration and foreignization exist and have an impact on agricultural coverage.

This non-traditional activity has become the second biggest currency-generating activity in the agricultural Gross Domestic Product. Costa Rica is the fourth biggest producer in the world and the first global exporter. Pineapple has an important place in the global market and enjoys stable prices.

The pineapple-farmed area is currently 33 500 hectares (2008). Also, 95% of the small and medium-sized producers cultivate 50% of the pineapple planted area. In Northern Huetar, the pineapple-growing area is concentrated in the hands of 150 large producers. Among these 150 producers, 38% of the land cultivated is in the hands of transnational companies – in other words, the latter control 12 730 hectares²⁶.

In this sector, the Pineapple Development Corporation (PINDECO) stands out. It farms 4 000 hectares and is a subsidiary of the North American multi-national Fresh del Monte Produce Inc. Commercialization of pineapple is controlled by seven big companies that include Dole, Del Monte, Fyffes and Chiquita²⁷.

Pineapple farming has provoked complaints because of pollution of ground water and other environmental impacts especially in the regions in the north of the country, as well as the Atlantic and the Pacific regions where 72% of all pineapples are grown. The monoculture production system of pineapple is not very compatible with a tropical environment and it requires high levels of agrochemicals which have resulted in heavy pollution of the area. This has led to sanctions by the Constitutional Chamber and reports by the Office of the Ombudsman²⁸.

²³ Secretaría Ejecutiva de Planificación Sectorial Agropecuaria, op. cit., p 35

²⁴ Roberto Jovel Díaz and Rafael Díaz. 2007. El sector arrocero en Costa Rica desde la perspectiva de cadenas globales de mercancías. Revista Centroamericana de Administración Pública. San José, Costa Rica. P.71

²⁵ CONARROX (Corporación arrocera nacional). Informe Estadístico 2007-2008. San José, Costa Rica, p.43.

²⁶ Secretaría Ejecutiva de Planificación Sectorial Agropecuaria. op.cit. p.45

²⁷ Frente nacional de sectores afectados por la producción pinera. La producción de pina en Costa Rica. San José, Costa Rica.2008. <http://>

²⁸ Programa Estado de la Nación 2009. Décimo Quinto Informe del Estado de la Nación en Desarrollo Humano Sostenible. San José, Costa Rica, 2008 p.41

2. Guatemala²⁹

Guatemala has traditionally been a country with a high degree of land concentration for export-oriented agricultural crops and in these sectors there has been a high degree of foreignization in primary production and throughout the rest of the productive chain. The classical example is banana production, where Del Monte has today an importance presence, as the United Fruit Company had in the past.

General trends in the accumulation and/or concentration of land over the past two decades are evident and can be seen through the increase in cultivated areas, the expansion of agricultural lands and in the export of commodities. Processes of land concentration and concentration in the productive value chains can thus be observed both vertically and horizontally. Some of these processes have been complemented with the transfer of crops or productive activities from one region to another and with increases in new and dynamic rural extractive activities, such as forestry and mining.

In the case of Guatemala, the commodities and activities that can be associated with land concentration are: sugar cane, African palm, forestry, and livestock-raising, which it seems is in a dynamic process of concentration, although this cannot yet be distinguished clearly. The forestry sector has features that are very specific to the country, since it is, for a large part, being developed by communities and forestry cooperatives in protected areas.

Land concentration and re-concentration in Guatemala have been evident for more than a decade in the sugar cane sector, and more recently, for African palm; in both cases, primary production is integrated into the agro-industrial transformation processes of several end products. Sugar cane cultivation occurs on 230 000 to 260 000 hectares and is processed in 14 domestically owned sugar mills.

African palm is grown on 100 000 hectares belonging to eight commercial groups some of which have foreign capital. Both crops are grown on the plains on the Southern Coast and in the low-lying areas in the north of the country. However, sugar cane is to be found almost exclusively on the alluvial plain on the Southern Coast while the African palm is grown, for the most part, on the lowlands in the North and in Petén, in both instances on very fertile land. This condition and the mechanized systems of production have allowed the companies to be globally competitive and the country is well positioned globally among exporting countries.

Agricultural structure

The most recent Agricultural Census of 2003 demonstrates that 45.2% of all farms are smallholdings with less than 0.7 hectares, occupying 3.2% of the national territory. Significantly, 46.8% of farms were between 0.7 and 7 hectares in area and accounted for 18.6% of national territory, while 8% of all farms had areas greater than 7 hectares and occupied 78.2% of national territory. The above shows the unequal distribution of land tenure. Seen from another point of view, the Agricultural Census shows that 92.06% of small producers cultivated only 21.86% of the area while 1.86% of commercial producers occupied 56.59% of the area. According to this Census, the greatest concentration of land was to be found on the coast and the lowest level of concentration was in the central zones and the highlands of the Departments of Alta and Baja Verapaz.

Table 3.9: Guatemala: Distribution of land by type of producer, 2003

	% producers	% land
Below subsistence levels	45.2	3.2
Subsistence	46.8	18.6
With a surplus	6.1	21.6
Commercial	1.9	56.6
Total	100	100

Source: Agricultural Census 2003/04

Sugar cane

Sugar cane is one of the most important agricultural activities in the country and it is furthermore concentrated in the hands of a few family owners. The activity is concentrated in 15 sugar mills, some of which have been associated with and have extended the range of their operations to other productive sectors and also to other countries of the region. Even within the sugar trade, the size seems very unequal: for the sugar cane

²⁹ Based on the report for FAO in 2011 by Ing. Jaime Arturo Carrera C.

harvest of 2006-2007, the Corporación Pantaleón Sugar Holdings accounted alone for 26% of national sugar production. For the same year, the six biggest mills, including Corporación Pantaleón, produced 75% of the country's total sugar production.

In the case of sugar cane, it is important to mention that expansion of this crop has been encouraged by the boom in the international market for biofuels. In fact in 2008, Guatemala was the main exporter of ethanol to the European Union and, in that year alone, more than 265 million litres of ethanol and alcohol were sold to the European Union and the United States of America; this production came from the five distilleries in the country which have been integrated into the sugar value chain.

The data show that sugar cane expansion in the South Coast continued during the past decade. The Agricultural Census of 2003 recorded that 187 000 hectares had been distributed, for the most part (95%) in the South Coast. For 2009, CENGICANA established that the areas planted with sugar cane throughout the country amounted to 230 000 hectares³⁰. According to the managing director of ASAZGUA (the Association of Sugar Cane Producers of Guatemala), for the 2009-2010 harvest, there was a 5% increase in the amount of sugar cane planted³¹. New plantations were developed in the northwest of the country and it was estimated that the area planted with the crop was 268 000 hectares in 2008.

Regarding those who are selling productive land to sugar entrepreneurs, two types of owners have been identified:

In the South Coast, what is happening is that livestock farmers have decided to sell or lease their land for the creation of sugar plantations; in some instances these were large ranches where it was decided to move the herds to Petén and Izabal, and even to Nicaragua³². In mid-2010, the mayor of Santa Lucia Cotzumalguapa in Escuintla in the South Coast reported that ranches within the township had been replaced by sugar cane plantations in the previous three years³³. Some of the persons interviewed estimate that currently 70% of the cultivated areas belong to the sugar mills, a further 20% are large farm leases and 10% correspond to medium-size farm leases.

In the townships of Alta Verapaz and the Valley of Polochic, those selling land are generally farmers who previously were cultivating part of their land and leasing part of it to landless farmers³⁴. According to Hurtado (2008), the process in many cases meant that tenant farmers were evicted and the areas previously used for food production - in many cases, basic grains - either for self-consumption or as commercial production -- were reduced. Both Hurtado (2008) and the report "Right to Food in Guatemala", funded by the European Union, document conflicts between communities and the sugar companies regarding the purchase and sale of farms in the Polochic Valley.

³⁰ CENGICANA, 2009. *Boletín Estadístico*. Año 10, no.1. Guatemala (Also available at <http://www.cengicana.org/es/mapas-zona-canera/Boletines-Estadisticos/>).

³¹ *Prensa Libre* of 21/06/2010.

³² Ídem

³³ Ídem

³⁴ Hurtado, 2008

Table 3.10: Sugar mills in Guatemala, volume of production and cultivated area, 1982-83 and 2008-09

Refinery	Location (municipality / department)	Owner or corporation	Sugar production (metric tons)		Productive farmed area* (hectares)	
			1982-83	2008-09	1982-83	2008-09
Pantaleón	Santa Lucia Cotzumalguapa, Escuintia	Pantaleón Sugar Holdings	101066	421166	14929	41413
Concepción	Escuintia, Escuintia		56639	138601	8366	13628
Magdalena	Escuintia, Escuintia	Leal family	18187	454617	2686	44702
Santa Ana	Santa Lucia Cotzumalguapa, Escuintia	Botrán family	72864	264342	10763	25992
Palo Gordo	San Antonio, Suchitepéquez	De la Hoz, Bonifasi, Abascal families	46148	93354	6817	9719
Los Tarros	Santa Lucia Cotzumalguapa, Escuintia	Aparicio family	10086	28845	1490	2836
La Unión	Santa Lucia Cotzumalguapa, Escuintia		37040	264903	5471	26047
Madre Tierra	Mazatenango, Suchitepéquez	Campollo and Codina families	37123	163476	5483	16074
San Diego	Escuintia, Escuintia	Villa Family	17434	50126	2575	4929
Trinidad	Escuintia, Escuintia		4686	62871	692	6182
Guadalupe	Escuintia, Escuintia	Widmann Family	13237	69324	1955	6817
Chabil Utzaj	Under construction Panzós y la Tinta, Alta Verapaz; El Estor, Izabal		Being established			
El Pilar	Retalhuleu	Campollo Weissemberg families	38995	213614	5760	20960
Santa Teresa	Villa Canales, Guatemala	Escamilla family	4437	2916	655	287
La Sonrisa	Cuilapa, Santa Rosa	Pivaral family	1652	1425	244	140
	TOTAL		459594	2229130	67887	219187

Source: Statistics compiled from Hurtado, 2008b and CENGICANA, 2009.

*According to CEBGUCABA (2007), Suarez, A. et al., the productivity index for the period 1980-1990 was 6.77 tonnes of sugar per hectare (TAH). For the period 2000-2005, this figure was 10.17 TAH. Total area in hectares does not necessarily match the total cultivated area.

African palm

Background

The most recent case of land concentration in Guatemala has been caused by the creation of African palm plantations. FAO's records show that the first plantations of African palm in the country go back to the beginning of the 1980s, quite a bit later than in the other countries of the region such as Costa Rica, Honduras and Nicaragua³⁵. In the years that followed, the production of oil from palm developed and increased until the middle 1990s, when Guatemala's entry to the World Trade Organization in 1995 provided conditions for the liberalization of palm oil imports³⁶. In 2000, it was estimated that there were less than 20 000 hectares planted with African palm in the region, and half of that area was in Costa Rica³⁷. African palm production has always been linked to the industrial production of oil.

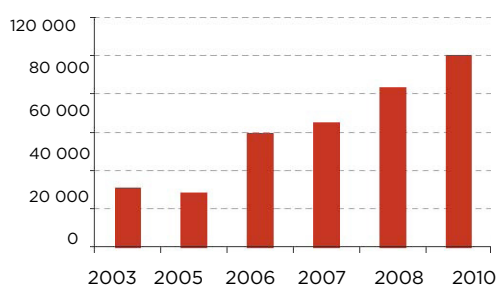
³⁵ In the case of Guatemala, FAO statistics present the areas planted with African palm since 1983. In the case of Nicaragua, the first plantations were set up, according to the same source, in 1968 and even before 1960 there were plantations of this crop in Costa Rica and Honduras.

³⁶ Fradejas, A. et al., 2008. Caña de azúcar y palma africana: combustibles para un nuevo ciclo de acumulación y dominio en Guatemala. Instituto de Estudios Agrarios y Rurales (IDEAR) y Coordinación de ONG y Cooperativas (CON-GCOOP).

³⁷ FAOSTAT data base. Revised in August 2010

In the first decade of 2000, the rise in global prices for African palm triggered, again, the cultivation of African palm in the countries of Central America, provoking the accelerated transformation of highly productive land into commercial plantations. FAO estimates that, in the region, the area used for African palm doubled between 2000 and 2008³⁸ (figure 3.1), although, according to several experts, the increase was greater than officially recorded data, as is presented below. From 2000 on, Costa Rica, Honduras and Guatemala belonged to the group of the 20 biggest exporters of palm oil worldwide and were among the five biggest exporters in Latin America³⁹.

Figure 3.1: Areas cultivated with African palm over several years since 2003



Source: Own calculation using the data from the IV Censo Nacional Agropecuario. Agricultural surveys. 2005, 2006, 2007 and Hurtado, 2008.

The expansion in African palm has been done by a restricted group of domestic entrepreneurs associated with foreigners. They have concentrated production and established alliances at different levels, which can be seen from Table 3.11 which confirms that both agricultural production and the transformation of palm oil into biodiesel are concentrated in six large producers, which, in their search to expand their plantations, have generated a huge demand for large production units of land.

Table 3.11: Principal producers of African palm in Guatemala

Agricultural company or entrepreneurs	Location of plantation	National, Central American, Latin American and transnational alliances	Area in production or in development (hectares)*
Group HAME/REPS	Escuintia, Coatepeque (Quetzaltenango), Ocos (San Marcos), Sayaxché (Petén)	Olmecca.SA.	40,000 (2008)
INDESA/PADESA	El Estor (Izabal), Panzós, Chisec, Fray Bartolomé Las Casas y Chahal (Alta Verapaz)	Unilever, El Salvador	INDESA (6921(2009) PADESA 8000 (2012)
AGROCARIBE/ Extractora del Atlántico, Grupo Terrebiarte and Arriola Fuxet	Finca Berlin, Morales (Izabal), Acapetehua, Acacoyagua, Mazatán, Mapastepec and Villa Comaltitián, in the region of Soconusco and Chiapas (Mexico)	Propalma Mexico, Green Earth Fuel, Palmas de Ixcán	9000 (2010)
Palmas de Ixcán	Ixcán (Quiché), Rubelsanto, and Playitas, Chisec and Lachúa, Cobán (Alta Verapaz)	Green Earth Fuel, Carlyle Group, Riverstone Holdings & Goldman Sachs, AGRO-CARIBE, Reservas Naturales Privadas del Ixcán	25000 (being developed – goal for 2008-2013 =100000 to be reached by 2017)
Nacional Agroindustrial S.A. -NAISA	Sayaxché (Petén)	Grupo Kong, Alimentos Ideal	5000 (being developed)
Tikindustrias S.A.	Aldea Arenas, Sayaxché (Petén)	El Pilar refinery	5000 (being developed)

Source: Infopress Centraoamericana and El Periódico, adapted by Hurtado (2008)

* Updated with information from *El Mercado de los Agrocombustibles*, Action Aid. 2010

³⁸ According to data from FAOSTAT, the area planted with African palm rose from 100 130 hectares in 2000 to 192 000 hectares in 2008. Revised in August 2010.

³⁹ FAOSTAT data base. Revised in August 2010

Vendors and types of transactions

The majority of those identified in the research as selling land in Petén and la Franja Transversal de Norte, are beneficiaries of land allocation by the state; they are individuals, communities and agricultural smallholders. Although there is no information about the price of land, available information suggests that it is relatively cheap⁴⁰, even though the prices offered may appear attractive to the owners, generally small farmers. It is estimated that, over the last ten years, 30% of the peasant farmers in south Petén have sold their land⁴¹. In these municipalities, it has been determined that the prices offered for a “caballería”, a 45-hectare tract of land, ranges from US\$12 000 to US\$50 000, depending on the location⁴².

While there is evidence of a relatively dynamic land market in identified areas, it is also true that cases have been documented where owners have been pressured, in different ways, to sell their land and where communities have been evicted in order to gain control over productive land. A report⁴³ produced in 2010 with funding from the European Union, gives details of specific cases of forced eviction of communities in Panzós and el Estor in Polochic Valley (Alta Verapaz). Moreover, the report documents how several communities have been encircled in Sayaxché, in south El Petén, since they have remained trapped within African palm plantations and have problems accessing their plots, selling their crops and accessing water. Hurtado (2008) has also documented similar cases in other regions of the country.

The market for land leases is also active, with some contracts for 20 to 25 years. Hurtado documents a case in which such contracts represent between US\$2 500 and US\$3 500 per year for owners of small plots (22.5 hectares) and from US\$5 000 and US\$7 000 per year to owners of plots of 45 hectares.⁴⁴

Land concentration – a synthesis

According to the cases under study, for at least two crops – sugar cane and African palm – land concentration exists under market conditions, despite serious imperfections and limitations, and it is likely that it will continue to develop. For both crops, there is direct integration between primary production and industrial processing with a link to international markets. Land grabbing as such has not been identified but foreign capital is present in the case of African palm.

Regarding forest concessions in protected areas, it is possible to identify concentration of land in 14 group concessions. Given the scale of forest coverage in protected areas, forestry land concentration amounts to 69% of the land available in the country for that purpose. It results from concessions granted by the State of Guatemala. Primary production is starting to be organized around industrial production of wood products, mainly for external markets.

In relation to cattle farming, it is not yet possible to observe land concentration in the hands of companies or private individuals, even though the increases in herd size and dynamic sales of productive farms have been observed. A modern slaughterhouse has recently been installed in the cattle-raising region which could be the start of the integration of primary production to industrial processes.

Final reflections

- The phenomenon of land concentration and re-concentration can be observed in Guatemala but not land grabbing *per se*. This trend has been visible for more than a decade in the case of sugar cane and more recently for African palm. In both cases, a pattern of integration between primary production and agro-industrial transformation has occurred. In the case of sugar cane, there is a horizontal integration that allows the production of sugar and other finished products such as alcohol and ethanol.
- Sugar cane crops are concentrated in 230 000 to 260 000 hectares belonging to 14 sugar mills under domestic ownership, which process the crops. The processing of African palm, which is more recent, covers around 100 000 hectares belonging to eight business groups, some of which have foreign capital investment. Both crops are grown on the south coast and in the north on some of the best agricultural land. However, the concentration of sugar cane production is to be found almost exclusively on the alluvial plains in the South Coast, while African palm is grown mainly in the lowlands of the North and Petén.

⁴⁰ According to the article in the Periódico, 15/07/08 (*Auge en combustibles dispara demanda de tierras*), these areas have been coveted by entrepreneurs for their price, among other factors.

⁴¹ Dürr et al. 2010. Cadenas productivas, dinámicas agrarias y cuentas territoriales de base agropecuaria: el Sur de Petén.

⁴² In Sayaxché municipality, the buyers are mainly African palm producers. In the other municipalities, the main buyers are livestock farmers.

⁴³ The report is entitled: The right to food in Guatemala. Final Report of the international fact-finding mission. (Also available at http://www.rtfn-watch.org/uploads/media/The_Right_to_Food_in_Guatemala.pdf).

⁴⁴ In the municipality of Fray Bartolomé de las Casas Franja Transversal de Norte, landowners with 45 hectares or more receive annual rents that are equal or greater than the income from their annual production.

In both cases, production systems have been established in territories with excellent production capacity. This, together with mechanized production systems, has allowed the producers to be ranked among the most qualified worldwide and has placed Guatemala in a strong position among the exporting countries of the world.

Another interesting point is that of forestry concessions located in the far north of the country, in the multiple-use zones of the protected areas of the Biosphere Reserve Maya-RBM. The State of Guatemala granted a concession for the use of forestry resources as one of the conditions of the Peace Agreements of 1996 in order to improve the living standards of the beneficiaries and to ensure adequate conservation of an important protected area of the country. The concession for the use of forestry resources was awarded by the state to twelve community companies and two industrial ones. The concession covers a total area of 532 951 hectares representing around 69% of protected forestry land. The companies in their majority have the green seal and are in the process of integrating themselves into the different forms of industrialization of wood.

Regarding the production of cattle, an initial process of land concentration of land can be perceived through an increase in the herd size in the agricultural land of Petén. This is a consequence of the expansion of sugar cane cultivation on the south coast and what seems to be a transfer of livestock farming to the North. A reduction of forests can be observed in these territories as well as an increase in pasture and semi-permanent crops. There is some knowledge about these processes of concentration from the opinions of important stakeholders and the media but they are not yet reflected in official figures and statistics. It is important to note that it is not uncommon to see this activity linked to illegal activities such as drug trafficking.

In terms of the production of basic food grains, this is mostly carried out by small producers in small plots, for self-consumption and for seasonal sales of product; however, there are some departments such as Petén, Alta Verapaz and Izabal where there is extensive production of grain production which reaches the local markets. This supply may be impacted if the production of grain has to compete for land with the expansion of monocrops.

3. Mexico⁴⁵

Different agricultural laws established limits on the size of rural properties. Currently, in subsection XV of Article 27 of the Political Constitution of the United Mexican States and Article 115 of the Agrarian Law, any land area used for agricultural, livestock or forestry purposes and owned by one individual, is considered to be a latifundio (large farm) if it exceeds the size of a small property. In Article 117, the definition of a small farm is agricultural land, irrigated or rainfed that does not exceed the following limits or their equivalent for other categories of land:

- a) 100 hectares for growing crops other than those listed in paragraphs II and III of the same article
- b) 150 hectares if it is intended for the cultivation of cotton
- c) 300 hectares if it is destined to the cultivation of banana, sugar cane, coffee, sisal, rubber, palm, vine, olive, Peruvian bark tree, vanilla, cacao, agave, prickly pear or fruit trees.

Other forms of small property are also defined: any area of forest that does not exceed 800 hectares and cattle ranches which, depending on the weighted coefficient for pastureland in the region in question, does not exceed the areas necessary to maintain up to 500 heads of livestock or its equivalent in small livestock, in accordance with equivalencies laid down by the Federal Government.

It is also stipulated that commercial or civil societies cannot own agricultural, livestock or forest land that is more than the equivalent of 25 times the size of small individual properties. Likewise, the Agrarian Law in Article 124 stipulates that, in cases where farms exceed the limits for individual small properties, they will have to be broken up and disposed of, in accordance with the procedures laid down in federal laws.

Buying and selling of land

The analysis of the results of the IX Communal Land Census of 2007 shows that in two out of three agricultural nuclei there have been land sales. In 82.4% of the “ejidos” (communal land) where land transactions have been reported, this has taken place between members of the same community and, in 54.1%, the transactions involved persons from outside the community. In the past ten years, the purchase/sale of land involved 3 097 000 hectares. It is also important to emphasize that, in a third of the agrarian nuclei, no land sales were registered.

⁴⁵ Based on the study prepared for FAO, 2011 by Hector Manuel Robles Berlanga.

Income, sharecropping and land loans

These forms of agrarian deals do not modify ownership rights, since they only involve the usufruct of the land. In other words, these transactions only generate indirect rights. If we add the areas committed in these ways, it is obvious that they are the ones that involve the highest number of farmers and the largest surface area. In addition, these land deals are predominantly for agricultural or livestock activities.

According to the 8th Agricultural and Livestock Census of 2007, land leases account for 2 667 000 hectares, sharecropping for 677 000 hectares, land loans for 1 557 000, and other forms 1 435 000 hectares. All in all, 6.3 million hectares are covered by some form of usufruct arrangement.

This amount is not negligible, because deals are generally associated with agriculture and, as we have already mentioned, total arable land amounts to 31 million hectares, of which around 22 million have been cultivated in recent years. This means that, if all the usufruct deals involved agricultural land, 28.8% of arable land has been subject to usufruct arrangements in the past few years.

Different rural actors have pointed to the concentration of land through leasing. In Sinaloa, 70% of maize – 2.5 million tonnes – is produced by 2 000 farmers and the remaining 30% by 60 000 communal farmers (ejidatario). This concentration of the best land through rent-seeking exists for basic crops: rice, wheat and maize. Others report that since the 1990s, an elite of large producers, who concentrate on growing maize and beans, has been established through the leasing of plots of land.

The average size of plots belonging to communal farmers is about 10 hectares, while private entrepreneurs who rent complete communal farms, may appropriate more than 2 000 hectares. In publications, government sources mention that land renting increases in the autumn-winter season when it is estimated that 50% of productive land, most of which is irrigated, is subject to this mechanism which has become a common practice in the north of the country. They point to the fact that, in Sinaloa, for example, around 500 000 hectares have been rented to about 500 persons, representing 36.8% of total arable land.

Contract agriculture

It is important to point out that agro-industries in Mexico have existed since well before the structural reforms which started in the 1980s. Today, some studies refer to the existence of the agro-industry since the beginning of the 20th century, highlighting the importance of the farming valleys of the North Pacific with regard to the construction of the Southern Pacific railway and its impact on agriculture in Sinaloa and Sonora (1905-1911). They also mention corporate agricultural activity in the Valley of Mayo (1920-34) as well as corporate agriculture and irrigation in the north of Sinaloa (1932-1969)⁴⁶. Another example is the arrival in Mexico of the company Herdez S.A. de CV, which dates back to 1914. In other words, while the presence of agro-industry in Mexico is not the result of the implementation of policies to restructure the role of the state and free trade, its consolidation and expansion are the results of these policies.

Before the structural reforms of the 1980s and 1990s, state institutions represented a counterweight to the agro-industry's interventions in the rural sector. They commercialized agricultural products, distributed inputs, provided technical assistance, carried out research to develop technologies and they regulated purchase prices from the producer. All these institutions disappeared in the 1980s and the beginning of the 1990s.

Table 3.12: Hectares sown and number of companies by type of product

Product	Hectares	%	Number of companies
Fruit	1360140	34.9	6
Sugar cane	719000	18.4	12
Coffee	680000	17.4	5
Vegetables	647417	16.5	22
Barley	329853	8.5	2
Tequila	165475	4.2	4
Tobacco	4327	0.1	3
TOTAL	3901212	100	

Source: From own calculations, based on information from INEGI-SAGARRA

⁴⁶ The research findings are presented in the book: Romero Ibarra, María y Carrillo Rojas Arturo (Coord), 2009. *Empresa y agricultura comercial en el noroeste de México. Historia económica y tendencias actuales*. FE-UNAM. México.

Maize

The most important crop for the country is maize: 7 726 000 hectares are currently sown for grain, representing 35.4% of total area sown in one farming year. 2 000 627 agricultural production units grow this crop. In other words, seven out of every ten agricultural units in Mexico sow this grain. 80% of farmers grow white maize, and this makes up the bulk of production; the remaining amount grown is yellow maize. The disappearance of Conasupo left producers in the hands of a limited number of large transnational companies, and sole purchasers of the harvest: Masaeca, Minsa, Cargill, Arancia, Archer Daniels Midland. These companies are also the main importers and exporters in the United States. Cargill, ADM and Zen Noh control 81% of the maize exports of the United States of America. Three of the largest global cartels in the commercialization of basic grains have operations in Mexico – Cargill-Continental, ADM-Maseco and Minsa-Arancia-Corn Products International.

Sugar cane

Unlike countries such as Guatemala, Brazil, Colombia and the United States, Mexican sugar mills do not own the land and have to deal with around 160 000 small farmers who grow sugar cane (142 000 farm units according to the VIII Census of 2007).

Currently, the sugar industry is a highly integrated productive chain, covering all processes from the production to the transformation of the raw material into sugar or alcohol by the sugar mill. In total, 60 sugar mills are operating in the country, most of them belonging to 12 industrial groups.

These companies are supplied with sugar cane produced on 719 000 hectares. Sugar cane is grown by smallholders (having on average 5 hectares), belonging to 15 groups, with Veracruz (36.6%), Jalisco (9.8%), San Luis Potosi (9.4%), Tamaulipas (8.2%) and Oaxaca (7.8%) being the most prominent. In addition, the cane is cut by around 90 000 day labourers using machetes, after burning the field.

Fruit and horticulture

While fruit and vegetable production in Mexico exists since the beginning of the 20th century, it became very dynamic in the 1950s when North American companies started to promote fruit and vegetable production on a grand scale with the aim of directing products to the winter market in the United States because, during this season, the production of the United States is insufficient to meet domestic demand. These companies sought out regions with favourable geographic conditions for growing these types of products, such as Sinaloa, Sonora, Michoacán, Tamaulipas, Morelos, Guanajuato, Guerrero, Tamaulipas and Jalisco.

At the national level, 100 000 vegetable growers are registered. Of this total, 30 family groups dominate the export of vegetables in Guanajuato and around 120 companies in Sinaloa dedicate their resources to the production, packaging, distribution and marketing of vegetables, principally for the North American market.

Horticultural producers cultivate 6 hectares on average, although this covers a diversity of cases: a) smallholders with properties of less than 2 hectares, using basic technology, who essentially sell just outside their plot or in local and regional markets. They are mainly found in the centre or south of the country; b) small producers who differ from the previous category in that they use more technology, their properties are bigger (between 5 and 10 hectares) and they are to be found in the centre or west of the country (Guanajuato, Jalisco, Michoacán); c) large producers with properties of more than 10 hectares, with a high degree of technology, well organized and in some cases partners of large-scale agro-industries or family enterprises which export directly⁴⁷.

There are 22 large international firms associated with horticulture, for the most part with North American capital, even though there are four Swiss companies, one French and two with state government participation.

In the case of fruit growing, it has to be noted that Mexico is an important producer of temperate, tropical and sub-tropical fruit. In 1990, 982 192 hectares were sown with oranges, mangos, lemons, avocados, nuts, plantain, cacao, apples, prickly pears, peaches, pineapples, grapes, guavas, mandarin oranges, grapefruit, papayas, tangerines, plums and coconuts. By 2009, the area had increased to 1 360 000 hectares, representing an increase of 52.2% of the harvested area and 70.2% increase in production⁴⁸.

As is the case with horticulture, most fruit growers are producing on a small scale: for oranges, the average size of properties is 3.1 hectares per producer; for avocados, it is 2.07 hectares, for cacao 2.2 hectares; coconuts 3.3 hectares; lemons 3.0 hectares, mangos 3.6 hectares, and bananas 5 hectares, to give a few examples.

47 idem

48 SIAP-SAGARRA

The above does not mean that there are no producers with bigger areas and more advanced levels of technology and with companies to process and commercialize their fruit. For example, the apple-growers in de Ciudad Cuauhtémoc, Chihuahua, the orange growers in Montemorelos Nuevo León or Martínez de la Torre, Veracruz, and the mango growers in Sinaloa who formed Diazteca S.A. supply around 250 companies who produce fruit juice, nectar and fruit concentrate. The main companies are: Jumex with approximately 31% market share; Del Valle (24%); Boing/Pascual (10%); Lala (5%); Florida 7 (4%); Valle Redondo (2.4%), and other brands (17.2%).

Table 3.13: Horticultural production: Area sown and harvested, output, 1990-2000

Year	Sown area (hectares)	Harvested (hectares)	Production tonnes
1990	645545	612513	7513899
2009	642417	615264	11815909
Difference	-3128	2751	4302010

Source: Compiled with information from SIAP-SAGARPA

Table 3.14: Large transnational companies in Mexico's horticultural sector

Company	Established in Mexico	Origin of invested capital	Observations
Hendez S.A. de CV	1914	100% USA	Listed company
Anderson Clayton & Co	1922	97% USA and 3% Swiss	Subsidiary of Unilever
Productos de Maiz S.A. de C.V	1930	100% USA	Subsidiary of CPC International Inc. Aerobal S.A.
Casa Cuervos S.A. de C.V.	1935	100% USA	
Formez Ybarra S.A. de C.V.	1943		
Productos Gerber S.A. de C.V.	1956	49% USA	Subsidiary of Gamesa S.A.de CV and Pepsico S,A, de CV
Campbell S. de Mexico S.A. de C.V.	1950	100% USA	Subsidiary of Campbell Soup Company
Nestlé S.A. de C.V.	1960	100% Swiss	Subsidiary of Nestle.
Industrias Alimenticias Club S.A. de CV	1961	100% Swiss	
Productos del Monte S.A. de CV	1962	100% USA	
Kraft General Fondos de Mexico	1962	99% USA	Takeover of Kraft by General Foods in 1990
Sabritas S.A. de C.V.	1974	100% USA	Subsidiary of Pepsico
Danone S.A. de C.V.	1974	100% French	
Gigante Verde S.A. de C.V.	1983	100% USA	Subsidiary of Grand Metropolitan Pilsbury Co.
Industria Horticolas de Montemorelos S.A. de C.V.		20% state participation	
Yavaro Industrial S.A. de C.V		15% state participation	
Jugos del Valle S.A. de C.V	1947		
Conservas La Costena S.A. de C.V	1948		Belongs to the Jumex Group
Frigorificos La Huerta S.A. de C.V	1957		Listed on the stock exchange
Conservas La Torres S.A. de C.V	1964		
Alimentos del Fuerte S.A. de C.V	1973	State participation/ individual assoc.	
Export S.A. de C.V. Carmel	1974		Belongs to the Bimbo Group

Coffee

Coffee production is very important in Mexico with 349 701 productive units (PU), according to the Agricultural and Communal Land Census of 2007. 680 000 hectares have been planted with coffee and the average annual production is 4.7 million bags (60 kg). Mexico is the sixth coffee producer in the world and the second producer of organic coffee.

As already seen for other crops, small-scale producers predominate. According to the 7th Census, the average size of a coffee productive unit is 1.94 hectares. The structure of coffee farms is: 84.2% of coffee growers have two hectares or less and they account for 47.2% of the coffee growing area while only 416 producers (0.08%) have more than 50 hectares and they own 8.2% of the land. Coffee growers supply green coffee to five companies, all with foreign capital: Nestlé, Café California (Neumann) Becaficsa (Volkaffe); Espograno (Cargill) and Agroindustrias de México (AMSA-ECOM) who buy healthy parchment coffee and damaged coffee (fermented or over-dried, etc.) because there is a strong market for this type of coffee in the country. Incidentally, the 32 most important companies, who commercialize soluble, roasted, ground and decaffeinated coffee, formed ANACAFE A.C. (the national association of the coffee industry).

Avocado

Michoacán is the main producer of avocados in Mexico and in the world. Currently 75% of its production is for the domestic market and the remainder for the world market, basically for the United States of America. Mexico is at the same time the biggest consumer of avocado in the world.

Table 3.15: Structure of avocado farming in the State of Michoacán

	Average area (in hectares)	Area %	Producers %	Permanent workers per farm
Small	4	57	88.5	0.81
Medium	20	35	10.3	4.07
Large	40	8	1.2	8.14
Overall	5.7	100	100	1.16

Note: Full-time equivalence calculated on the basis of 57 day labourers per hectare and 280 workdays per permanent worker, based on <http://www.amsda.com.mx/PREstatales/Estatales/MORELOS/PREaguacate.Pdf> and⁴⁹

The productive base is composed mainly of small producers. However, to be able to export to the United States, they have to belong to a trade association: APEAM, the association of avocado producers and exporters of Michoacán, is the most important organization and brings together growers and exporters who have been certified by authorities in the United States and in Mexico. The association represents more than 4 000 growers and 26 packers geared to the export markets⁵⁰. It has been promoted and supported by government agencies in order to coordinate the efforts of avocado growers and packers exporting to the United States. Membership in APEAM is a prerequisite for exporting to the United States. APEAM operates not only as a coordination mechanism for exporting avocados to USA but also as a forum where growers and exports can negotiate on export policies and programmes.

Land market and mining concessions

Natural resources belong to the nation and individuals can only use them through a concession awarded by the state. López Bárcenas (2010) points out that “through this process, the mining industry has developed in the country and in 2010 it had obtained 24 182 concessions which involved 49 472 055 hectares of land, most of which were socially owned”.

The main feature of lease or purchase agreements linked to mining is the unequal relationship between the mining companies and the landowners: very low prices for land leases when compared to the income generated from mining, non-compliance with what has been agreed, damage to productive land and protection for mining companies by state governments, based on the Mining Law.

⁴⁹ Proceedings VI World Avocado Congress 2007. Viña Del Mar, Chile. 12-16 Nov. 2007. ISBN No 978-956-17-0413-8. (Also available at <http://ias2011.wordpress.com/wac/2011-congress-proceedings/vii-world-avocado-congress-2007/>).

⁵⁰ In the State of Michoacán, it is estimated that there are, in all, 11 400 avocado farmers.

Conclusions

The study showed that land concentration in Mexico does not occur through the market for land but rather through the control of productive processes. Thus, it can be seen that agro-industries prefer to lease land or to use other mechanisms to control production – providing seeds and inputs, empowering the farmer and committing to buy the harvest – in order to generate economies of scale. This renders capital more mobile and the companies do not have to assume all the risks of production, nor do they have to spend money on maintaining the land when it is not being worked. This function has to be assumed by the landowner.

Although the agro-industry has existed for many years, its growth and consolidation started with the implementation of structural reforms in the 1980s. The withdrawal of the Mexican State from the agricultural sector has allowed, over the past thirty years, the process of land concentration to take place via the agro-industry. The study found that this process has given rise to concentration and polarization. On the one hand, large volumes of production, processes and commercialization especially on the international markets are concentrated in the agro-industrial companies and they have the biggest profits. On the other hand, we see a lot of small producers who are living from hand to mouth.

Not only is land concentration taking place indirectly but also there are fewer and fewer companies involved in globalization. For the most part, they are linked to North American capital. The most common form of growth and concentration is through the purchase of companies or regional brands that are already well established and the disappearance little by little of medium-size and family companies.

The data that reflect the process of concentration of companies are: in the purchase and industrialization of maize, six companies stand out; in sugar cane, there are 12 industrial groups; in vegetables, 22; fruit, six; barley, two; tequila, four; tobacco three; poultry production three; and milk, five.

In addition, several of these companies are involved in different sectors. To mention just a few examples, Nestlé is heavily involved in sectors producing milk, coffee, fruit and vegetables, Cargill in grain, poultry and vegetable sectors, Herdez in fruit and vegetables.

One of the research findings that stands out is the fact that the majority of producers tied to the agro-industry are smallholder farmers. Maize farmers have on average 2.7 hectares of land. For sugar cane growers, the figure is five hectares, for vegetable growers six hectares, for fruit five hectares or less, coffee 1.9 hectares, barley six hectares and tobacco two hectares. Moreover the majority are poorly organized, selling individually small volumes of produce and their farms are not highly mechanized. These conditions make them vulnerable when it comes to negotiating product prices with the large companies.

4. Nicaragua⁵¹

The case of Nicaragua has some specific features with respect to land concentration and foreignization for agricultural purposes. In the first place, despite being a country subject to foreign political interventions, frequently with North American troops, in the 19th and early decades of the 20th century, which also played a determining role in the establishment of the dictatorship of the Somoza Family (1937-1979), direct foreign investments have not grown in the agro-industry in sectors such as banana, sugar cane or coffee plantation, which occurred in the rest of Central America, Cuba or the Dominican Republic.

Secondly, since the end of the 1970s, the levels of land concentration have been modified permanently (both with regard to the decrease and re-concentration of land) as a result of the agrarian reform laws of the 1980s, other state actions in the 1990s and the influence of markets since 1990.

Thirdly, the expansion of the land area dedicated to agriculture continues to be an open option, as there is an important agricultural frontier which has generated large increases in farm areas in the past few decades, and which has made it possible, in part, to lower the pressure on land by peasant farmers. It has also enabled medium-size and large sectors to expand particularly in extensive livestock farming.

Fourthly, unlike neighbouring countries, Nicaragua has not experienced growth in intensive crops such as fruit and vegetables for the export market, which are generically designated as “non-traditional crops”.

And fifthly, over the past two decades, increased investments for the purchase of agricultural land can be observed on the part of regional investors (from the rest of Central America and Mexico) in sectors linked to cattle farming. This results in some land concentration processes by foreign investors, though on a lesser scale than what has been seen in other Latin American countries.

⁵¹ Based on the study prepared by Eduardo Baumeister for FAO (2011).

Table 3.16: Nicaragua: Land distribution and re-concentration (in percentages)

Manzana*	1978	1988	2001
0 - 10	2	3	4
10 – 50	15	17	20
50 – 200	30	28	37
200 – 500	16	13	18
500 and more	36	14	17
Reformed collective sector	0	25	4
Total	100	100	100

Source: Available official statistics (CIERA, MIDINRA, INEC) concerning distribution of land and own calculations.

* manzana = 0.7 hectares

Main processes of land concentration in the past decade

In the 2000s, the increase in land concentration processes could be observed with the presence of foreign investors and also changes in land use for agricultural and forestry products.

Afforestation

Reforestation has several aspects to it. On the one hand, much of the land in Nicaragua is naturally well suited for forestry; even though the statistics are not always comparable, current forest coverage in Nicaragua must be half of what it was after the second world war⁵²; there is also the issue that a growing rural population in the future may come up against barriers of access to land because of the growth of forestry activities. In turn, job creation is concentrated in the initial setting up of plantations. At later stages, the creation of jobs is rather limited, and restricted to surveillance and occasional extraction. Fourthly, it pushes up the price of land, because since information circulates about the presence of interested foreign investors in the activity, this is sufficient to push up the price of land. Nonetheless, the rate of deforestation in Nicaragua is high, hence the importance of these initiatives. According to FAOSTAT⁵³, forest coverage fell by 28% between 1990 and 2008.

Reforestation activities in Nicaragua seek to achieve two major objectives: timber production and secondly to be able to get certification for carbon capture plantations⁵⁴.

On the one hand, there are companies such as HEMCO, a Canadian mining company that in a complementary way is committed to reforestation in part to mitigate the environmental effects of mining activities, and it is thus contributing to the sustainability of the buffer zone in the Bosawas Reserve⁵⁵.

Secondly, other reforestation initiatives exist with North American investors (Futuro Forestal de Nicaragua) which involve large North American pension funds (including that of the University of Harvard) as well as other Costa Rican, Danish and Norwegian investors interested exclusively in forestry activities with the twofold purpose of producing timber and obtaining carbon capture credits. The price paid for land for this block of initiatives, located to a large extent on the Pacific coast of Nicaragua, is around US\$1 000 per hectare. The initiatives of Futuro Forestal, Precious Wood, and Maderas Cultivadas del Centro are located in the Pacific while Boaco is in the Central Region.

Other reforestation initiatives by sugar mills (San Antonio, Monterrosa and Montelimar) account for an additional 5 000 hectares⁵⁶. The interest of sugar mills in reforestation is also connected to the production of electrical energy, using firewood and the bagasse obtained from the transformation of cane to sugar and other cane sub-products, in order to sell the excess energy to the national grid.

African palm

Two important initiatives to plant African palm are both linked to foreign investments, one from Honduras and the other from Costa Rica. These have expanded the domestic production of African palm, before the price increase for vegetable oils. Both initiatives are located in the Atlantic Coast zone of Nicaragua.

⁵² Baumeister and Fernandez, 2005.

⁵³ <http://faostat.fao.org>

⁵⁴ For carbon capture processes in Nicaragua, see <http://impreso.elnuevodiario.com.ni/2008/06/16/nacionales/78697>

⁵⁵ The objectives of the company are summed up <http://www.creacomunicaciones.com/2010/05/14/reforestacion-hemco-en-bonanza/> (14 May 2010).

⁵⁶ Interview with Salvador Mayorga Sacasa, August 2010.

From a historical perspective, it is worth highlighting the different stages in the origins of edible oil and fats for food preparation. Before 1960, the oil used for cooking came mainly from animal fat, especially pigs, and was prepared in a traditional way; to a lesser extent, imported vegetable oil was also used. With the cotton boom that eventually occupied a good part of the Pacific plains, there was a switch to cooking oil extracted from the cotton seed and, until the end of the 1980s, this was the main source of edible oil. Since 1990s until today, imported vegetable oils predominate. They are either processed in the country or imported directly for family consumption.

In Central America, there is a long history of African palm production, with extensive plantations in Costa Rica, Honduras and Guatemala, partly as initiatives by banana plantations to diversify their crops. In Nicaragua, on the contrary, this activity is currently, in its early stages, increasing from a low base⁵⁷.

One initiative in the Rio San Juan department⁵⁸ is associated with Honduran investors and another in Kukrahill (South Atlantic Autonomous Region) with Numar, a company belonging to a Costa Rican-based multinational whose main shareholder is Nicaraguan. Numar has plantations in Costa Rica, Panama, Honduras, Guatemala and Mexico. In the Caribbean coastal region of Nicaragua, there are more than 10 000 “manzana” (1 manzana = 0.7 hectares) in production, employing more than 1 500 persons. In Kukrahill, 300 kilometres of road have been built. A pilot plan for the production of biodiesel has been set up in León, in the former site of Agrosa.^{59 60}

A recent study shows that Nicaragua has a potential of around 200 000 hectares in optimal biophysical conditions for palm cultivation in the Atlantic Coast zone of the country⁶¹. At the present time, Nicaragua is both an exporter and importer of palm oil and African palm nuts.

Sugar cane

The sugar cane sector has grown considerably in recent years, both for the production of sugar, rum and molasses and more recently ethanol. Production is done in four mills, three of which have mainly domestic investors: San Antonio Mill belonging to the Pellas family, CASUR to the Cuadra family and Montelimar, which also has Nicaraguan investors, and the Monterrosa Mill belonging to Guatemalan capital. The area acquired by Guatemalan investors is roughly estimated at 10 000 hectares, which includes land for sugar cane and also areas for reforestation. Monterrosa Mill is a long-standing Nicaraguan mill in the El Viejo municipality and was acquired by the owners of the Pantaleón, the biggest sugar mill in Guatemala and indeed in Central America⁶². The outlook for sugar cane for the production of ethanol and sugar may grow in the future, along with reforestation activities, given the dual use as a long maturing forest and as seedlings for firewood.

Oranges

An alliance of Nicaraguan entrepreneurs, of whom the most prominent is the Pellas Family, the wealthiest economic group of Nicaraguan origin, and other representatives of domestic financial groups, in association with Costa Rican entrepreneurs are developing plantations in the frontier department of San Juan River, close to Costa Rica. They have 7 000 hectares close to the San Juan River for the production of oranges, with 1 400 000 trees and an annual production of approximately 1 000 million oranges⁶³. As a point of comparison, Costa Rica currently has 26 000 hectares of orange groves⁶⁴.

Production is geared to the supply of fresh fruit to Costa Rican juice-extracting plants, which are situated close to the border. The final processed product is exported from Costa Rica to the United States. These land investments started in the 1990s and included some properties that investors already owned, together with others that were acquired in order to have relatively compact plantations mainly of oranges. The land that was acquired belonged principally to large landowners.

57 There are contradictory accounts of the area cultivated with African palm. For example, FAOSTAT reports around 2 000 hectares while a recent World Bank report (Deininger, et. al, 2010 *Rising global interest in farmland*) estimates that currently the figure is around 3 000 hectares; however, from the data collected in Table 3.9, it may be claimed that around 16 000 hectares are cultivated though not all this area is in production.

58 Headed by a Nicaraguan entrepreneur, Jorge Salazar and with links to Honduran investors who bought, from a cooperative, a palm plantation of some 2000 hectares, dating from the 1980s..

59 <http://www.vicepresidencia.gob.ni>. March 2007 data and an interview of the company owner with President Ortega.

60 This company received a loan from the World Bank for the palm development. See <http://www.worldbank.org/en/country/nicaragua>

61 SNV. 2010. *Diagnosis of the bio-physical, social, institutional and economic potential and limitations on biofuel development in Nicaragua*.

62 They have investments in different locations of Central America. <http://www.radiolaprimerisima.com/noticias/48109>, 25 February 2009. In Guatemala they also have sugar cane plantations of around 41 000 hectares (study by Jaime Carerra (2011) for the Land Grabbing project of FAO).

63 <http://www.renuevodeplenitud.com/reflexiones-pellas.html>, consulted on 1 July 2009.

64 FAOSTAT.

The activities of these plantations of oranges, which are processed and then exported to the United States, grew from US\$493 000 in 2006 to a little over US\$3 million in 2008 (FAOSTAT, consulted on 8 April 2011).

Beach tourism

The large tourism projects in the South of Nicaragua on the Pacific Coast amount to thousands of hectares of land, involving external investments⁶⁵. The expansion of beach tourism, including tourist centres such as the port city of San Juan del Sur, periodic visits from tourist cruise boats, construction of hotels, and real estate developments that include beach houses, golf courses, is linked to several factors. Firstly, this area of high scenic beauty is very close to the present large-scale tourist hub that is Costa Rica⁶⁶ and particularly the Liberia-Guanacaste zone⁶⁷, with its beaches that continue on the Nicaraguan side of the border and open up possibilities (that have still to materialize) to link the two tourist areas directly.

The International Airport of Liberia with flight traffic similar to that of San Jose is 80 kilometres from the Nicaragua border and it is possible to imagine a better connection in the future. Secondly as the post-World War II baby boomer generation of North Americans reaches retirement age, they and their families are looking to these beaches as possible destinations, attracted by lower property prices and lower living costs than in the United States or other destinations which had hosted this type of residents, be they in Mexico or Costa Rica⁶⁸. And finally, and not the least important, these beach tourism initiatives have generated a wave of strong speculation around the significant increases in the cost of land linked to the development of beach tourism.

Main conclusions

The direct purchase of land in Nicaragua by external investors is not very big when compared to countries such as Guatemala or Argentina, Brazil, Uruguay, Bolivia and Paraguay in South America. However, some transactions can be observed that are led by Mexican and Central American investors, especially for livestock farming, cultivation of African palm or sugar cane. In the case of the Salvadorians there is a greater emphasis on involvement in the commercialization of agricultural products that are exported to the rest of Central America. Costa Rican capital is more associated with reforestation, African palm plantations and processing. In the case of reforestation, it is important to mention the Canadian mining company that is seeking, through reforestation, to achieve several objectives, both social and environmental, in addition to the direct economic benefit derived from the forestry activity.

Nicaragua has an important family agricultural sector which accounts for around 50% of national agricultural production⁶⁹. It constitutes a large sector, centred on the production of food. A favourable trend for the growth in family farm production is the important domestic market within the country and more particularly the Central American market of some 45 million people. The Central American isthmus is much more important than in the past and Nicaragua has become an important supplier of beans, dairy produce and meat for this market, creating for itself a kind of division of labour in which it plays this role around products which do not have much added value. Equally, for other products such as coffee, family agriculture has an important role.

Important as family farming may be, in terms of numbers, land area and primary production of some items (maize, beans, milk, meat, coffee, fruit and vegetables for the internal market), its general productivity is low per unit of land and the added value of its production is limited, given the low level of industrial processing. One example that surprises: although a large producer of maize, Nicaragua is an important importer of corn flour, from neighbouring countries or from Mexico. This is due to the fact that the country does not have a processing plant for this type of product. And as urbanization grows and the average size of families decreases, making tortillas and other maize products in the traditional way is a less attractive option.

An important segment of family farming that cannot be overlooked is that of poor peasants who sow basic grains in rather precarious conditions as they work with low levels of mechanization; the possibility of losing control of their land increases significantly their degree of vulnerability.

⁶⁵ See: Canada, E et al. 2010. Turismo y conflictos socio-ambientales en Centroamérica, 2010, Managua, particularly the study by Matilde Mordt and Alejandro Bonilla on Tola. According to Lea Montes, from the legal department of Nitlapan, connected to the Universidad Centroamericana, of the Compañía de Jesús, tourist activities in the South Pacific coast amount to at least 15 000 hectares in the Rivas Department. http://www.responsibletravel.org/resources/documents/Coastal-tourism-documents/Summary%20Report/Summary_Report_-_Impact_Tourism_Related_Development_Pacific_Coast_Costa_Rica.pdf

⁶⁶ <http://www.eclac.org/publicaciones/xml/4/28854/L779.pdf>

⁶⁷ http://www.responsibletravel.org/resources/documents/Coastal-tourism-documents/Summary%20Report/Summary_Report_-_Impact_Tourism_Related_Development_Pacific_Coast_Costa_Rica.pdf

⁶⁸ <http://www.revistasumma.com/negocios/6180-apuesta-por-los-baby-boomers.html>. 13 October 2010

⁶⁹ Baumeister, E. 2010, Características Económicas y Sociales de Los Agricultores Familiares en América Central, working document. FAO-RUTA

In different regions, increased land concentration affects family farming since many farmers choose to sell their land and move to the towns or to the agricultural frontier lands, thus contributing to the accelerating process of deforestation. When family farmers sell their land which is handed over to large agricultural producers or to other sectors (beach tourism, external reforestation, duty-free zones), the overall importance of family agriculture declines and families who sell their land quickly find themselves in situations of greater vulnerability as they lose their ability to produce food for their own consumption.

Extent of land concentration and foreignization

- a) This phenomenon does not have the same importance in Nicaragua as it may have in other countries. The amount of agricultural and forest land that it involves is around 100 000 hectares, or 1% of total land used for agriculture and forestry. Land acquired by foreigners is important because of the size of investment more than for the amount of land involved, particularly in the coastal areas earmarked for tourism, especially in the southwest of the country.
- b) From a structural point of view, the possibility to extend this process is huge because of three very favourable factors: the existence of agricultural frontier land, low population density and a considerable difference between present levels of agricultural productivity and its potential for the future.
- c) Institutional and political performance are factors that work against these structural possibilities in so far as the functioning of the land markets are far from providing adequate legal assurances to a segment of potential foreign investors.
- d) The increase in Venezuelan investment within the ALBA framework may eventually be directed toward agricultural activities. To date, this has been concentrated on a refinery on the Pacific coast, the enlargement of the Port of Bilwi on the Atlantic and reforestation activities⁷⁰. Should these investments be allocated directly to agricultural activities, this would be sui generis case of “land grabbing” in so far as land concentration would involve state actors, Nicaragua and Venezuela, since PDVSA (Petróleos de Venezuela) is the corporate arm/side of Venezuela investments in Nicaragua, under the company name ALBANISA⁷¹.

5. Panama⁷²

The Panamanian agrarian structure is very polarized. Less than 1% of all farms control 34% of the land while holdings of less than 5 hectares account for 74.6% of all farms and 4.4% of land. An analysis of the productive sectors shows examples of land concentration for specific commodities. This is the case of oil palm where cooperatives of producers have integrated horizontally with other producers. Another example is the way in which the country has succeeded in saving part of its banana plantations and commercialization of this fruit. However, the transnational banana company continues to have a major decision-making influence on commercialization and profits.

In the coffee sector, on the other hand, small and medium producers are very present in some regions. However, coffee producers such as “Café Sitton”, Café de Eleta and Finca Corsa among others have large areas of available lands for the production of coffee in addition to their coffee processing plants; fundamentally private control of this activity follows a commercial logic.

Bananas

Panama has 19 companies producing bananas, of which 18 are national independent companies, representing 56% (6 556 hectares) of the total cultivated area (11 707 hectares) of this crop. 40% of the cultivate area (4,731 hectares) is on the Pacific coast and 16% (1 825 hectares) on the Atlantic. Two workers’ cooperatives are among the domestic banana producers, Cooperativa de Banano del Atlántico R.L. (COOBANA R. L.) and the Cooperativa de Servicios Múltiples de Puerto Armuelles R.L. (COOSEMUPAR R. L.). Bocas Fruit Company, a subsidiary of Chiquita Brand on the Atlantic Coast has 44% (5 151 hectares) of the total cultivated area for bananas⁷³.

Banana commercialization: Until 1991, Chiquita was the sole exporter of Panamanian fruit. However, the monopoly in the commercialization of fruit ended in 2008⁷⁴. The cooperative COOSEMUPAR is taking control

⁷⁰ <http://www.rebelion.org/noticia.php?id=121797>

⁷¹ Nicaraguan-Venezuelan company structured on the basis of petrol imports from Venezuela with long-term loans, the sale of Nicaraguan products in Venezuela and the purchase of different assets in Nicaragua.

⁷² Based on the report prepared for FAO 2011, by Santander Tristan Donoso

⁷³ Dirección Nacional del Banano. 2003. *Memoria del Ministerio de Comercio e Industrias*. Panamá pp. 2-4 <http://www.vicomex.gob.pa/texto/banano2003.pdf>

⁷⁴ Tribuna Latina. Saturday 6 November, 2010. (also available at <http://www.tribunalatina.com/es/viewer.php?IDN=6917>)

of banana production in the Pacific region where it had acquired the plantation. Part of its production is being sold to the banana company in accordance with the agreements between them and the remainder is commercialized to take advantage of the market.

Bananacom and Bananera Lía (14% control of commercialization), and domestic banana companies commercialize their produce directly to the European market.

It is clear that for the banana sector, historically there has been land concentration and foreign intervention in the production and commercialization processes and this continues today. Although foreign involvement in plantations has decreased, commercialization continues through a channel under the control of the transnational company, Chiquita Brand.

Tourism

The Bocas del Toro region has experienced a wave of investment in tourism and real estate speculation. A sensitive and important issue is the Bastimentos National Marine Park, located to the north of the Bocas del Toro Archipelago and close to the town of Bocas del Toro in the Salt Creek indigenous area. The park covers an area of 16 325 hectares, 11 528 hectares of which are marine and the rest coast. Within the buffer zone of this protected area is the Red Frog Beach Club, financed with North American capital. The project covers 68 hectares and has a residential complex of 800 homes with swimming pools, two marinas and a golf course.

In the same way, the Dragomar Tropical Beach Resort, located strategically on a hill, has been established with foreign investments. It is located in the Boca del Drago zone, close to the town of Bocas del Toro within the Archipelago of the same name.

On Isla Colón (close to the town of Bocas del Toro), there were three hotels in 1999; today there are 60. The best and the most attractive to tourists are owned by foreigners or large business companies of Panama, such as the Hotel Playa Tortuga and Resort Beach which belongs to the Quijano Group (who also owns one of the biggest construction companies in the country, SUCASA).

In the Boqueto area with its climate and natural beauty, the North American promoter Sam Taliaferro is developing a tourism project of residential homes especially for North American retirees. The area comprises 170 houses, recreation and sporting facilities. 65% of the residents are North American, though the residents come from 16 countries.

In the Las Perlas Archipelago, with its 13 islands and 100 islets, it is worth mentioning the Island of Saboga (an area of 755 hectares) where a residential tourist complex of 15 hectares is being developed by Trump Ocean Club, the owner being the billionaire Donald Trump Jr.

Likewise on the Pacific coastal area in the District of Antón, there are an increasing number of tourist and residential investments, such as the Playa Blanca Project, with Panamanian capital (Schwartz family) which plans to build 1700 houses, 11 swimming pools; the tourist development project of Buenaventura S.A and the Bristol Resort, S.A. both part of the Verdeazul Group, with an investment of more than US\$40 million over an area of 300 hectares; Breezes Panama operated by the Jamaican chain Superclubs; Lagomar, linked to USA chain; Hotel Decameron with Colombian capital; Nikki Beach Resort and Residences, beach clubs in the San Carlos zone (Pacific) with North American capital, which has projects in more than seven countries around the world.

6. Dominican Republic⁷⁵

In the agricultural sector, the economy has stagnated since 19th century despite its fertile land that enables the cultivation of traditional crops such as sugar cane, coffee, cacao, tobacco as well as non-traditional crops, which have represented an important source of foreign currency and employment.

For more than one hundred years, sugar cane was the main crop in the country, which allowed the Dominican Republic to be one of the biggest producers of sugar in Latin America between 1950 and 1970. The main market was then the United States and sugar exports accounted for around half of all Dominican Republic exports.

The other traditional agricultural crops that were exported were coffee, cacao and tobacco, all of which strengthened the balance of payments of the formal economy of Dominican Republic.

This situation started to change from the 1980s on, when it was necessary to diversify agricultural production since a consumer society was emerging that was demanding other agriculture products and new markets for sourcing agriculture products were also emerging.

⁷⁵ Based on the report by Ingrid Lavandier.

The transformation of the Dominican Republic agriculture brought in its wake new investments of foreign capital with North American, Israeli, Chilean, Japanese and Taiwanese companies who, interested by the fertility of the land, started to invest in non-traditional crops, in some cases in association with local capital.

The process of land concentration and foreignization in the private sector, as has already been mentioned, was linked to sugar cane and other traditional products such as cacao, tobacco and coffee all of which had sustained the country's economic stability over many decades, because it had large export quotas for the USA and European markets.

Foreign investments are, in the first place, in the sugar cane sector with a century-old presence in the country. Then the Dominican State invested in the sugar industry through its sugar mills. There are also other agro-industrial consortia dedicated to the cultivation and processing of fruit and vegetables for both local and international markets.

Non-traditional agricultural consortia

Since 1980, a process of crop diversification has been initiated in rural areas, along with new models of investment combining foreign investment and domestic capital. This has enabled new companies to be formed such as: FRUDOCA (Pineapple agro-industry), Consorcio Citricola del Este (Citric fruit agro-industry), Dole Dominicana (pineapple agro-industry), Concorcio Citricos Dominicanos (citric fruit agro-industry), Esperanza sugar mill diversification project (sorghum, maize, yucca, bean, sweet potato, etc.).

Consorcio Cítricos Dominicanos, with more than 3 125 hectares of land, has launched a process of diversification, planting extensively fruit such as oranges, grapefruit and pineapples for fruit pulp and juice, for both domestic and international markets. It has expanded its cold storage capacity and installed a modern plant for processing coconuts, guavas, papayas, tamarind and bananas (El Nacional newspaper, 17 May 2004).

BEC-MEHAC Consortium, with Israeli capital and support from the government of the Dominican Republic started in 2004 to plant and grow mangoes and citric fruits for export. At the outset, the project covered some 10 000 hectares in the south of the country (Hoy newspaper, 1 August 2004).

The Dominican Government announced that, on the basis of a feasibility study prepared by FAO on crop diversification in the sugar cane areas, it was negotiating with Brazilian, Guatemalan and Colombian investors to produce ethanol in three sugar mills belonging to CEA, the State Sugar Council (Hoy newspaper, 11 March 2004).

Also in 2004, a company of English origin, expressed interest in investing alongside the Dominican State, in the production of ethanol in the former sugar cane zones of the Ozama de Rio Haina sugar mills in Monte Plata (Hoy Newspaper, 18 March 2005).

In 2006, Tall Oil of Sweden and Dominicana Etanol formed a strategic alliance to plant sugar cane for the production of ethanol over an area of 23 000 hectares. The land tenure model is through the lease of land to the State Sugar Council by three sugar mills, Boca Chica, Consuelo and Provenir. The latter, Consuelo and Provenir, had already been involved in similar negotiations in the previous four years.

Foreign investment in the tourist sector

Mention has to be made of foreign investment in the tourist sector given its importance for the Dominican Republic. The country along with Haiti forms Hispaniola Island, with the Atlantic Ocean to the north, La Mona Canal which separates it from Puerto Rico to the east and the Caribbean Sea to the south; on the west it has a border with Haiti. Situated in the Antilles, the country has excellent beaches and tourist areas which are coveted by big investors, both domestic and foreign.

The largest tourist investments are to be found in the east of the country, in the Bávaro, Punta Cana and Romana zones, with capital from Spanish, American and Venezuelan companies. In the Bávaro complex there is a wide range of four and five-star hotels, golf courses and all the tourist attractions for high-spending visitors.

The Gap Cana Group, in which Dominican companies are in association with Donald Trump, the New York real estate magnate, has investments in an exclusive complex targeting persons with high purchasing power. The group has around 6 250 hectares for tourist development.

The Punta Cana Group, formed by the Dominican family Rainieri (of Italian extraction) and in association with USA companies and prominent personalities such as the designer Oscar de la Renta (Dominican) and the Spanish Julio Iglesias. This groups owns around 6 250 hectares though some areas still remain undeveloped.

The Barceló group, of Spanish origin and owners of an international chain of hotels, with sixteen hotels spread out in the country, but data are not available as to the total area they occupy.

The Fanjul Family group, of Cuban origin, are owners of the Casa de Campo hotel complex, one of the internationally best known hotel complexes for more than thirty years. Its investment covers more than 4 000 hectares in La Romana province.

Recently the holding of the Venezuelan Gustavo Cisneros has invested heavily in the eastern zone. It has had legal problems because it has acquired, for tourist development, land that is national park land, which has sparked a debate about whether or not it is appropriate to use this land for tourism purposes.

In the north, from the province of Puerto Plata to the province of Samaná, the coast is one of beaches and tourist attractions. In Puerto Plata, German, Italian, American, British, Spanish and Russian investors have developed tourism which has been stratified and converted into a low-cost mass tourist destination for Europeans. The land belonged to the Dominican State, to the National Sugar Council and the Dominican Agricultural Institute. However, since the 1970s, an official body (INFRATUR) was set up under the Central Bank to support the transfer of land to interested foreign investors who received favourable tax exemptions and incentives to promote foreign investment in tourist areas.

III. Conclusions

All the countries have historically experienced processes of concentration of landownership or commercialization of raw materials with foreign investments. This has happened in the case of typical tropical products (banana, coffee, sugar cane) and also other sectors such as livestock and sisal. More recently, these processes are developing in the mining sector, in crops more recently associated with biofuels, in tourism and in forestry plantations, all of which are putting additional pressures on land, exacerbated by the presence of external capital, both international and Latin American.

In a typology of the six cases, it can be said that the two extremes are to be found, on the one hand, there is Guatemala where the concentration of ownership of land, agro-industrial production and commercialization processes with external capital have always been significant. This has continued today with the expansion in the production of sugar cane, palm, bananas and fruit and vegetables. It has involved the displacement of peasant communities in the recent past and currently, although some of the peasant farmers have managed to be reintegrated in the dominant production processes, in sectors such as coffee and vegetables, selling to the domestic market as well as the Central American, regional and international markets.

At the other end of the typology is Mexico where the historic land reform changed the forms of landownership, making way for different kinds of land distribution, with specific limits on the maximum size of farms, depending on the productive sector. Even though, there are possibilities to have large farms in sectors such as livestock farming and forestry activities, mechanisms exist to avoid the limits placed on land concentration by using nominee systems. However, there are other mechanisms of land concentration such as land leases and links with agro-industries that facilitate the production of certain items through buying the primary products.

Thirdly, there is the case of the Dominican Republic with traditional concentration of land for banana and sugar cane cultivation and modern concentration in non-traditional items (fruit and vegetables, mainly for the world market, as well as biofuels from sugar cane and palm). In the latter case, the land is controlled mainly by large landowners, but has been partly altered by the agrarian reform that followed the fall of the Trujillo dictatorship; there is a strong presence of foreign investment in agriculture, from the United States, Europe and Latin America.

Panama could be similar to the case of the Dominican Republic. However, the presence of an economic sector such as the Canal, which is at the heart of the existence of the Panamanian State, means that agriculture is of lesser importance.

Nicaragua, for its part, is an example of a case of where there have been major changes in landownership, before and after the agrarian reform. Currently many small and medium-sized farmers coexist alongside agro-industrial private groups that are expanding, with regional investment, and partly with direct control of land. Mexican, Salvadorian, Guatemalan and Costa Rican capital are also present, with direct control of production but also in the area of agro-industrial transformation and commercialization. Additional pressure on land is coming from both domestic and external investment in tourism, mining, and forestry plantations.

Finally, the case of Costa Rica is much more heterogeneous, with different models of land concentration and external investment in sectors such as sugar cane, banana and coffee production as well as in beach and mountain tourism. Small and medium size farmers produce directly in intensive farming systems in coffee, fruit

and vegetables. There is a large agro-industry with both domestic and international capital in most of the more important agricultural sectors.

In recent decades, activities such as tourism (secondary homes, beach and mountain hotels) with both domestic and external capital have led to increased pressure on land and, as a result, large amounts of land in these areas have passed into foreign ownership.

Looking at the six case studies, there are features which most of them have in common and which can be linked to the models of agricultural development and the problems associated with the increase in land concentration and foreignization. What follows are some provisional hypotheses which need to be re-examined in future studies. In the first part of this chapter, the strong impact of globalization on these countries was highlighted, given the weight they have globally in some specific agricultural products. This is despite the fact that, for the most part, they are small countries with limited land resources, when compared with the medium and large countries in Latin America and in the world. Similarly, the important role of international tourism for these countries needs to be highlighted.

In these concluding comments, three additional variables, linked to globalization but in another dimension, need to be mentioned, namely the increasing share of imported food, international migration of nationals from these countries in recent decades and the decline of employment in agriculture.

Table 3.17 presents the proportion of citizens living outside their country; of the nineteen countries considered, the countries covered by this case study are ranked second with regard to the percentage of nationals living abroad (Nicaragua), fourth place (Mexico), sixth place (Dominican Republic) and in the 12th place Guatemala. For the majority of countries, migration has grown since the 1980s with the exception of Mexico, where there has been a tradition of migrating to the United States since the second half of the 19th century. In comparative terms, it worth mentioning that the average migration rate worldwide is approximately 3% of the population (living in a country different from their country of birth). Latin America has an overall average that is less than 6 % (see Table 3.16); many of the countries in the study have migration rates of around 10%.

Table 3.18 presents other statistics – the proportion of calories in the national diet that have been imported and two indicators regarding the importance of employment in agriculture. It can be seen that the proportion of calories that are imported is high in many of the countries considered. The table also shows that the proportion of the population working in agriculture has fallen dramatically between 1970s and today.

These data would suggest that, in some of the countries considered, particularly Mexico, Dominican Republic, Nicaragua and Guatemala, there is quite a strong association between the proportion of jobs in agriculture, high immigration rates and the high levels of imported foodstuffs. This would seem to suggest, at first view, that the type of agricultural regime and particularly land concentration processes could be linked to the variables of imported foods, international migration and the reduction of employment in agriculture in so far as important segments of rural population are not finding direct employment opportunities in agriculture and are opting to migrate, both internally and internationally in different ways.

Table 3.17 International migration, in numbers and as a percentage of the population of the country of origin, 2010

Country	No of migrants	% of population	Rank
El Salvador	1269190	20.5	1
Nicaragua	729242	12.5	2
Cuba	1219244	10.8	3
Mexico	11859236	10.7	4
Uruguay	353634	10.5	5
Dominican Republic	1035963	10.5	6
Haiti	1009751	10.1	7
Ecuador	1147902	8.3	8
Paraguay	810839	7.9	9
Honduras	569731	7.5	10
Bolivia	694998	6.8	11
Guatemala	871981	6.1	12
Panama	141141	4.0	13
Chile	634001	3.7	14
Peru	1091079	3.7	15
Costa Rica	125300	2.7	16
Argentina	957190	2.3	17
Venezuela	521620	1.8	18
Brazil	1367287	0.7	19
TOTAL	28298257	5.4	

Source: World Bank, CELADE and estimations based on Ernest Canada, *Migraciones en Centroamérica: en la médula de un cambio estructural*. Encuentro, 2011. *Revista Académica de la Universidad Centroamericana*. The world average is approximately 3%, based on an estimated 240 million persons living in a country different from that of their birth; basic data from the UN High Commission for Human Rights.

Table 3.18 Proportion of calories that are imported, % of economically active population in agriculture, 1970 and around 2009

Country	% of calories imported 2005-2008	% of economically active population in agriculture	
		1970	Around 2009
Costa Rica	49	36	12
Guatemala	45	57	31
Mexico	29	39	13
Nicaragua	26	47	34
Panama	52	39	18
Dominican Republic	46	44	15

Sources: FAO, ILO and ECLAC.

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* For the complete references to the six studies covered in this chapter, please see Annex to Chapter 1 or <http://www.rlc.fao.org/fileadmin/content/events/semtierras/acaparamiento.pdf>

Chapter IV:

Reflections, based on the Andean case studies

Fernando Eguren*

Presentation

Drawing on the information presented in the four country case studies that were carried out in Bolivia, Colombia, Ecuador and Peru, this chapter provides a synthesis of land concentration and foreignization processes in the four countries of the Andean region as well as an analysis of the dynamic nature of these processes.

Some of the questions that guide the analysis are the following. Is there any relationship between land grabbing in general and the processes of land grabbing in the Andean countries in recent decades? Are such cases merely a continuation of their respective agrarian histories or are they a break with the past? Do they constitute a model of agricultural modernization in the region? What is the extent of foreign acquisition of land? What is the impact in the regions where they occur? What types of labour relations have been established? What type of social relations do they generate? What are the similarities and differences between the processes in each of the countries analysed? To what extent do the debates about land in the region include the process of land grabbing of the past few decades?

I. Does land grabbing exist in the analysed countries?

The four case studies found that the processes of agricultural land concentration do not correspond to the restrictive definition of what constitutes land grabbing. In effect, the recent phenomenon of land grabbing has been defined as a process of massive acquisition of land by one state from another, for the purpose of securing food supplies. The term has been extended to include as well the acquisition of large tracts of land involving other parties, including transnational corporations, not only for the production of food but also for biofuels and as a means of gaining access to forestry, mining and hydrocarbon resources and for speculative ends.

The fact that such acquisitions of land have occurred in countries suffering from severe problems of food insecurity – in Africa, some twenty countries are involved – has been one of the factors that has drawn world attention to it⁷⁶. It is also striking that the main purchasers of land were not, for the most part, from rich countries but from emerging economies, including, in a particularly visible manner, China, India, Egypt, some of the Arab Emirates, Saudi Arabia and South Korea. In some cases, it has been striking that land purchases have been accompanied by production processes employing nationals from the investor country. This has been the case of China and the practice has been criticized as being a modern form of colonization.

Only later has land grabbing been considered as a rather broader process. Since 2009, the International Land Coalition has been calling this process “commercial pressures on land”⁷⁷. The term “grabbing” continues to be used today but is more focused on Africa.

The fact remains that the scope has been broadened to assess and analyse the causes and potential impact of processes of concentration on the control of agricultural land⁷⁸ that are occurring in many countries of

* Peruvian sociologist, graduate of the University of Louvain (Belgium). Postgraduate studies at Ecole des Hautes Etudes, Paris. President of CEPES (Peruvian Centre for Social Studies). Director of the journal *Debate Agrario* and of the *Revista Agraria*. fguren1@cepes.org.pe.

⁷⁶ Among the first organizations to draw attention to this phenomenon was Grain, a non-governmental organization which published in October 2008 a report on different cases of land grabbing, compiled from Internet sources and from the press: www.grain.org

⁷⁷ Michel Merlet & Clara Jamart. 2009. Commercial pressures on land worldwide. Issues and conceptual framework. ILC/ AGTER. April 2009.

⁷⁸ The term “control” is used in order to include not only concentration with regard to landownership rights but also those rights conferred by leases, concessions and other mechanisms that accord the exclusive use of the land, be it temporarily or permanently.

the so-called developing world. It is precisely for this reason that the FAO took the initiative to support the national case studies.

1. Commercial pressures on land

The concept of commercial pressures on land broadens the scope of land grabbing to include a diversity of large-scale investments in agriculture. Borras and Franco construe that, by broadening the definition, the denunciatory content of the original term has been weakened, and the call to action with respect to land grabbing has been changed. It has become more acceptable, and it is even considered that, despite the risks in the process, it could also culminate in a win-win situation both for investors and peasants, provided the code of responsible conduct is respected⁷⁹. The authors remain sceptical about this, and it is a view that we share⁸⁰.

Merlet and Jamar use the same expression “commercial pressures on land” without being convinced that it is a process where everyone is a winner. In a comparison of the opportunities and risks involved in the process of land grabbing, the authors clearly consider that the risks outweigh the opportunities⁸¹. The following table summarizes these opportunities and risks. It is worth noting that, in their report, the authors express their scepticism as to the reality of the “opportunities” and raise questions about the underlying assumptions⁸².

Commercial pressures on land: opportunities and risks

Opportunities	Risks
Development of unused resources. Small farmers would lack the funds and the technologies to optimize their sources, while large-scale investors have both.	Risks caused by strong price fluctuations. The amount of rent and profits for investors are directly linked to the price of basic agricultural and energy products and commodities on the world markets.
Poverty alleviation. Permanent liberalization of world trade would be the most favourable scenario for poverty alleviation.	Risks of new conflicts. Deep-seated changes in pre-existing social relations; increased inequalities; inter-ethnic conflicts; stigmatization of foreigners; disputes between governments.
Mitigation of damage to natural biodiversity. The more modern systems of production make it possible to obtain gross yields that are superior to current systems, thus making it unnecessary to use virgin land that could thus be protected.	Risks for food security. Competition around food and energy uses; uncertainty weighing on national supply for basic foods, based on highly volatile prices of basic commodities on the world market
	Environmental risks. Promise of large quantities of investments in the short term outweighs the preservation of forestry resources and biodiversity. High risk of unsustainable exploitation of resources and extraction (as in mining); spread of practices that have irreversible effects, usually with negative impacts.
	Risk of large-scale destruction of small-scale production. Disappearance of small producers and the development of vast mechanized farms using salaried workers.

2. Tirana Declaration of the International Land Coalition

The International Land Coalition referred to above is one of the most active organizations in disseminating information and promoting the analysis of land grabbing from a perspective of concern about the land rights of peasant and indigenous communities as well as family farming and, generically speaking, the rural poor. At its 2011 Global Assembly in Albania, under the slogan “Securing land access for the poor in times of intensified natural resources competition”, the Declaration of Tirana was unanimously adopted, in which “all forms of land grabbing” were denounced.

⁷⁹ See Joachim von Braun and Ruth Meinzen-Dick. 2009. “Land grabbing” by foreign investors in developing countries: risks and opportunities. IFPRI Policy Brief 13. April 2009. The authors argue that a virtue be made of necessity, given that the need for investment in agriculture in poor countries can only be met by direct foreign investment. An adequate code of conduct to reduce the risks of land grabbing should include transparency in negotiations, respect for existing land rights, profit sharing, environmental sustainability, acceptance of national commercial policies. (Also available at http://www.landcoalition.org/pdf/ifpri_land_grabbing_apr_09.pdf).

⁸⁰ Saturnino Borras Jr. and Jennifer Franco. “Regulating land grabbing?”. Pambazuka News. 16 December, 2010. (Also available at <http://www.commercialpressuresonland.org/research-papers/regulating-land-grabbing>).

⁸¹ Merlet and Jamart, *op.cit.*

⁸² See the text by Merlet and Jamart, *op.cit.* pp. 14-16.

The Assembly debates and the drafting of the declaration took note of the restrictive nature of the definitions of land grabbing, given that land grabs were occurring in many countries and in a variety of forms, which differed from what was considered land grabbing when the international community was first alerted to the problem. The definition finally adopted and which is part of the Declaration states the following:

“We denounce all forms of land grabbing, whether international or national. We denounce local-level land grabs, particularly by powerful local elites, within communities or among family members. We denounce large-scale land grabbing, which has accelerated hugely over the past three years, and which we define as acquisitions or concessions that are one or more of the following: (i) in violation of human rights, particularly the equal rights of women; (ii) not based on free, prior and informed consent of the affected land-users; (iii) not based on a thorough assessment, or are in disregard of social, economic and environmental impacts, including the way they are gendered; (iv) not based on transparent contracts that specify clear and binding commitments about activities, employment and benefits sharing, and; (v) not based on effective democratic planning, independent oversight and meaningful participation.”⁸³

The Tirana Declaration broadens the scope of application of the term, land grabbing, to include processes that until then had not been considered as such. Thus, it manages to include local-level land grabbing “within communities”, a quite frequent occurrence in Africa and some Asian countries, though rarely encountered in the Andean countries. In these instances, they are local land grabs though it is difficult to consider them large-scale, the term commonly associated with land grabbing.

The greatest strength of the accusation lies in the large-scale land grabbing that has “one or more” of the listed characteristics, it being understood that cases where none of the characteristics exist are not included; this may be quite improbable when specific cases are analysed.

It is noteworthy that the Declaration was adopted unanimously by all participants including the FAO, the World Bank and IFAD, which gives a special weight to the denunciation. One may ask, however, if the broader definition of the Declaration is not too comprehensive and imprecise from an analytical point of view, even although it has advantages from the perspective of respecting land rights of the more vulnerable social sectors.

In any case it has helped put the spotlight on concentration processes in Latin America that do not match the characteristics observed in Africa over the past five years. However, the question remains: is there any connection between the two processes?

Our point of view is that both processes are an expression of how, in different ways and at different times, globalization is influencing and transforming national economies and, in the case that interests us, the agrarian economy. Transformations in the world economy have had a strong impact on the structure and demand for commodities and have increased the disputes for natural resources: land, water, minerals, hydrocarbons, wood. Future perspectives for the need to increase food production and renewable energy sources have merely served to increase competition and the value of productive land or land which has natural resources in its subsoil. The land market is thus being globalized.

The production of the large agricultural businesses in the Andean countries is export-driven: the main large farms in Bolivia are exporters of soybean, a crop that covers around one million hectares and is an input for the oilseed industry and animal feedstuffs. In Peru, new large farms have been set up to respond, on the one hand, to the increase in demand for high value food products such as fruit and vegetables and, on the other, they are adjusting to emerging global consumer trends such as alternative sources of energy to fossil fuels. Ecuador has traditionally been, and continues to be, an exporter of bananas. However, it has expanded the planted areas of crops for biofuel production such as sugar cane and African palm. In Colombia, large plantations are dedicated to providing inputs for the production of agrifuels and oils, in association with industrial plants. Although on a lower scale, Peru is expanding the area for growing African palm and sugar cane. It is the globalization of demand for food, agrifuels and land to produce them that is articulating and relating the land grabbing of today with that which has been occurring since 1990 in the Andean countries.

II. Land grabbing or the modernization of agriculture in a capitalist system

In the concluding comments of his report on Ecuador, Luciano Martinez affirms that “the analysis of land tenure in the case of Ecuador shows clearly that the process is linked more to the trends of internal capitalist modernization than to external processes of land grabbing”. This internal process of capitalist modernization corresponds to a large extent, as we have just seen, to globalization trends. However, Martinez’s remark leads us to examine the internal effects of the land grab process in the countries being analysed and to ask to what extent is it the capitalist modernization of agriculture in these countries.

⁸³ <http://www.landcoalition.org/about-us/aom2011/tirana-declaration>

What is being modernized?

Modernization of production

Even though there is insufficient information in the national case studies to know the details on this point – it was not the purpose of the studies – there are some very interesting evaluations.

In Bolivia, to a large extent, Brazilian migration from the beginning of the 1990s established a “before and after” in agriculture in Santa Cruz, the main agricultural region of the country. The Brazilian farmers are the biggest landowners for the production of soybean. They introduced new techniques for growing this crop, replacing those introduced decades before by the Mennonite settlers, which had become inefficient and destructive of the soil. Furthermore, they had the support of Brazilian scientific and technological institutions. They have thus been in effect a modernization presence. Urioste stresses, however, that not every foreign presence means innovation, as has been the case of the Argentinian landowners who have settled in the same province. Indeed, unlike the Brazilian farmers, those from Argentina have kept to their traditional methods of working the land. Possibly, one of the reasons is that, unlike the Brazilians, they were not able to count on the support of research and technical extension institutions of their own country.

The new Brazilian companies have modernized their working relations, generalizing the payment of salaries, which did not happen in many Bolivian companies who maintained labour relations which Urioste qualifies as semi-feudal.

In Peru, the new agro-exporting companies, which were created in their majority after 1995, are at the forefront of the technological modernization of agriculture. In these companies, modern management techniques, highly technical production processes and mechanized irrigation systems predominate. Likewise, wage systems are generalized although working conditions are lower than what could be expected from companies who call themselves models of modernization. These companies have transformed themselves into markets for services and technologies, which in many cases required highly qualified staff. They are, consequently, stimulating the creation or growth of institutional providers, innovation in the curricula of educational institutions and in laboratories, etc. in such a way that the modernizing effects on the economy have gone beyond the scope of the company and the agricultural sector.

At the same time, such modernization may be limited in a number of respects, on the one hand, because the more sophisticated inputs, machinery and software, appear to be imported and not produced domestically. This is the case of transgenic soybean seeds in Bolivia and also in Peru, where the seeds for different export crops are imported (the import and use of transgenic seeds are not authorized). In both countries – and possibly, this is a generalized shortcoming – there have not been sufficient efforts to create conditions whereby some of the imported inputs can be replaced, such as knowledge software and hardware. In many cases, the direction and curriculum of agricultural universities and faculties have not been adapted to meet these new demands.

A second limitation has been the insufficient dissemination of this modernization to the rest of the producers, namely the medium and above all small-scale farmers including those in the areas close to where the new companies are located or are developing. Moreover, these could become closed enclaves because of phytosanitary isolation or simply for security reasons. Obviously they are not obliged to become centres for spreading innovations although there could have been public policies to encourage them to take on this function.

Added to these limitations is the fact that governments do not have policies – or when they do, they are inadequate – for the purpose of modernizing agriculture and thus innovation remains limited to the initiative of private agricultural exporters.

One of the consequences of modernization is that, because of its excluding nature, the differences between large modern agriculture and a more traditional form of agriculture have grown and these differences are not purely economic but also social, thus contributing to an increase in inequalities.

Contract agriculture established between companies and farmers (frequently family farmers) in order for the latter to provide the former with the products they need, is a mechanism for the transfer of new knowhow and techniques. Although this relationship presents some problems, as we will see later, it does introduce the farmer to new knowhow, inputs, techniques and procedures for a more efficient agriculture.

Without necessarily being a feature of modernization, it is worth noting that an important number of new agricultural investments come from economic groups with diversified interests, linked or not to agriculture and operating in different areas of the country. Although this may offer significant advantages for the company, its size and diversification give it a power which goes far beyond the area of its rural operations and amplifies the socio-economic distance from the local population.

New companies and territory

Generally managed and administered by employees under contract, the new companies frequently do not succeed in integrating the local and regional social networks and institutions. For this reason, they are perceived as outsiders. This sensation of being an outsider is reinforced, as we saw above, by the fact that they appear, physically, as closed enclaves. This distance from the local society is a feature that differentiates them from the more traditional big estates (*latifundio*) which formed part of the social, cultural and economic landscape. The following passage by Urioste is eloquent:

“the larger the area of land planted with soybean by large producers, proportionately the less manpower is contracted, the fewer jobs created and the less impact there is on poverty. This model of the large soybean farm whose sole reason for being is its agribusiness, does not develop the local territory since it does not need it.”⁸⁴

The relative power of companies in the areas where they are located can be seen in different ways, including their ignorance about local communities and authorities as seen in certain areas of Ecuador and Peru. In the latter country, cases have been reported where labour inspectors from the Ministry of Labour have not been admitted to the companies and there have been repeated violations of the ban to dig wells in areas where drilling has been suspended.

Intensive agriculture investments mobilize populations but do not assume the responsibilities that derive from this. Some new companies – fruit and vegetable producers, for example – make intensive use of manpower for specific periods of the year and they own processing plants for which they employ a large number of workers, many of whom are women who need stable employment. Some large-scale farmers, who share an aristocratic and paternalistic ideology, have built homes within the confines of their properties – in Peru they are called “*rancherías*” (rural communities) which, although precarious, resolve to some extent the problem of stability; in other cases, workers have been given a small plot of land where they could build their house. These are not solutions for modern companies that do not assume responsibilities beyond those laid down in the law. Martínez mentions how in Ecuador – and this certainly could refer to other countries – local authorities have expressed their concern about the creation of new settlements, resulting from agro-industry initiatives, that not only require housing but also health, education and other public services that are not foreseen in the land use and development plans nor in the local budgets. The seasonal nature of work forces many workers to return to their places of origin, when there is a low demand for employment, or to seek employment in other sectors. However, a number of them stay put in the new settlements, developing informal activities or remaining unemployed, generating social problems of another kind, to which local governments have little capacity to respond.

Labour relations

The major part of the production of large agricultural companies is intended for export or for transformation into biofuels for domestic consumption and also for export. The Andean countries have natural resources and geographical and climatic conditions that give them a comparative advantage over other regions of the world for the production of goods for which there is a heavy demand. These conditions are a factor that favours and attracts large-scale investments. However, the globalization of markets means that areas which have exclusive natural features in a country or region, giving them a competitive advantage, find that, because of the globalization of information and transport, they are now in competition with similar areas in distant regions of the world on an open international market. The large agricultural companies consequently cannot base themselves solely on the use of their natural advantages because they are obliged to have competitive costs. This requires them to have efficient management systems and productive technologies. As stated in other sections of this chapter, many of them are at the forefront of modernization of agricultural production and have to keep themselves also at the cutting edge of technological progress.⁸⁵

⁸⁴ Miguel Urioste. El caso de Bolivia. In Fernando Soto Baquero y Sergio Gómez (Eds). 2012. Dinámicas del mercado de la tierra en América Latina y el Caribe: concentración y extranjerización. FAO. Santiago de Chile. p. 63.

⁸⁵ The question remains as to how much the modernization of these big companies contributes or promotes the modernization of other economic sectors. In Brazil, for example, the priority given early on to the production and consumption of ethanol has put the country at the forefront of science and technology for that industry. In contrast, in the countries considered in this study, it is extremely likely that at least a significant part of modern agricultural production, headed by the new large-scale farmers (*neolatifundios*), shares the same features as the *maquila* (factory operating in free zone areas). In other words, they use imported inputs – seeds, fertilizers and pesticides, machinery, information technology hardware and software – with the local contribution being the natural resources and the cheap labour force, thus making little contribution to the development of national science and technology capacity. On another level, however, it is true that they play a positive role in their areas of influence, spreading more efficient procedures and practices such as improved use of water through mechanized irrigation.

The scale of production and the necessary division of labour on the new large farms (neo latifundios) dedicated to export agriculture are underpinned by the use of a salaried labour force which has to be stratified in a category of specialized and highly qualified workers, according to the degree of complexity of the productive process and the type of tasks and responsibilities, and in another comprising the majority of workers who have few qualifications and whose wages and working conditions are lower than those of urban salaried workers. Salaried labour is one of the main components in the cost structure of the new agricultural estates; for this reason, the tendency to keep salaries low is typical of the sector. Thus modernization of management and production technologies do not always go hand in hand with modernized labour relations, especially when the majority of workers including women are unqualified. This topic has not been dealt with in the case studies but it merits more attention.

Relatively speaking, the situation of salaried workers in these firms is better than those in more traditional, small businesses. One of the reasons is because they are more closely controlled by the labour authorities who monitor compliance with labour legislation and also because an increasing number of clients from importing countries demand certificates of good practices and of compliance with labour regulations. Even so, the degree of informality is very high. In 2009, on the Peruvian coast where many of the large exporting farms are located, 57% of wage-earners in the large agrarian companies (with more than 500 employees) were informal, in other words they had no insurance and their salaries were lower than the official minimum working wage⁸⁶. In Colombia, rural wages declined in real terms between 2000 and 2007 despite the increase in the agricultural GDP.

Another problem is the difficulty in forming trade unions. The difficulties in unionization are due to several separate reasons: the reticence of many employers; the replacement of permanent wage-earners by temporary employees; the existence of labour contractors, intermediaries in the employee-worker relationship; the increase in multi-jobbing by agricultural workers who combine farm work with non-farm work.⁸⁷

In some countries, labour legislation facilitates instability by allowing greater flexibility in employment contracts.⁸⁸

Another factor of influence is the “lack of an organizational culture among rural wage-earners and landless farmers” as mentioned by Martínez with reference to Ecuador⁸⁹ but which surely also occurs in the other countries⁹⁰. It should also be mentioned that many of the wage-earners in the new businesses are of peasant origin and have no tradition of trade unionism⁹¹.

Labour relations in the large-scale farms merit a more in-depth analysis.

Contract agriculture

The mechanism of contract agriculture is not a new one and has been the subject of some important studies including those carried out by FAO and ECLAC. As mentioned above, it is frequent for agro-exporting or biofuel industries to contract small and medium-size farmers as suppliers, on a seasonal or permanent basis. These have been mentioned in the case studies.

What are the advantages and disadvantages of contract farming? Recently, and with regard to the renewed importance of agriculture because of significant investments, driven precisely by the 2007-2008 global food price crisis, Olivier de Schutter, Special Rapporteur for the United Nations on the Right to Food, adopted a position with regard to contract farming⁹². He stated that small-scale farming needed a better relation to markets, and highlighted the positive aspects and the risks of this mechanism with respect to the relationship between large-scale farming and small and medium-scale farmers.

⁸⁶ Fernando Eguren. El caso del Perú. In Emilio Klein (Ed.), Políticas de mercado de trabajo y pobreza rural en América Latina. FAO. Santiago. p. 296

⁸⁷ Klein, op. cit., p. 28

⁸⁸ In Peru, only 27% of wage earners in business with more than 500 workers have indefinite contracts. Eguren. El caso del Perú. op. cit. P. 302.

⁸⁹ Luciano Martínez. El caso de Ecuador. In Soto Baquero y Gómez (eds.). op. cit. p. 248.

⁹⁰ After the agrarian reform, the unions – some of them large and very active – in the big farms on the coast disappeared as the workers became owners of the land they had been allocated. In the new large agricultural businesses, the workers have no tradition as wage-earners and they are, in their majority, immigrants.

⁹¹ In some cases, the labour legislation that governs rural wage-earners gives them fewer rights than those accorded to wage-earners in other sectors of the economy. This is the case of Peruvian Law on the Promotion of the Agricultural Sector. Law no 27360, 2000.

⁹² The right to food. Provisional Report by the Special Rapporteur of the United Nations on the Right to Food, Olivier de Schutter, presented at the 66th Session of the General Assembly of the United Nations, August 2011.

One of the advantages for companies is that they are able to strengthen their control over the supply chain, the origin of production and the standardization of the product. It also enables them to reduce the risks of fluctuations in supply and demand, and to promote security standards and other quality requirements. It facilitates the optimal scheduling of the delivery of products, which cannot be controlled when dependent on cash prices of the market. They can also maintain more flexible operations because they are not bound by fixed assets.

There are also advantages for farmers that encourage them to enter into contracts: the expectation of higher incomes as they switch to higher value crops, with better productivity and a reduction in their commercialization and transaction costs; the ability to access credit; and, the guarantee of income stability. In addition because of the lack of public extension services, contract agriculture is one of the means available to them to access technical advice, good quality inputs, systems of certification and compliance with standards.

However, De Schutter also warns about the unequal nature of the contractual relationship and the disadvantages for the small farmer. Small farmers are in a weak negotiating position before they sign the contracts, since they do not have sufficient information or the same negotiating capacity as the companies have. Nor do they have the necessary legal knowledge. By transferring management responsibility to farmers, the companies lower their labour costs, since contract farmers commonly use the unpaid labour of their family members, including children. The contract farmer may redirect production to cash crops which, while they have the potential to increase the income of some farmers, may cause in addition price increases of food stuffs on the local market, thus affecting the food security of the local population.

More generally, De Schutter states that:

“contract farming can lead to a loss of control over production, including which crops to produce and how to produce them. Contract farming can thus cause farmers to become essentially wage-earning agricultural labourers on their own land, but without the benefits associated with paid labour, such as minimum wages, sick leave and other legislated benefits.”⁹³

III. Factors facilitating concentration of ownership

What are the factors that have stimulated or facilitated the concentration of landownership over the past two decades?

This period of the 1960s and 1970s was exceptional: a large number of Latin American countries announced the need for agrarian reform, though not all of them implemented the reform. Thus they re-established -- or pretended to do so -- the right to land for those to whom historically the land had belonged, and they extended the right to those who directly worked the land (“the land belongs to those who work it” was one of the slogans of these agrarian reform processes) to reach a more equitable and just distribution of land.

Although in several countries, the talk of agrarian reform barely progressed beyond the talk and was maintained as a symbolic recognition of the dispossessed, without any concrete changes being made to the structure of landownership, it did reinforce the belief that, for justice to be re-established, there had to be the restoration of land and a new distribution. When the distance between the talk of justice and the reality was radical, it gave rise to very serious social conflicts which spilled over in some cases into internal armed conflict, causing thousands of victims.

The national and international contexts of those years could not be more different from those of today. The majority of countries were aligned behind the two major powers – United States of America and the Soviet Union. In the middle of the Cold War, the triumph of the Cuban revolution, which promptly opted to align itself with the Soviet Union, alerted the rival power about the risk of a domino effect in the other countries of the region. Consequently, the United States pushed for the implementation of reforms including agrarian reform, which the countries of the region committed to at the Inter-American Conference of Punta del Este in 1961.

In several countries of the region, peasant movements demanded, with varying degrees of intensity, the redistribution of land, while the national and regional influence of the landowning classes had waned or even been lost in the face of demographic and economic urbanization. Governments and business leaders oriented development towards industrialization and import substitution, which required the growth and protection of domestic markets supported by a strong state. There were then several social sectors interested in reforming not only the polarized landownership structure but also in modernizing rural society and extending to the rural areas the incipient domestic market: these were the peasants, the emerging urban and industrial middle class and the modernizing state.

93 *Ibid.* p.10

The changes to the international economy and politics that came about with the end of the Cold War allowed Latin American governments greater options in their respective geo-political strategies. The development paradigm shifted from strategies based on extending and consolidating domestic markets, which was the dominant trend in the mid-20th century, to privileging increased integration to international markets through exports, in many cases of raw materials with little added value, and through attracting foreign investment. The role of the national bourgeoisie as key actors in national development was substituted, to a large degree, by investors whose origin, national or international, was increasingly unimportant, because the legislation in a large number of countries offered foreign investment the same or better terms than domestic investment. Little by little, this treatment has been facilitated, and at the same time protected, through bilateral treaties of free trade and investment.⁹⁴

These changes in the international and national contexts were very powerful and gave rise to a set of factors that have helped favour the emerging trends of concentration of landownership.

1. Changes in political orientations

The so-called lost decade marked an important turning point in government policies. The national development models based on industrialization and import substitution, which supposed strong state intervention and the protection of domestic markets, were replaced by neo-liberal policies, the non-intervention of the state in the economy and the opening up of markets. Such policies were initiated in Bolivia by the Government of Paz Estenssoro in 1985, by Sixto Durán Bellén in Ecuador in 1992, by the government of Virgilio Barco in Colombia in 1990 and by Alberto Fujimori in Peru in 1990.

By adopting neo-liberal policies, governments facilitated and promoted large scale investments and gave equal treatment to foreign capital. In some cases such as Peru and more recently Colombia, they signed free trade agreements which guaranteed better the rights of domestic and international investors than those of the local population.

2. Pre-eminence of extractive activities

In the four countries being studied, the concessions awarded by the state to the extractive industries took pre-eminence over the legitimate land rights of communities, and policies to protect communal land have been weakened. Though it is not surprising for countries that firmly chose neoliberal policies such as Peru and Colombia, it is very paradoxical in countries where the governments have taken post liberal directions⁹⁵, as is the case of Ecuador and also of Bolivia. Such a paradox can be explained by the fact that, in the final analysis, they all depend on the income from the extractive industries, above all oil and mining industries, to finance public investments and cover social costs. In an article analysing the convergence of policies in this subject between Peru on the one hand and Ecuador and Bolivia on the other, the authors state:

“Here we appear to have three national governments with extraction-dependent public budgets, whose ability to diversify their economies is circumscribed and who show signs of creeping authoritarian practices in order to secure the extractive base of their macro-economy, social spending and political projects.”⁹⁶

If it is effectively so, they state that

“the politics and economics surrounding extraction in these three countries complicate distinctions between neoliberalism and post-neoliberalism, raising questions as to what the prefix ‘post’ refers to. If it is supposed to refer to differences in macro-economic policy, then as far as the extractive economy is concerned these differences are not that great. If it merely refers to differences in political discourses and the ways in which nationalism, imperialism and capitalism are talked about, then the difference implied by being ‘post’ would seem to be more rhetorical than substantive. And if it refers to differences in political style and practice, distinguishing regimes that are brazenly sympathetic to extractive capital from those that are just actually sympathetic, then ironically the ‘post’-neoliberal seems the less transparent of the two.”⁹⁷

94 This is the case of Peru, Chile and Colombia.

95 It would seem that the term “post-neoliberalism” was coined by Emir Sader, current Executive Secretary of CLACSO in an interview with *La Jornada de Mexico* on 12 October 2007. “Post neoliberalism is starting to be built in Latin America. History has always been made in unorthodox ways. Post-neoliberalism is present in Venezuela and Ecuador but above all in Bolivia. It combines popular uprisings with institutional political solutions and is trying to reform the State, build a multinational multi-ethnic state”. <http://www.jornada.unam.mx/2007/10/12/index.php?section=politica&article=007e1pol>

96 Anthony Bebbington & Denise Humphreys Bebbington. *An Andean avatar: Post-neoliberal and neoliberal strategies for promoting extractive industries*. BWPI Working Paper 117. University of Manchester

97 *Ibid. loc.cit*

In reality, the dependency of the economies of most Latin American countries on the income from the exploitation and export of natural resources ties in closely with the history of the region. Industrialization as the lynchpin of the strategy for economic development directed at the development of domestic markets lasted for a relatively short time; neoliberalism has contributed to a return of the economy to production of primary products and to its re-alignment and dependency on external markets. The increase in the demand for minerals, fuel and other raw materials in recent decades, driven by Asian countries and especially China, has increased competition between investors for access to these resources and countries holding such resources have benefited from important incomes⁹⁸. As has just been observed, however, even governments that are not liberal could not resist the temptation to take advantage of this opportunity.

Beyond political orientations, corruption has also played an important role in facilitating land concentration. In Bolivia, the dictatorships in the 1970s and the beginning of the 1980s as well as the elected governments at the beginning of the 1990s distributed hundreds of thousands of hectares of land to political followers for free and in a fraudulent manner.⁹⁹

3. Lethargy of peasant movements

Despite economic stagnation, the 1980s was a decade of positive developments, especially in the political domain where military dictatorships were overcome and democratic governments installed. The return to democracy, however, was not accompanied by an empowerment of the masses, for two reasons. In the first place, they were weakened by the dictatorships who had repressed these organizations and their leaders; secondly because the new economic order of the 1980s had modified the productive sector, dismantled working-class organizations and installed uncertainty in the labour market with the modification of labour legislation. As a matter of fact, radical ideologies lost both their capacity to lead and their strength, and were displaced by others who set up market forces as the main standard for rational behaviour and, frequently, as the only standard.

On the other hand, the peasant movements died down. In some cases, agrarian reforms redistributed land and reduced demands. In Peru, millions of hectares were redistributed to hundreds of thousands of peasants and agricultural wage-earners. Then greater democratic openness enabled peasant leaders to assume public responsibilities in their districts.

In Colombia, the active peasant movement for land, organized by ANUC, retreated in the 1980s because of the armed conflict and public policies. The struggle for land was subsumed by that maintained by the warlords over the population for the control of the territory, driven to a large extent by the drug trafficking trade¹⁰⁰. In other cases such as in some countries of Central America, prolonged armed conflict ended in peace agreements, which in principal would guide reforms through institutional channels. However, also, as Luciano Martinez states with reference to Ecuador but which can also apply to other countries, this demobilization is also due to the changes that the same peasants experienced that, in some regions, was not linked to agricultural production, or simply they had migrated out of the country. The lack of interest can also be attributed to a lack of an organizational culture among rural wage-earners and landless workers, to the conception that indigenous groups have about land, which includes demand for land and water, and finally to the laws that eliminated agrarian reform from public policies and blunted the demand for land among poor peasants¹⁰¹.

4. The new agrarian legislation

In the context of the policies already described, land grabbing has also been seen to be promoted by changes to agrarian legislation in the different countries, most of which were made in 1994 and 1995.

In 1995, Law 160 was passed in Colombia, which removed the restrictions limiting the area of land that could be owned or commercially transacted, if it had belonged before to the State but was now owned by individual and public entities. The same law established restrictions on the access to other types of land, such as unoccupied land, of which no more than one UAF (Family Agriculture Unit) can be allocated.¹⁰²

⁹⁸ Thus economic growth has become dependent primarily on the “over-exploitation of natural resources and of the working force, more than of the entrepreneurial and creative spirit and of the ingenuity and hard work of our workers at all levels”.

Jurgen Schmidt. 2004. *Bonanza macroeconómica y malestar micro-económico*. Universidad del Pacifico, Lima. p 376

⁹⁹ Urioste, op.cit., p. 63.

¹⁰⁰ UNDP. Colombia rural. *Razones para la esperanza. Informe nacional de Desarrollo Humano*, UNDP, Bogota, 2011.

¹⁰¹ Luciano Martinez, op.cit. p. 248.

¹⁰² The Family Agriculture Unit is legally defined as the basic agriculture, livestock, aquaculture, and forestry business, whose expanse, according to agro-ecological conditions of the area and using appropriate technology, allows the family to remunerate its work and obtain surplus capital that contributes to the formation of its assets (Law 160 of 1994).

However, there is a draft law under the National Plan of Development 2010 “Prosperity for All”, which is being examined in the Congress and which opens the possibility of acquiring more than one UAF, without an upper limit¹⁰³.

In the same year, four decades after the agrarian reform, Bolivia passed the INRA Law, a law on national service for agrarian reform. This law established a difference between two types of land; the land belonging to the community and to small farmers, which would be protected by the state and would be excluded from the market for land, and the land that is in the hands of medium-scale and large-scale owners, which can be included in the land market. Though free allocation of land or awarding of government-owned land to foreigners¹⁰⁴ has been prohibited, the possibility still exists for foreigners to buy land from a national private landowner, a provision that was upheld in the new Constitution of 2009.

Although the new Constitution sets a limit on the size of agricultural property – 5 000 hectares, for the case of commercial entities, this maximum may be multiplied according to the number of partners or shareholders, and could result in large estates. The case of Bolivia is interesting because despite the pro-rural pro-indigenous stance, the government of Evo Morales has had to negotiate with the large landowners in the east of the country, where the opposition to his government is stronger, indicating the weakness of the regime, vis-à-vis the powers that be, in undertaking the various reforms that it had originally put forward.

Also in 1994, Ecuador passed the Law on Agrarian Development. In general, this law strengthened private land rights. It eliminated restrictions on land transfers through the marketplace, limited expropriations and made provisions for the eviction of land squatters. In addition – as was done a year later in Peru – it authorized the division of communal land into individual private plots in cases where the respective assemblies were in agreement. According to Nieto Cabrera, this latter provision “affected greatly the structure of communal lands by giving the new owners the freedom to sell their land and it encouraged the creation of small farms”.¹⁰⁵ In Peru, finally, the process of opening up the land markets and lifting the restrictions on landownership was a process that developed over fifteen years since they had to dismantle gradually the norms and institutions created by the agrarian reform of 1969-75. The biggest milestones were the new Constitution of 1993, established by the Government of Alberto Fujimori, which eliminated the terms of the agrarian reform that was still maintained in the earlier Constitution of 1979, and reduced the protection of lands belonging to peasant communities. In 1995, the Land Law 26505 was passed, which removed restrictions on land deals, without setting limits on the size, and established procedures that peasant communities had to follow in order to sell their lands.¹⁰⁶ During the Government of President Alan García (2006-2011) there were some feeble initiatives in Congress to set a limit. It is likely that during the new Government of “Gana Perú”, presided by Ollanta Humala, whose election was due in part to his pledge to prioritize social inclusion of the poor, the topic limiting the size of land will move up the political agenda.

To synthesize, the general tendency in the 1990s regarding land legislation has been to guarantee private property, to have more flexible limits – or even to eliminate them – on the size of properties, to open up the market for land, to encourage investments both by nationals and foreigners, to weaken communal forms of property and to marginalize family farming. These conditions have favoured concentration of landownership, even more so in a context of strong international demand for raw materials for industry, for livestock, bio-energy and the multiplication of niche markets for agricultural products.

Policies for the development of agriculture have been thus directed, in the past two decades, to large-scale commercial initiatives, for which they have been well adapted.

5. Legality and legitimacy

The laws which, since 1990s, promote or tolerate concentration of landownership, in other words give it a legal support, may have a problem of legitimacy, namely the consensual acceptance by society. The word “latifundio” still resounds as an imposed reality and one of exclusion, by its very nature.

The sentiment that the latifundio may be legal but not necessarily legitimate is due to its origins. The estates were invariably established at the expense of the original inhabitants of these lands. The indigenous inhabitants were either evicted, became bonded labourers, or moved to lands that were either of lesser value or more remote. In countries with a bigger indigenous population, the communal organization continued but

103 Yamile Salinas Abdala. El caso de Colombia. In Soto Baquero and Gómez (Eds.). Op.cit, p.183.

104 In contrast with the Agrarian Reform Law of 1953 which stipulated that foreigners could hold land provided for free by the State, enjoying the same rights as Bolivians, thus opening up the occupation of low lying lands in the East.

105 Carlos Nieto Cabrera. 2004. El acceso legal a la tierra y el desarrollo de las comunidades indígenas afroecuatorianal: la experiencia del PRODEPINE en el Ecuador. In Reforma agraria, colonización y cooperativas. FAO. (Available at <http://www.fao.org/docrep/007/y5407t/y5407t0j.htm>).

106 Marisa Remy. El caso Perú. In Soto Baquero y Gómez (Eds.), Dinámicas del mercado...op. oit. pp. 438-439. Also, F. Eguren. Las políticas agrarias en la última década: una evaluación. In Perú: El problema agrario en debate. SEPIA X. Lima. 2004.

with important changes from its pre-Hispanic origins, integrating families who owned small plots of crops, many of them small farmers.

This dual structure of large and small farms was maintained well into the 20th century, despite the political, societal and economic changes resulting from independence and the installation of republican governments in the 19th centuries as well the gradual democratization of political systems (with the periodic set-backs that we know) throughout the 20th century. Across the years, the colonial and the republican state created a body of laws that formalized the right to the land that had been seized.

However, this legality was not necessarily accompanied by legitimacy. The original sin in the creation of the Latin American latifundio was not accepted morally by large sectors of the population. This explains, in part, the moral backing to the agrarian reforms of the 20th century. The initial violation of the rights of the original inhabitants persists in the collective memory of large sectors of the rural population and also of others.

The peasant land movements of the mid-20th century which preceded and accompanied the agrarian reforms of the 1960s and 1970s raised this ancestral right to lost lands to a right that was above that of contemporary landowners, regardless of whether or not they had acquired their land from other owners in accordance with the laws in force, or of the length of the buying-selling chain. In the collective memory, there is the recollection that, at the beginning, there was a violation of rights, as indelible as the original sin.

It should be remembered that historical memory is built and re-built not only by the winners – that is only the official history – but also by the losers and it is less well-known outside their world. Above all it is anthropologists who use these tools to access the imaginary world, which at times is expressed through legends and myths¹⁰⁷. This imaginary world which is never static but which is always recreating itself in relation to the constant flux of social, political, cultural and economic processes, may even remain, for long periods, hidden from those who feel they are descendants of the original inhabitants until circumstances emerge that revive them again.

Some of these circumstances have been emerging over the last two decades. It is strongly felt in one form of land grabbing: the acquisition or concessions of natural resources by the mining industries. In countries with massive mining and hydrocarbon resources such as in the four countries, which are the focus of the current analysis, the mining industry has exploration and exploitation rights over millions of hectares of land. The feeling that these rights are not legitimate – even when they are legal – stems from the fact that, in the majority of cases, there had been no consultation with the population who had formal or customary rights on the land that was being leased. It is also because the extractive activities have important and negative impacts on the environment, especially on water. The economic activities and the ways of life¹⁰⁸ of the local population change; they do not participate in the wealth extracted from the land they occupy. Finally, in many cases, the activities do not generate employment for the local population.

Beyond the extractive industries, this illegitimacy – in other words, the perception or feeling that land had been seized illegally, dishonestly or based on regulations that themselves were illegal – has lasted and has even been strengthened in recent times due to the fact that it is not unusual for the big farms formed in the past few decades to have been established, by violating rights, displacing population or contravening current regulations. This has clearly been the case in Colombia but also in the lowlands of Bolivia, in the Amazonian regions of both Ecuador and Peru. In some recent cases, new legislation that favoured the large agrarian or extractive industry investments to the detriment of the rights of communities has produced intense reactions which led to the legislation being annulled.¹⁰⁹

The case of Colombia deserves separate consideration because of the central role of violence in the past and even today. Land concentration in this country is associated directly with the violence and the exile that have marked the history of the country. Between 1946 and 1966, two million people were displaced because of political violence and 300 000 property titles changed hands. In the 1980s, violence linked to drug traffickers allowed the latter to appropriate 4.4 million hectares of fertile land.¹¹⁰

107 “For peasants, the unity of land and community exists in space but not in time in such a way that, beyond its origins, in the perception of peasants, the current situation represents what has also been and they therefore conceive their rights to the land as timeless despite the fact that many of them are able to recognise the historical origins of the lands that date back to the agrarian reform or to mass movements and subsequent restructuring. It is because of this timelessness that lands and properties can be qualified as being ancestral, independent of their historical origin”. Alejandro Diez. 2003. *Interculturalidad y comunidades: propiedad colectiva y propiedad individual*. *Debate Agrario* 36. Lima. Pág. 73

108 According to the register of conflicts that is updated on a monthly basis by the Office of the Ombudsman of Peru, almost two thirds (96) of the on-going conflicts in the country are of a socio-environmental origin. A majority of these conflicts are between rural populations and the extractive industries. http://www.defensoria.gob.pe/modules/Downloads/conflictos/2011/reporte_91_1.pdf

109 In Peru, opposition to a body of regulations that gave priority to the rights of oil companies over lands that have been occupied for centuries by indigenous communities generated a prolonged resistance which ended painfully in June 2007. The regulations were finally annulled, after provoking a political crisis that led to changes in the cabinet of minister.

110 Yamile Salinas Abdala. *El caso de Colombia*. *Op. cit.*

The history of concentration of control over the land both in the distant past and today, and the manner in which this has been processed in the imagination of large sectors of the population, has surely influenced recent processes of concentration of landownership by giving them a halo of illegitimacy. Vestiges of the past leave their mark on more recent processes.

Regarding these considerations, it is worth quoting at length, Hans Binswanger:

“Perhaps the most important reason to worry about equity is linked to the inherent political and social nature of property rights. History, culture, and many other factors can mould what a community or a nation thinks is fair use and ownership of land. As history shows, communities even may change their views on what is appropriate and fair over time.

Societies usually have strong feelings about how and by whom land should be used because the overall area of land in a country is fixed, and because agriculture is (or could be) an important source of income for many people. The matter of equity is particularly pronounced when it comes to land: communities tend to feel that land should be equitably distributed to as many people as possible. A countryside populated by small family farmers tilling the land corresponds in many peoples’ minds to a system that is fair. The fact that unresolved land issues so frequently lead to violence, civil unrest, or even civil war demonstrates how strong these notions of fairness are.”

He continues

“Communities and nations will have to deal with this legacy. They invariably will form opinions about what is fair. They simply may look at the land issue as one of justice and of redressing old wrongs. That is as it should be. People should reflect on the existing property rights and democratically make decisions about their distribution because, as history shows, ignoring a looming land conflict is a risky economic strategy. In most of the cases discussed in this book, restoring a more equitable distribution of land will contribute greatly to more social cohesion, which will foster more inclusive institutions and policies, and hence promote better long-term development.”¹¹¹ In the pages above, reference was made to the difference between legality and legitimacy and the fact that land legislation could lack in legitimacy since it formalized the dispossession of the original owners.

The legitimacy of land property rights is also related to the capacity to achieve some specific objectives to respond to demands of society with regard to agriculture and land management.” Ortiz-Miranda and Hodge¹¹² in a study that refers to developed countries especially in the European Union, states that the predominant demand has historically been for food production but that more recently increased environmental concerns have modified this demand, which have been expressed in changes to the agricultural policies of the European Union. These have moved from a production-oriented regime to one that is non-production oriented. In other words, they have moved to policies in which the emphasis has shifted from market products to non-market services and products, which have meant a loss of security of land property rights by having owners assume environmental responsibilities. At the outset, owners resisted the “environmentalization” of agrarian policies, but then they managed to harmonize them with the market economy. The European Union introduced regulatory measures such as the reference level “the border between the rights of the landowner and the rights of society as a whole, protected by the State”¹¹³ and defined different types of subsidies aimed at meeting environmental requirements.

Beyond the authors’ references to the European Union, increasing environmental concerns have focused attention on more sustainable forms of land use, and, in this regard, the positive role of family agriculture, which is less aggressive for the environment and makes better use of renewable energy sources. At the same time, these concerns also raise doubts about the sustainability of modern agriculture, which is based on the intensive use of fossil energy, monocrops and mechanization, features which correspond to those of many of the companies accumulating arable land rights in the Andean region.

However, growing fears that food security is threatened, following the sharp increase in food prices in 2007-2008, have revived a renewed neo-productivist perspective, revitalizing discussions that emphasize the productive aspect of agriculture and the superiority of modern production methods over those referred to above. There is then a tension between environmental and productivist tendencies.

Ortiz-Mirana and Hodge argue that it is necessary to remunerate environmental public goods, which would justify maintaining the public subsidies to marginal agrarian systems, often situated in areas of High Natural Value. “Instead of focussing on the lack of competitiveness in agrarian activities, these areas should be

111 *In Agricultural land redistribution. Toward greater consensus*. Edited by Hans P. Binswanger-Mkhize, Camille Bourguignon, Rogier van der Brink. The World Bank. Washington D.C. 2009. pp. 7 and 8.

112 Dionisio Ortiz-Miranda, Ian Hodge. 2012. Entre la propiedad agraria y la ambiental: El debate respecto a los derechos de propiedad de la tierra. *Revista Española de Estudios Agrosociales y Pesqueros*, N° 231.

113 *Ibid.*, p.38

described and defined on the basis of what in reality is good: cultural landscapes and the unique habitats they host.” This last consideration is very pertinent for the Andean context, since the productivist discourse undervalues the environment services provided by small farmers and pretends to evaluate them only with criteria of economic efficiency and competitiveness that typically overlook any environmental references.

IV. The debate on land, rural development and land grabbing¹¹⁴

What do processes of concentration mean for rural development? In what way do the debates on rural development and land include the phenomenon of land concentration in recent decades?

In the 1960s and 1970s, the general debate about land and rural development revolved around the need to redistribute land as part of the implementation of the agrarian reforms.

Later, the problem of land moved down the political agendas; in some countries it was because they had managed to achieve reforms, in general through changes to national and international contexts. One of the main changes was the conviction that a country’s development depended on its capacity to integrate its national economy into the international markets and not in the enlargement and consolidation of domestic markets. Such integration could be done through specific productive branches and, with regard to the agricultural sector, through competitive advantages of specific land areas. According to the new trends, these branches and territories deserved greater attention and all the reforms and supports necessary for them to be internationally competitive. The other productive areas and lands that did not have the potential to be competitive were neglected. The former received greater private investments and governments took care to guarantee a favourable regulatory framework to attract investments and ensure their sustainability.

The cost was that the reforms to achieve social and economic inclusion of some important social sectors, which had been one of the motors of the agrarian reforms, became less urgent. Territories and populations of little relevance for these mechanisms of integration to the international economy shifted to the margins of the political agendas. The pro-poor policies which earlier aimed to generate development were largely substituted by short-term assistance accompanied by cronyism. The hypothesis that the most efficient way to overcome poverty was through socio-economic development was replaced by redistributive measures and social programmes. Many of these were drawn up as temporary measures to alleviate the impact of the neoliberal policies implemented in the 1980s and above all in the 1990s. However they ended up becoming permanent. The assumption that the challenge of poverty¹¹⁵ could be dealt with by the trickle-down effect of the wealth generated in the more competitive economic branches and territories was disproved by reality, precisely by the excluding nature of the new directions of the economy and economic policies. Along with the economic growth which characterized the region after the 1980s, called the “lost decade” and which has continued until today, income distribution inequalities also grew.¹¹⁶

It is evident that the tendencies already mentioned existed with nuances that were more or less pronounced between countries and even within these countries, and between different governments. However they contributed to very different approaches to land problems from those of previous decades.

1. The new “latifundios” and small scale agriculture

In a context where the cult of economic efficiency was raised to a higher value, the new estates are seen by the governing classes, the business world and broad professional and academic sectors, as the pillars of growth and agrarian modernization in a globalized world. They may be traditional large-scale farmers who have transformed themselves over time, or new entrepreneurs, which introduces nuances to their business behaviour according to whether they belong to the former or latter group. While in the first group they may have inherited a family tradition in farming and may have a certain identity with the social and physical farming environment, the second category of investors frequently have come into farming from other sectors of the economy or corporations and are diversifying their investment portfolios; for them the land is only a factor

¹¹⁴ This section is based in part on the working document prepared by the author for the International Land Coalition with the tentative title of *El hombre y la tierra: las relaciones cambiantes en la región latinoamericana*, 2011.

¹¹⁵ The concept of poverty has been modified. From being the result of a social and economic system that not only could not guarantee an adequate minimum income and quality of life but recreated it ad infinitum, poverty has been changed into a trivial category which can be administered by social and economic engineering. In this way the responsibility for poverty is detached from the production system.

¹¹⁶ The persistence of inequality in Latin America warranted being the central theme of the UNDP’s Regional Human Development Report for Latin America and the Caribbean, 2010. *Acting on the future: breaking the intergenerational transmission of inequality*.

of production and agriculture just another economic activity, the justification for which is exclusively the profitability it offers. From these differences stem differences in behaviour which have their own distinctive social, economic and environmental impacts.

In contrast, family farming which includes the overwhelming majority of agricultural producers in all the countries of the region is usually perceived as inefficient and obsolete.

The influence of these conceptions is to be found at separate levels. On the one side, not only are the criteria defined as to what the state should do or not do, but also they support the legitimacy of policies that promote land grabbing. In exchange, policies to support family agriculture are absent or marginalized and, on occasions, are confounded with welfare redistribution programmes. This prioritization goes against what should be the responsibilities of the state: food security and the fight against poverty. In effect the majority of the “neolatifundios” produce food for exportation or for biofuels, both for international and domestic consumption.

Secondly these conceptions favour the concentration of landownership using several mechanisms, one of which includes, as seen above, the policies of incentives (fiscal, labour, hidden subsidies, etc.) to favour investment in agriculture, especially large-scale investments.

Thirdly, these conceptions weaken the land rights of the rural poor since it is considered that these and other natural resources such as water and forests, are not used efficiently by them. This condemns family agriculture as being inefficient; in addition the ideological assumption that underlines this, hides the fact that part of the problems of efficiency that may exist in conventional terms are largely because of the negative bias of agrarian policies that place them on an unequal footing with the large-scale farmers with regard to access to infrastructure, financial and non-financial services and other advantages.

The counterarguments to these pro-big farming positions favour small-scale peasant farming, family farming and indigenous populations, but are usually weak precisely where the others pretend to be strong – in efficiency. In effect the criticism of “neo latifundios” has no influence on the discussion of the concept of efficiency (microeconomics) nor on substantiating whether or not small-scale agriculture is or could be more efficient (less aggressive to the environment, food security, for example). There are sufficient studies in different parts of the world that demonstrate the advantages of family agriculture over large-scale agriculture. In contrast, the efficiency of large-scale agriculture depends largely on favourable policies and the incentives that these offer¹¹⁷.

A more solid argument in favour of small-scale agriculture – by small farmers, peasants, native and indigenous peoples – is focused more on ethical, social, cultural and political criteria. It is concerned more with rights, equity, respecting and valuing differences, strengthening democracy than with economic performance and economic potential. The weight of the arguments shifts to qualitative aspects: quality of life, better social fabric, fewer social disparities, and improved adaptation with the environment. However, it is more reserved when it comes to showing the capacity of small-scale agriculture to confront one of the biggest problems of our time (and even more so in the future), namely how to meet the increasing demand for food by a population that continues to grow and which is increasingly urban with a higher capacity of consumption.

2. Mystery of capital, the rural power and property rights

In his well-known bestseller “The mystery of capital”, Hernando de Soto states that the assets of the urban poor – their makeshift houses – and of the rural poor – their plots of land – have the potential to lift them out of poverty. “Capital like energy is also a value suspended as a potential. To bring them to life, we need to stop looking at our assets as what they are and start to look at them for what they could become”¹¹⁸. How can a plot of land be converted into capital? With easy access to [formal, legal] ownership mechanisms that give legal leverage to the economic potential of their assets to produce, finance or guarantee better value on the broader market”¹¹⁹. Property is understood as rights that are recognized, registered and formally represented in title deeds which unlike physical assets are “easily combined, divided, mobilized and used to support commercial agreements” be they in the form of mortgages, credit guarantees or other instruments that allow access to capital.

Unlike the argument that circumscribes competitive capacity to the “neo-latifundio”, as seen in the earlier part of the chapter, de Soto finds that the small farmer, peasant or indigenous inhabitant has the potential to prosper in a market economy, provided that he has a plot of land over which he has formal property rights in accordance with current state legislation. In addition, de Soto is of the view that communal property rights

¹¹⁷ In this respect, refer for example to Hans P.Binswanger-Mkhize et al. *op.cit.*

¹¹⁸ Hernando de Soto, 2000. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York: Basic Books and London: Bantam Press/Random House, 2000

¹¹⁹ *Ibid*, p.78

prevent their conversion into capital because such rights do not allow access to the mechanisms available to private property: buy, sell, rent, mortgage, etc. nor to those of corporate rights such as limited responsibility¹²⁰.

De Soto's position is similar to that used by the programmes to give title deeds both to the small farmer as well as to peasant communities, which are financed in many countries in the region by the multilateral banks.

In the case of peasant communities, these programmes by giving individual title deeds are de facto weakening the communal rights, based on customary law, as well as the capacity for the community to defend itself against these different types of external onslaughts. It is a known fact that one of the methods used by the extractive industries as they seek to establish themselves in communal areas is precisely to weaken the community ties to facilitate negotiations with individual families instead of the community as a whole.

The practice has shown that the results may be very different from what have been offered. The formal granting of land property rights does not live up to the supposed advantages and finally "the mystery of capital" is not revealed, at least not for small farmers. Without denying the need to formally grant property rights to rural farmers, it needs more than an administrative process to ensure that these rights are really guaranteed. Actual practice also shows that, for the small farmer, access to credit and other financial services does not depend so much on having title deeds but on public policies and the private bank, from which they are generally marginalized. On the other hand, individual property deeds facilitate the development of a land market in which small farmers and peasants are more likely to be selling than buying. As a result, programmes to award property titles have been functional in the process of land concentration¹²¹.

Borras and Franco make a useful point in reference to this issue. They note that what is meant by ownership or control over land resources is the "effective control over the nature, pace, extent and direction of surplus production, distribution and disposition". Using this approach, it is possible to go beyond the concept of property and "detect actually existing land-based social relations regardless of what official documents claim, whether these are in private or public hands". They consider that the majority of programmes granting formal property rights "literally, are concerned about 'things', not social relations". Moreover, the consolidation of private property, be it for small or large plots, constitutes the most favourable scenario for investors.¹²²

3. Land or territory

In the past two decades, the call for the respect of indigenous rights has been included on the public agenda in the Andean countries, due to the mobilization of the indigenous people themselves.

The indigenous population is very large in some Latin American countries, particularly those which were the centres of power of the pre-colonial empires: Mexico, Guatemala and the Andean countries. Around half of the total indigenous population of the region lives in Mexico and Guatemala and another 45% in the Andean countries, especially Peru, Bolivia and Ecuador. Although the process has been continuing for years, two milestones in the recent history of the indigenous movement were the mobilizations in Ecuador and Bolivia. In June 1990, the first indigenous uprising was organized in Ecuador to demand the government, under the presidency of Rodrigo Borja, to declare a pluri-national state, recognizing the indigenous territories and providing an intercultural bilingual education. In Bolivia, tens of thousands of indigenous people made a long march called "The March for Territory and Dignity". A central element of their demands was that priority be given to the debate on territory (a more inclusive term than land) and that their rights to natural resources be recognized. The recent movement of the native people living in the Isiboro Sécure National Park and Indigenous Territory against the construction of the Villa Tunari-San Ignacio de Moxos highway, which would cross the park, and the government's roll back of the decision to construct it, shows the vitality of these demands. Within the framework of the debate, indigenous people are demanding their rights not only over the land for production but over their ancestral space for material, social and cultural reproduction.¹²³

120 Hernando de Soto, *El misterio del capital de los indigenas amazónicas*, Parte 2, Video 2009. <http://www.youtube.com/watch?v=vLs4kenEbhg>

121 "The proposition [of de Soto] is broadly known: poor people need to convert their assets ... into a commodity for there to be economic progress, in this instance in Amazonia. The property of poor people has to be somehow inalienable, and has to be able to change hands. Javier Iguinez, *De Soto en la Amazonia*. http://servindi.org/pdf/Serv_66_DeSoto.pdf

122 Saturnino M. Borras Jr. & Jennifer Franco. 2010. *Towards a Broader View of the Politics of Global Land Grab: Rethinking Land Issues, Reframing Resistance*. ICAS Working Paper Series No. 001. May 2010 <http://www.tni.org/sites/www.tni.org/files/Borras%20Franco%20Politics%20of%20Land%20Grab%20v3.pdf>

123 These demands are moreover covered by ILO's Convention 169. Article 13 of the Convention which stipulates that: 1. In applying the provisions of this Part of the Convention, governments shall respect the special importance for the cultures and spiritual values of the peoples concerned of their relationship with the lands or territories, or both as applicable, which they occupy or otherwise use, and in particular the collective aspects of this relationship. 2. The use of the term lands in Articles 15 and 16 shall include the concept of territories, which covers the total environment of the areas which the peoples concerned occupy or otherwise use. http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---normes/documents/publication/wcms_100897.pdf

Among the Andean countries, Bolivia is the country where possibly the concept of the territorial rights of the indigenous people has been developed. At the beginning of the 1990s, an important indigenous mobilization was critical in putting on the public agenda the notion of indigenous territory. Over time, it was adopted by the indigenous peoples throughout the country and incorporated, in 2009, into the new Bolivian constitution. The more radical version, by the Aymaras, understands it as a demand for political self-determination and autonomy.¹²⁴

The consequences of the demand for territorial rights go well beyond agriculture and the economic productive dimension. In effect, as the case of Bolivia shows, it is of particular importance for political and administrative decentralization in the country, for the decentralized distribution of public resources and also of power.¹²⁵

The Amazonian populations also demand the right to the territory on which they live. This covers extensive areas, given the nomadic nature of sustainable forestry exploitation: gathering, hunting and fishing and small-scale agriculture. The fragile ecology of tropical forests is not able to support a dense population, because of the risk to the forests' sustainability. These territories have been considered to be "of benefit for the country's development" by governments and commercial parties, interested in the exploitation of the resources of these territories that are deemed empty or so sparsely populated that the inhabitants do not have the right to share in these resources.¹²⁶ In Peru and Ecuador, this sharpened sense of rights has been triggered, to a large extent, by the ever-growing presence of the extractive and particularly hydrocarbon industries which are intruding on indigenous territories, generally without consulting first the inhabitants and having a negative impact on where they live, including river pollution. This virtual loss of rights of indigenous peoples is generating very intense conflicts, ranging from legal actions to actual massacres.

There is no doubt about the justice of territorial claims by the indigenous population; it is increasingly recognized that the relationship of these people to their territory is different from the purely instrumental view of the land for commercial agriculture and that the epistemological, cultural and symbolic dimension of this relation not only is more important for them but also - and increasingly - for a world where the modes of production and consumption have been based on aggression of nature, destruction of resources, and global warming.

4. The state and public interest

Currently, it is politically correct to affirm the rights of the indigenous peoples but actual behaviour, above all that of the government, does not match the talk nor do the laws that are supposedly in favour of them¹²⁷.

¹²⁴ Wilfredo Plata. 2007. *Autonomías, tierra y territorio. Sistematización de nueve coloquios interculturales*. Fundación Tierra. Laz Paz.

¹²⁵ Article 2 of the Constitution declares that: "Given the pre-colonial existence of nations and rural native indigenous peoples and their ancestral control of their territories, their free determination, which consists of the right to autonomy, self-government, their culture, recognition of their institutions, and the consolidation of their territorial entities, is guaranteed within the framework of the unity of the State, in accordance with this Constitution and the law." By virtue of this declaration, Article 30 stipulates the "right to free determination and territoriality", to "the collective ownership of land and territories" and to "autonomous indigenous territorial management, and to the exclusive use and exploitation of renewable natural resources existing in their territory..."

The 2008 Constitution of Ecuador - a country that also has had significant indigenous movements - recognizes, without the force of the Bolivian Constitution, the right to own ancestral lands and territories and to obtain free awarding of this land awarded to indigenous communities, peoples and nations. The territories of the peoples living in voluntary isolation are "an irreducible and intangible ancestral possession and all forms of extractive activities shall be forbidden there" (article 57 of the Constitution).

The Constitution of Peru recognizes the right of native and peasant communities to their land (article 89) but does not mention territory. However, as a signatory to Convention 169 of ILO it is obliged to formally recognize the territory though not necessarily in practice.

The Constitutions of Colombia and Chile make no reference to the existence of indigenous populations and even less to their right even though they exist.

In Venezuela, the Government of Chavez has passed several regulations in favour of indigenous populations but in practice these are not implemented very much or, if they are, in a distorted manner.

¹²⁶ This vision which renders invisible or is not at all interested in the native population is expressed so candidly in the words of the former Peruvian President Alan García (2006-2011): "and against oil, [the anti-capitalists always] have created the figure of the 'unconnected' jungle native; that is, unknown but presumed, so millions of hectares could not be explored, and Peruvian oil would stay untapped while each barrel of oil costs US\$90 on the world market". Such an approach is very practical for the extractive choice that is common to many Governments in the region and that President García sums up: "There are millions of hectares of wood that are idle, other millions of hectares that [peasant and native] communities and associations have not farmed or will not farm, plus hundreds of mineral deposits that are not exploited and millions of hectares of sea that will never be used for mariculture or production". The only way to exploit these resources would be with massive investments, since the communities that occupy the territories in which these resources are located are not able to exploit them "because they do not have the training or the economic resources ... This same land sold in large lots would bring technology which would also benefit the villagers ...".

Full text at: http://elcomercio.pe/edicionimpresa/html/2007-10-28/el_sindrome_del_perro_del_hort.html

¹²⁷ The report "The indigenous world 2010" published by the International Work Group for Indigenous Affairs, based in Copenhagen, gives many illustrations of more or less discriminatory policies towards indigenous populations, applied by practically all the governments of the region, even though in some of the countries, there has been progress with greater participation of indigenous population in public life.

In most constitutions, the State reserves the power to intervene on individual property rights including those of indigenous and community groups, in the name of “public interest” (or “national interest” or “collective well-being”). The problem is that no exact definition exists as to what exactly these concepts mean and finally they are simply adapted to governments’ criteria. In the countries with economies that are dependent on the extraction and export of natural resources, as in the case of the Andean countries, and regardless of the political orientation of the government of the day, the extractive industries are considered almost invariably as being “in the public interest”. This provides justification to the state to dispose of land on which individuals and communities have property or possession rights. However, the recurrence of “public interest” to back this justification has a weak legitimacy, among other reasons because the nature of the public interest is not obvious, on many occasions (or the opposite is evident, namely it is private interests not public). For this reason, extractive industries generate negative externalities usually environmental but eventually economic and also about quality of life of the populations in neighbouring zones and even in more distant areas.

5. Rural development approaches

As can be inferred from earlier parts of this chapter, the debate on the rights of peasants to their land and to its natural resources does not develop in a vacuum but refers either explicitly or implicitly to the question of whether or not they are capable of making the best possible use of their land (in other words, for the land to be profitable, efficient, competitive both nationally and internationally). This capacity is denied by those who believe that big is beautiful. On the other hand, the focus of what we could call the obsession with title deeds, in other words what the mystery of capital will reveal once the peasants have ownership deeds, promises more than it can really offer. It brings advantages with it but, depending on the economic and socio-political contexts, these may be outstripped by the risks of putting themselves on the land market in a weak situation opposite economic parties who are stronger. In the best of cases, granting property titles can be one of many other factors that contribute to making peasant land rights more secure. This debate is linked more to what we could call the discussion on economic development.

By contrast, the debate on land and territory, despite obvious economic implications, does not revolve so much around the advantages or disadvantages of one or the other but over the right to exercise control over physical, cultural and social spaces (territory) that go beyond the areas strictly used for production (land). Here the debate refers more to the theme of rights and of political and social democracy.

6. New rurality

With the extent and persistence of rural poverty – in 1994, 65% of the rural population of Latin America was poor and six years later in 2010, the figure was still 52.6%¹²⁸ – some of the concepts adopted/promoted by public policies for rural development as well as non-governmental organizations and development cooperation have been critically scrutinized. Moreover, the neoliberal policies which started in the 1980s and became widespread in the 1990s have led to an extension of both urban and rural poverty. In reaction to this, new approaches emerged which questioned the old assumptions and practices and posed the need for a more holistic perspective¹²⁹.

From a review of literature dealing with rural and agrarian issues, Sergio Gómez summarises, in an overview, the comparison between the conception of rurality in its traditional version and what could be the “new rurality”. The former assumes that the rural population and the agricultural populations – those working in agriculture – are practically the same and are at the mercy of natural phenomena and cycles over which they have no control. A second feature of traditional rurality would be the low population density of rural areas, with one of the consequences being poor access to services and public goods, including education and health. Finally, this view values too highly the urban space considered the only possible way to prosperity. In contrast, the new rurality could be characterized by multi-activities in which families can be involved, diversity of occupations and a situation in which farming activity is but one of many economic activities, albeit a very important one. Rural areas are far from being simply agricultural; they also convey the trends triggered by globalization: corporate agriculture, agro-industry, tourism, leisure, etc. The urban-rural duality is more nuanced, emphasizing the many relations linking the two and configuring a continuum. The concern

128 ECLAC. *Statistical yearbook for Latin America and the Caribbean*, 2011. Santiago de Chile. <http://www.eclac.org/publicaciones/xml/8/45608/LCG2513b.pdf>

129 The new rurality “is inscribed in an intellectual movement that criticizes economic policies that are considered responsible for social and geographic inequalities in rural areas” Bonnal, P., Bosc P.M. Díaz, J.M., Losch, B. *Multifuncionalidad de la agricultura y nueva ruralidad. Reestructuración de la políticas públicas a la hora de la globalización?* Paper presented at the International Seminar: El Mundo Rural: Transformaciones y Perspectivas a la luz de la Nueva Ruralidad. Universidad Javeriana, CLACSO, REDCAPA, Bogotá, Octubre 15-17 de 2003. A modified version was published in Edelmira Pérez and María Adelaida Fara (Eds). 2004. *Desarrollo rural y nueva ruralidad en América Latina y la Unión Europea*. CIRAD-Pontificia Universidad Javeriana.

for the sustainability of natural resources and the environment is more prominent and in some ways the rural areas are re-valued.¹³⁰

An influential report by RIMISP (the Latin American Center for Rural Development) noted a series of weaknesses in the “old perspectives” of rural development which can be summed up as follows: (a) considering rural societies as homogenous, while they are heterogeneous and require for that reason differentiated policies.; (b) ignoring the multi-faceted aspects of rural poverty; (c) focusing on farming activity while rural families have a multitude of activities; (d) not intervening to correct the failures or absences of the market which are frequent in rural areas or even to mitigate some of these; (e) failing to articulate specific policies and actions for rural development with macro ones; (f) failing to recognize that markets and their agents weigh heavily on decisions that determine trends, opportunities and restrictions facing rural populations; (g) failing to consider agro-industry and other economic agents to disseminate technologies; (h) failing to tailor local possibilities and restrictions to policies; (i) finally failing to consider the possible positive effects of urban development on rural development.¹³¹

The new approaches do not opt explicitly for or against, small-, medium- or large-scale agriculture but accommodate these different types of agriculture. They accept the potential of family farming but in a diversified rural economy and as part of development that is inclusive, economically equitable and socially democratic. In the words of Caballero and Pérez:

“For an important number of poor peasants, commercial agriculture does not offer a viable alternative to lift themselves out of poverty (...) Diversifying the economy is very important in Latin America because it is the only way to match the increase in the rural population, to facilitate agrarian modernization by absorbing excess manpower resulting from this and to offer viable economic alternatives to a large number of poor peasants.¹³²

The focus of the new “rurality” breaks with the notion of the rural economy seen from a purely agricultural sector viewpoint and puts forward the need for intersectoral policies, diversification of economic activities in rural areas, the need for a more intense and articulated relationship with urban centres, agreement on objectives and actions with the different stakeholders and the search for territorial competitiveness. It considers productive agents - businesses, peasants, farmers and others –not as independent entities but as actors in an area or a territory, connected with multiple social, cultural and economic relations, which may be favourable or unfavourable to development in its different dimensions. Hence, the link between this approach and the proposals for territorial rural development as defined by Schejman and Berdegue: “We define rural territorial dynamics as a process of closely integrated productive transformation and institutional change of rural territories whose aim is the reduction of poverty and inequality”.¹³³ It is through the transformation of a territory that rural development may be possible and rural poverty resolved.

The territory is perceived as a “space for initiatives” by economic actors. The intention is for territories to be competitive and it is within this framework that the different parties, including small-scale farmers can find favourable conditions to lift themselves out of marginalization and poverty.

It is a challenge to sum up in a few lines the conceptual complexity of the “new rurality” and of “rural territorial development”. However it is worth highlighting the critical comment by Bonnal et al because it questions the capacity of these approaches to really deal with rural poverty. The nature of the market economy, particularly in the context of globalization means that:

“the rules of the game are not the same for all territories and the inequalities are reinforced by the processes of delocalization of investments and of productions toward zones that are more attractive [...]. The question of marginalized groups is globally ignored in the interests of identifying the most attractive and dynamic territories.”¹³⁴

130 Sergio Gómez. 2002. *La “nueva ruralidad”. Qué tan nueva?* Universidad Austral de Chile.

131 Alejandro Schejtman and Julio A. Berdegue. 2004. *Desarrollo territorial rural*. Santiago de Chile, RIMISP.

132 Antonio Pérez and José María Caballero. 2002. *La nueva ruralidad en Europa y su interés para América Latina*. World Bank and FAO. pp.10-11.

133 Schejtman and Berdegue, *op.cit.* p.21

134 Bonnal et al. *op.cit.* Schejtman and Berdegue themselves underline the limits of the proposed rural territorial development as a recipe that can be general applied to establish a typology of territories, from those that are the most advantageous for such a development to those where it is impractical.

V. Concluding considerations

Land grabbing is a recent and accelerated process for states to acquire large tracts of land for agriculture – eventually with the intervention of transnational corporations – for the purpose of guaranteeing, for the buying state, the supply of food or agrifuels or for speculation. This has happened above all in Africa, in some countries of Southeast Asia and in Brazil and Argentina. This is not the same as what is being witnessed in the “new” land grabbing in the Andean countries, where the main parties are domestic investors. An exception is Bolivia, where Brazilian investors play a leading role but without the intervention of the Brazilian State and in a dynamic and flexible interaction with the local elites.

However, in the 1990s, within the framework of the neo-liberal policies, the four countries in question – Bolivia, Colombia, Ecuador and Peru -- brought their agrarian laws into line with the new investment trends in this sector – large-scale production, mainly for export, of soybean, high value added foods (fruit and vegetables) and agri fuels. Later changes to the legislation inspired by non-liberal trends did not manage to change this reality. This too helped weaken the peasant movement.

Furthermore, as global competition for underground resources (mainly minerals and hydrocarbons) intensified, states have been awarding the rights over wide tracts of earth to the extractive industries, superimposing them on the rights of local populations. The most vigorous rural social movement of the moment is the one that challenges both the violation of its rights over natural resources and the negative environmental impact of the extractive activity.

This mechanism of “capitalist modernization” of agriculture has several inconveniences, some general and others that vary according to the specificities of the different countries. Among the former is the consolidation and extension of the unequal distribution of land, in countries where already there was a large degree of concentration of property (except in Peru which abolished the latifundio under the agrarian reform). These companies frequently exist as enclaves, thus limiting the spread of modern productive techniques; when they work with family producers (for example in the case of contract farming), the asymmetrical relationship may reduce the potential advantages and on the contrary may increase incertitude. To the economic weight of these companies is usually added their power to influence local authorities, thus weakening local governance. The companies generate salaried work and contribute positively to the displacement of pre-capitalist labour relations. However, working conditions are usually below urban standards, with women being particularly affected.

Nowadays the question of land in the Andean countries is thus, to a large extent, the one posed by a modernization based in companies that control large tracts of farm land and also by the concession of land by the state to the extractive industries. Different topics that are being discussed are linked to these trends, in particular the advantages and disadvantages of large farms as opposed to family farms; the large agricultural business and rural territorial development; the difference between land rights and territorial rights; and, in relation to this, the rights established by the state and the customary rights of the indigenous populations and the possible clash between these rights and the public interest.

The many facets of the land grabbing process and its important economic and social impact merit a continuation of the discussion, and we trust that this chapter has contributed to the debate.

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Chapter V:

Land market dynamics in the Mercosur countries and Chile: a critical analytical overview

Martine Dirven*

Summary

The five countries of the southern cone of the American continent have regions exceptionally well suited for agriculture. In the last few decades, land used for growing certain crops has increased exponentially. These crops include soybean, wheat and maize but also industrial forestry and, in several areas, livestock farming (cattle and sheep) as well as conservation activities. The case studies conclude unanimously that there has been strong concentration of land in the period of study and a foreignization of large tracts of land. In all of the countries, there have also been notable price rises, especially for the purchase and sale of large properties. These dynamics together with the region's role in supplying food globally mean that the issue of land tenure is again on the agenda for discussion, this time related to topics of value chain organization, geopolitical and environmental topics as well as indigenous rights and the potential for land grabbing (which also includes grabbing other resources such as fresh water basins and mineral resources). Opinions about these processes range from unreserved approval to complete rejection of the processes and they are often aligned with political affinities and by socio-economic group, influenced no doubt by almost three decades of neo-liberal policies.

I. Introduction

This chapter is a summary of a cross-analysis of the case studies which were undertaken in Argentina, Brazil, Chile, Paraguay and Uruguay and which FAO's Regional Office for Latin America and the Caribbean had commissioned for presentation at a workshop on "The dynamics of land markets in Latin America" (November 2011) as part of the project of the same name. This project stemmed from similar studies on "land grabbing" in Africa and Asia.

The project focuses on the following questions: what is the impact of the on-going processes of land concentration on agricultural land? What is the impact of foreignization processes on this land? Why? For whom? Is it possible or even necessary to restrain these processes? These questions and the answers to them need to be placed in the prevailing politico-economic model and the associated set of values and beliefs. In effect, the neo-liberalization and globalization processes of recent decades in each of the five countries, with their different nuances, have influenced legislation and the manner in which politicians, civil servants, members of the different agricultural unions and citizens in general consider and react to the agricultural land market and to recent trends towards concentration and foreignization. Depending on the position on the left-right political and ideological spectrum, land is considered as a public or social good or as any other asset. In both cases it is considered as finite, in the face of an increasing demand for its agro-food, agro-industry, environmental and also tourist services. This position and the socio-economic context lead to an examination of these on-going processes; they range from total disapproval to total approval. In the latter case, these processes are seen as part of progress, understood as improved production and productivity as well as better export opportunities. Finally as part of this positioning, questions or statements arise about what type of country and/or society is being sought. One based on family farming, preserving a peasant culture, and which aims to be more egalitarian? Or one based on mono-crops, highly mechanized and with a less tightly knit social and cultural fabric? And with possibly less attention to the environment and the productive quality of the land over the longer term?

There are other questions that were not raised in the case studies but which are emerging in the comparative analysis. At what point, does the process of land concentration or foreignization become excessive in a region where the Gini indices for land tenure are already among the highest in the world (ranging from 0.80 to more than 0.95) and where the processes of colonization have been occurring, to a greater or lesser degree, over

* Of Belgian nationality with a License in Applied Economics and a Masters in Development Planning, Martine Dirven has worked with the United Nations in different positions and in different countries and also in ECLAC (Santiago, Chile) in the Agricultural Development Unit, which she headed, until 2010. mdirven@mi.cl

more than 500 years, with a new impetus some 100 years ago and now again today? Does Mercosur with its laws and regulations play a role, not explicitly foreseen, in the cross-border foreignization that can be observed today? Or, rather is it due to the values of land what have not yet converged? Or is there a necessity to have more land than is available in the country of origin to respond competitively to the mode of organization and of prevailing global value chains?

Finally, does the fact that the countries in question have particularly favourable conditions for agricultural and livestock production, confer on them special responsibility and a primordial role in providing food for the world's population (seen as an ethical consideration and not one of economic production)? This brings us back to the topic of land as a public good but not as a public good for a particular country or society, but one with an ethical responsibility for humanity (see also ECLAC/FAO/IICA, 2010).

In several countries of the region including those being analysed in this chapter (for example, Chile and Uruguay), there have been strong incentives to reforest for productive purposes and/or for a more productive use of agriculturally marginal lands. Though these policies have been very successful from the productive point of view, - at the primary and industrial levels and also for exports, the question that is raised is why give subsidies or tax breaks to the forestry sector over and above other productive activities in marginal areas, be they agricultural or not, for export or not.

During the workshop, other questions (or rather doubts) were raised, amongst others, about the possibility that the purchase of large tracts of land in the frontier areas of the Andes between Chile and Argentina by foreign companies or foreign entrepreneurs, with the declared aim of protecting the environment, concealed water- or glacier-grabbing intentions.

In addition to the summary and the present introduction, the current chapter is divided into five sections: 1) a summary of facts; 2) a theoretical overview of two topics of the analysis of particular relevance in the context of the discussion : economies of scale in agriculture and marginalization of small farmers when land prices rise; 3) an attempt to respond to some of the questions posed earlier; 4) some additional facts and comments which were not included in the third section; and, 5) conclusions relating to what has been observed with regard to concentration and foreignization - much of which involves citizens or companies in the neighbouring countries - and a sense of the purchase negotiations or other arrangements with governments of countries with a shortage of agricultural resources¹³⁵. While they cannot correctly be assimilated to "land grabbing" with the pejorative connotations of the term, they constitute nonetheless a potential loss of sovereignty over decisions as to the productive use of the land as well as so many other forms of unrestricted ownership of land.

II. Overview of developments

Undoubtedly, the topic of land tenure and land use continues to stir up arguments and opposing positions and the language used shows how emotionally charged is the topic. Thus, while FAO/RLC used the neutral term "dynamics of the land market" for the set of seventeen case studies in Latin America and the Caribbean in 2011, civil society or the media prefer to use expressions such as "land grabbing" as do Borrás and others (2012) in their analysis of the same seventeen case studies. Our opinion is that in the five countries studied, the majority of transactions seem to take place with the consent of both parties¹³⁶. For that reason, in the text that follows, the terms "concentration" and foreignization" will be used.

The statistics show that worldwide around 50 to 80 million hectares of land are being negotiated or have been transacted by governments and private investors. On average, this is equivalent to ten times the amount of land transacted in the previous forty years (for example, see the High Level Panel of Experts, 2011 p8 and IDS, 2011 p.1).

The countries of the southern cone of the Americas stand out because of their suitability for agriculture. The case studies conclude unanimously that, in the past decade, there has been a strong process of concentration and foreignization for larger tracts of land. In addition, the studies highlight that an important proportion of land that was foreignized is located in the border areas. This has attracted the attention of different parties who generally are not involved in discussions regarding land tenure such as the armed forces or political groups not directly concerned by agricultural or environmental topics, nor by indigenous rights. In all of the countries, land prices have increased significantly, especially for the purchase and sale of large scale properties. The process of land concentration in the case of Argentina can be seen from Graph 5.1. This is perhaps the clearest and most rapid case (at least for farms of up to 5 000 ha), seen in data of more than ten years.

¹³⁵ See Chapter 1. For an overview of on-going negotiations or initiatives that present potential instances of land grabbing in the Mercosur countries.

¹³⁶ This is not to ignore the social movements and the demands of peasants, ethnic groups and others. However their demands usually go beyond, and are generally not linked to, specific transactions; while pure and simple evictions do exist, these are not common today in the region.

These processes have occurred simultaneously with other important changes in land use and regional movements, encouraged strongly in Argentina, Brazil and Paraguay by the increase in the area for soybean and in parallel in Brazil for sugar-cane, by a displacement and intensification in livestock farming, while in Argentina and Brazil, but above all in Chile and Uruguay, there has also been an increase in forestry plantations. Map 1 shows the extent of the changes in land use in Brazil between 1996 and 2006, though it is probable that Brazil is the most extreme case of the five countries being analysed.

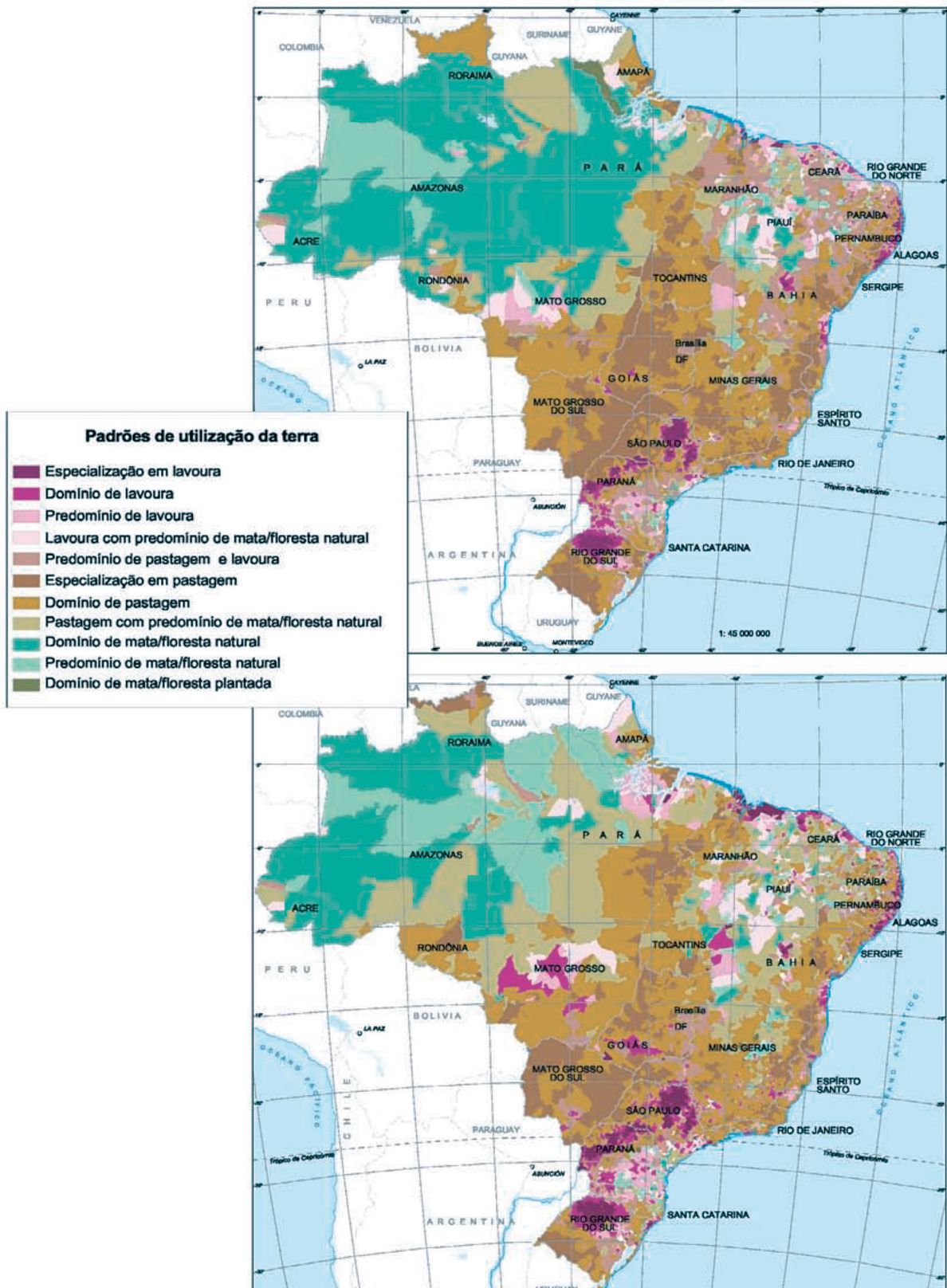
Graph 5.1. Argentina 1998-2000. Intercensal changes in the number of farms, according to size (by stratum and in percentages)



Source: Sili, Marcelo and Luciana Soumoulou (2011): *La problemática de la tierra en Argentina - Conflictos y dinámicas de uso, tenencia y concentración*, FIDA/Cooperación Italiana/ Ministerio de Agricultura, Ganadería y Pesca de Argentina.

Contrary to what one might think intuitively as well as to the views of many authors including those of the case studies, the results of the respective agricultural censuses show that, in Argentina and Brazil, there has been a decrease in total agricultural area (respectively -0.4% and -0.7% on average per year), and an increase in Chile, Paraguay and Uruguay, respectively 1.2%, 1.9% and 0.3% on average per year (see Table 1 in annex).

Map 1. Brazil: changes in land use between 1996 and 2006



Source: IBGE: Agricultural census 2006

III. Overview of the theory of economies of scale in agriculture

In their landmark article, “Why are farms so small?”, Johnson and Ruttan (1994) question why the process of mechanization in agriculture has been less widespread than in industry¹³⁷. They explain this by: a) more mobile and more dispersed manpower and machinery, which makes supervision more difficult and more costly and forces workers to take decisions on their own without consultation; b) the need to follow the biological cycle and the sequence of tasks, which makes specialization difficult if not impossible.

In the discussion of economies versus diseconomies of scale, they remain neutral, as do some more recent studies,¹³⁸ although in the 1960s the quasi consensus prevailing in academia was that of diseconomies to scale in agriculture. This served as one of the arguments in favour of agrarian reform.

With regard to the limit on farm size, Johnson and Ruttan (1994) revert to the conclusion of Brewster (1950)¹³⁹ that, under neutral conditions of scale, there would be no advantages in expanding operations beyond the capacity of the owner-operator; and, following Hayami and Ruttan¹⁴⁰, consider that the relative costs of production factors (labour versus machinery) affect the extent to which they are used and, at the same time, could influence the size of the farm. Nevertheless, they recognize that there are external economies of scale, namely greater advantages for large farms when buying inputs, selling products, accessing credit, etc. These factors would explain the trend in the increases in the scale of production in developed countries. In Latin America, several factors (some of which are shortcomings in education and consequently in management capacity, in information, in access to credit, quality land, water and irrigation, etc.) would explain that – in almost all farming areas – average yields per hectare are lower in smaller farms¹⁴¹. In Chile, through a system of equivalences (basic irrigated hectare¹⁴²), the differences that can be attributed to the quality of land and access to irrigation are neutralized. As can be seen in Table 1, average yields still increase progressively according to the size of the farm.

On the other hand, in 2006, the gross production value for family farms in Brazil was on average more than one third higher than the average obtained for the rest (respectively R515 per hectare versus R322 per hectare)¹⁴³.

Table 5.1: Chile 2007: Average per hectare yields per farm size, measured in basic irrigated hectares.

	Up to 2 basic irrigated hectares	2-12 basic irrigated hectares	12-60 basic irrigated hectares	60 and above basic irrigated hectares
Wheat	2.7	4.6	5.4	6.0
Maize	7.5	9.8	10.8	11.7
Beet	69.1	71.6	78.5	82.5

Source: Echenique (2011), based on a study by FAO (2009)¹⁴⁴ and data from the National Institute of Statistics.

The apparent contradictions shown above may be explained by the more intensive use of the land by the small-scale farmer, with less land lying fallow and using crops that are more profitable. In the case of Brazil, in recent years, small farmers sell to the Government which offers them advantageous conditions. In all events, given the importance of the subject, it is worth using recent data to further deepen our understanding of the issue.¹⁴⁵

137 Apart from the case of Jari in Brazil, all the cases studied by Johnson and Ruttan had less land than the current pools in Argentina (600 000 hectares). See following sections.

138 See for example, The High Level Panel of Experts (2011)

139 Brewster, John. 1950. The machine process in agriculture and industry. *Journal of Farm Economics*. Vol. 32, No.1

140 Hayami, Y and Ruttan, V.W. 1970 and 1985. *Agricultural development: an international perspective*.

141 ECLAC. Internal document of the Agricultural Development Unit, by Mónica Rodrigues, based on the Agricultural Census in several countries

142 Area equivalent to the potential production of 1 irrigated hectare (Class 1) in the River Maipo Valley.

143 See Ministerio de Desarrollo Agrario. *Agricultural familiar no Brasil e o census agropecuário 2006*. Nonetheless, Mónica Rodrigues concluded that the difference between large-scale and small-scale farms in Brazil was higher for the Gross Production Value than for yields (per hectare cultivated with the same crop). This was attributed to disadvantages in commercialization (internal document, Agricultural Development Unit, ECLAC).

144 FAO. 2009. Evolución de la agricultura familiar en Chile en el período 1997-2007. Santiago de Chile.

145 The High Level Panel of Experts (2011, p. 33) circumvent the issue, by concluding - after reviewing the arguments of proponents and detractors of small-scale versus large-scale agriculture - by saying “Because of the large variation in farm types, false dichotomies between small and large-scale should be avoided”.

1. “Eviction” of small farmers through increased land prices

In interviews undertaken in Chile, we have found that an overwhelming majority of rural inhabitants (young and old, men and women) believe that it is a form of progress to leave their own farms to go and live in the town and work for a wage.¹⁴⁶

Soto (2005) explains that, from a strictly economic viewpoint, the price of buying/selling land is (or should be) equal to the future revenue flows that the use of the land can generate. For that matter, a more efficient farmer will be able to pay a higher price for a given piece of land (the same reasoning applies to renting or the use of land for non-agricultural purposes). The difference between the higher price that the bidder can pay and the intrinsic value of the land for the current owner may cause the latter to sell (or the tenant to stop renting)¹⁴⁷.

Explaining the buying and selling of land using economic theory does not mean ignoring the many instances in which coercion, violence and illegal acts are used to appropriate land improperly for agricultural purposes. Nor does it mean ignoring that rural people have values associated with landownership, which are not merely economic, or that the free market system together with strong inequalities and an elitist political system leads to a situation where the powers that be go against the small farmers, including in countries such as Chile and Brazil where over many years there have been policies and programmes to support the small farmer. Nor does it mean that we do not regret the disappearance of more traditional or more balanced ways of life. However, to present buying and selling of land through the lens of expulsion and dispossession as Borrás et al (2012) have done, as well as other peasant farmer movements and much less strongly some of the case study authors, seems to us a misrepresentation of the facts.

IV. Some questions and answers using information from the case studies

a) Do the processes of land concentration matter?

The neo-liberal model is at the basis of current processes of land concentration, with its open economies and where agriculture is directly linked to external markets, in all their complexity and with their requirements of large volumes and competitive prices. In the Southern Cone, on-going transformations are essentially driven by the dynamics of some large agricultural and forestry commodity markets, by quality requirements (including homogenous presentation, compliance with private sector and traceability norms and standards) and delivery capacity (including cash flow and payment terms). In addition, buyers (large retailers, supermarkets, agro-industries, exporters) seek to lower transaction costs, putting pressure on concentration, even in areas such as market gardening and traditional small-scale agriculture. On the other hand, the transition from commodity crops to differentiated product ranges, such as coffee for example, has had an effect of de-concentration of production.

The reasons for acquiring and accumulating land can be categorized as being: a) capital from the agriculture sector itself¹⁴⁸, both domestic and foreign, either driven or stimulated by the new competitive environment and by consolidation, especially in Brazil and Argentina, which are major global suppliers of several of the main agricultural commodities; (b) capital that has synergies or is convergent with the primary farming sector, including non-traditional agro-industry capital (e.g. petrochemical industry, car industry, logistics with biofuels); (c) as a response to better land use and the prospects for agriculture (stimulating firms that provide services for fencing, building, electricity, soil preparation, land sales as a turnkey project); (d) investment funds attracted by the prospects of improved returns on land, among others, because of the trend for increased prices of agricultural commodities; (e) states or companies of countries, rich in capital but poor in natural resources, which are seeking to guarantee the supply of food, raw materials and energy; (f) investments related to environmental incentives; and (g) mining and oil prospecting companies (in Brazil and Argentina in particular because of the laws that give them priority on the use of the land). Many of these investments relate to private and/or public capital, of either national or foreign origin. Increasingly, there are also mixed formulas, where, in many instances, the national entrepreneurs are only the visible part of the foreign investment (based on Wilkinson and others, 2011).

¹⁴⁶ It should be taken into account that Chile is one of the countries where labour and social laws are usually respected (see, FAO/ECLAC/ILO, 2010) and that, depending on the region, poverty indices for rural wage-earners can be lower or higher than those for self-employed farmers.

¹⁴⁷ In terms of profit - again seen purely in economic terms and with the awareness that both parties are part of an economic system that tends towards concentration, at any cost -- even if, on the one hand, the purchaser probably bought at a price equal or below that of the expected future revenue flows, the seller, on the other hand, will have to try to obtain - in another activity or another farm - an income stream equivalent to what he has lost through the land sale.

¹⁴⁸ In Argentina, many important domestic entrepreneurs of the new business model come from agro-industry families but not from traditional landowners; many even began with little or no property. In Chile, some important economic groups (several who started in mining) switched to agriculture a hundred years ago.

Argentina, with its *pools*, is a case apart. The pools are innovative arrangements that bring together land, capital and human resources, through tenure and/or ownership of land and based on a technological package of modern machinery, biotechnology, agrochemicals, digital systems and specialists in the selection of fields, production, management and commercialization. The pools can be created as trusts or, in their most basic version, they are informal associations between the landowner, the contractor and an agronomist. They range from family businesses to large transnational corporations and use a variety of contractual arrangements, with varying degrees of integration along the product chain. What is important to note is that the processes of accumulation are not necessarily evident through landownership but through leasing, capital concentration and expansion of the pools. As a result, a high percentage of the economic activity in agriculture in Argentina is controlled by a small number of companies. In 2001, 46% of the area of the pampas (31 million of hectares) was farmed in mixed mode by a combination of landowners, tenants and contract farmers. In the province of Buenos Aires, in particular, there is an increase in the number and size of properties of over 1 000 hectares. In addition, processes of land concentration are greater in foreign companies and joint ventures than in domestic ones. This has led to controversy and draft legislation. On the other hand, leasing allows small- and medium-sized owners to keep their property as “mini landlords” (Murmis and Murmis, 2011).

The model of the *pools* has been extended to other countries of the region, introduced by Argentinian companies or those that try to emulate them. Piñeiro (2011) stresses that an analysis of land concentration in Uruguay must include all forms of tenure, particularly for rainfed agriculture (soybean, wheat, corn, sorghum, sunflower, etc.). Companies typically buy land, establish the operational base and machinery on their property, work the land they own and lease surrounding plots of land. This allows them to reduce the amount of capital invested in land and at the same time ensure their own production. Large enterprises have repeated this strategy in different areas and thus have reduced their exposure to climate risks. From the interviews, it would seem that farmers and livestock ranchers in western Uruguay, where the best lands are to be found, are leasing their land to investors, generally Argentinians; they themselves then rent pastures for cattle (at a lower cost) in other regions and move their herds there. It is possible that the same rationality operates in the buying and selling of land.¹⁴⁹

Chile is the only country where there has been a drop in the number of farms in all categories of sizes which were analysed; the larger holdings (2 000 hectares and above) have been the only ones where total area increased between 1997 and 2007 (from 16.0 to 20.7 million hectares – out of a total agricultural area of 26.5 million hectares according to the census in 1997 and 29.8 million hectares in 2007 census). However, Echenique (2011) warns that the perception of high concentration of land should be nuanced because around half of the farms of more than 2 000 hectares are located in the extremes of the country where the land is of low agricultural value and where forestry is difficult. On the other hand, the 2007 Census highlighted that there were 242 000 holdings of less than 12 basic irrigated hectares (the threshold to be considered ‘small farmer’ and beneficiary of INDAP – the Institute of Agricultural Development). Only 25,000 farms were above this threshold and they control 80% of the agricultural land in the country and also 80% of irrigated land. Despite these figures, land concentration has not been the subject of recent public debate. One partial explanation is the participation of large economic groups in this concentration, their powerful vertical integration (from genetics and the production of inputs, to the distribution systems and the end markets) and their economic power in other areas, including the media.

More blatant processes of concentration and foreignization are probably more evident in Paraguay not only in recent decades but also throughout its history. Galeano (2011) describes the vagaries of land tenure in Paraguay, and concludes that nearly all the Governments – since the mid-19th century – encouraged large properties and foreign capital investments, with the exception of the social-democratic regime (1936-37) which sought to push through an agrarian reform. In the 1960s and 1970s, through the expansion of agricultural frontiers, some 120 000 peasant families settled in the central areas of the country and in the areas along the borders with Argentina and Brazil. However, they quickly faced socio-economic breakdown. It is against this historical backdrop that, between 1991 and 2008, the Gini index increased from 0.91 to 0.93. Nonetheless, in 2008, farms of less than 50 hectares continued to produce a high proportion of food for the domestic market.

Beyond the concentration of land for different productive purposes (and its potential consequences such as large-scale monocrops and the loss of the cultural and social fabric) there are other on-going concentration processes linked to the management of natural resources – including those that are especially sensitive such as biosphere reserves, fresh water resources and mineral resources (See chapter 1).

With these large-scale purchases, there have been several cases of peasant farmers who have been evicted from land they have occupied for years or where they have been literally entwined (even including some small urban concentrations) in these new large farms in which the status of peasant farmers is often unclear with regards to their rights and their future. This has been the case in land destined for environmental conservation in Chile as well as in the Amazonia in Brazil.

¹⁴⁹ The same situation apparently exists in Chile where land is sold for real estate around Santiago; the seller then relocates to the south to a larger area and/or a higher return on production (from a conversation the author had about ten years ago with Manuel Peñalillo, who was then President of the Confederation of Cooperative Farmers, Campocoop).

These processes take place in a framework of laws and regulations, which range from explicit upper and lower limits on the size of farms to intermediate situations that seek to limit the size of farms, especially those in the hands of foreigners, and to situations where there are no restrictions of any kind whatsoever. However, as is well known, the existence of legal frameworks does not ensure compliance with the law. On the other hand, there is a wide range of public policies and economic incentives to encourage specific productive activities that, “ultimately, mean a transfer of public resources to third parties”. (See Chapter 1). Some of the policies cited in the case studies include irrigation in Chile, afforestation in Chile and Uruguay, crops for renewable energies, such as sugar cane and others, in Brazil. Reforestation incentives, in particular, have had a major impact on both concentration and foreignization. We will return to the subject of forestry development and its consequences below.

For now, these processes of concentration and foreignization have not produced a decrease in domestic production – instead, they have had positive consequences on production, productivity, exports and “modernization”, – but they have changed the mechanisms of access to food and reduced the products for self-consumption (Murmis and Murmis, 2011). Likewise, they have modified human settlements (increased urbanization), productive and consumption supply chains (fewer local chains), labour markets (less work per hectare but more highly skilled and better paid work) and several other parameters that are sensitive for specific population or interest groups. Among the negative consequences of land concentration, Sili and Soumoulou (2011, diagramme p. 35) have mentioned: devaluation of the rural space as a way of life, reduction in productive diversity, lack of employment opportunities, decrease in local consumption, deterioration of infrastructure and decline in services, and in the end, a general impoverishment in the broad sense of the term.

Finally, it is necessary to stress that, because of the census definition of “agricultural settlement” as having various plots located within the boundaries of one administrative unit (province, municipality), in all countries the size of many larger settlements are underestimated.

b) Do the processes of foreignization matter?

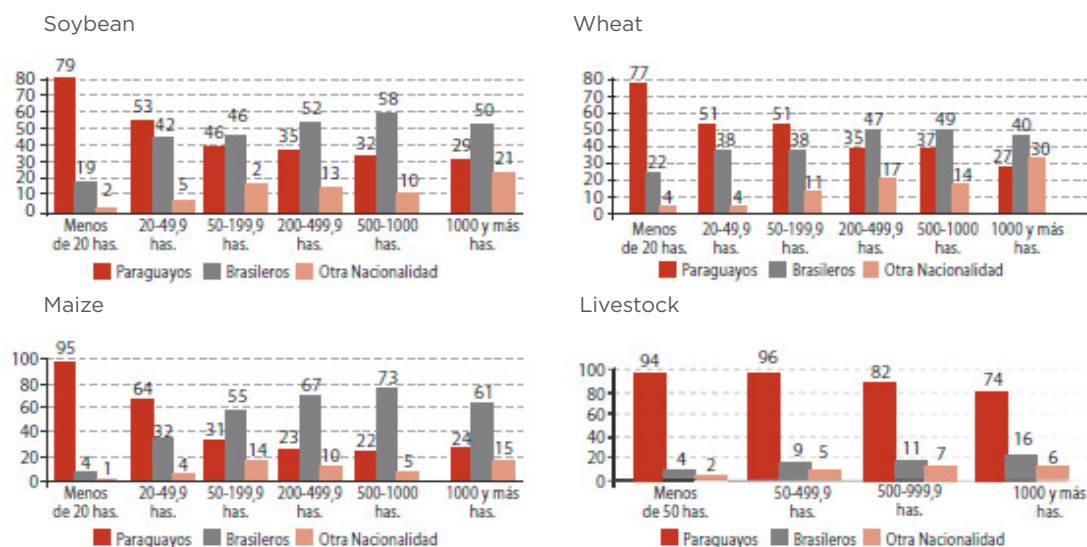
As already mentioned, Paraguay is the country where foreignization of land is most evident. With the process of disposing of federal land that started in 1881, the two largest properties were owned by foreign capital. An Argentinian firm owned 5.6 million hectares in El Chaco and an Anglo-Argentinian company has 2.6 million hectares in the Eastern Region. By contrast, peasant farming families started to complain since they faced increasing difficulties to ensure basic living conditions, especially in densely populated rural communities.

Both Galeano (2011) and Piñeiro (2001) highlight the differences between the recent phenomena and the immigration of Brazilians to Paraguay between 1960 and 1970 and that of Europeans to Uruguay at the beginning of the 20th century. In both cases, the immigrants then were essentially family farmers who had settled to work the land with their families in small- to medium-sized farms. In Paraguay, already in the 1980s, family farming by Brazilians and “brasiguayos” had lost importance to medium- and large-scale agricultural companies, some of which were transnational, and which concentrated on soybean production with wheat and corn production as a complement, together with livestock farming. In some cases, the farms covered 50 000 hectares or more, with extensive land clearance and intensive use of chemical inputs. The result of all these processes was that, by 2008, several crops were controlled by foreigners in the large farm category (50 hectares and above in the case of soya and maize, and 200 hectares and above in the case of wheat); and Brazilians predominated (see chart 2). The case of soybean, with 64% of the total 2.5 million of hectares in foreign hands, is particularly striking. Some of this accumulation was done through intermediaries – mostly Brazilians, with or without the help of Paraguayan intermediaries – who buy lands adjacent to one another until they have sufficient to constitute a farm of the dimensions demanded by investors, who are also mostly Brazilians. On the other hand, Paraguayan producers dominate in livestock farming for all farm sizes.

At the same time, the Brazilian Government is intervening actively in Paraguay, providing advice to the Government (as it does in Bolivia) on the development of a land registry. In addition, the Brazilians who have rented or bought land in Paraguay can receive technical assistance for farming and livestock production from Brazilian state agencies.

It is striking that, given the preponderance of Brazil in the processes of foreignization, Wilkinson and others (2011, p. 28) devote only one sentence to it: “Brazil, in turn, moves beyond its borders and progresses strongly in neighbouring countries, namely Paraguay and Bolivia in the case of soybean, and in Uruguay rice”. On the same page and on the next one, the authors mention briefly the investments for the production of sugar cane and the export of ethanol in Africa and Latin America as well as a globalized meat company, which included production contracts and land purchases made abroad.

Graph 5.2. Paraguay 2008: Foreignization of agricultural production (% of hectares cultivated by nationality of the producer and size of farm)



Source: Galeano, Luis (2011): "Dinámica del mercado de la tierra - case of Paraguay". FAO/RLC.

In contrast, in Brazil, after several years without restrictions, since August 2010 "Brazilian companies where foreign individuals or companies have majority control, will have their acquisitions of rural real estate audited"(Wilkinson and others, 2011, p. 5). In addition a series of restrictions will be enforced regarding the use and size of these purchases, amongst others, if there is evidence of land grabbing by countries in Asia and the Middle East, including Japan, which leads the initiative to promote Responsible Agricultural Investment. Moreover, Japan also collaborates with Brazil in an ambitious programme to occupy agricultural frontier land in Africa, particularly in Mozambique, which is similar to its role in the development of the Cerrado of Brazil.

Between 1998 and 2010, the number of properties in the hands of foreign individuals increased in the northeast, southeast and mid-west of Brazil and fell in the north and south. However, for the country as a whole the trend in number of properties in the hands of foreign individuals was lower. Among foreign individual, livestock farming prevails, while among legal entities permanent agriculture prevails.

Additionally, 30% of the properties (15% of the area) in the hands of foreign entities are not for a declared productive use. Despite the above, in 2010, only about 34 thousand rural properties (0.7% of the total) belonged to foreign individuals or entities, in total an area of 4.3 million hectares (1.5% of the total). Currently, three main types of foreign interests are emerging: North American farmers, especially in the State of Bahia, and specialized firms that foster this migration; land grabbing in negotiation with China in 2010 - through a Chinese state company - of 100 thousand hectares for soybean crops in the State of Bahia; Argentinian *pools*, essentially through leasing, for the production of soybean in the Cerrado, (Wilkinson et al., 2011).

In the same way as Argentinian investment abroad tends to be mixed, so are foreign investments in Argentina with the participation of national capital and a mix of owned and leased lands. However, there are marked differences between the national pools, which resort more to leasing, and foreign pools, which resort to a greater degree, or even exclusively, to landownership (up to 600 000 hectares per company with a combination of purchased and leased land, in the Pampas). Recently, for the reasons mentioned at the beginning of the previous section, both foreign individuals and companies have also bought land for livestock production, agriculture, forestry and mining, for ecological and conservation purposes as well as for residential and tourism ones.

Beyond the variety of motives, products, inter-enterprise relations, etc., there is a tendency for agricultural enterprises, especially in Argentina, to associate themselves with different types of international finance, including capitalization with foreign funds. As enterprises grow, arrangements originally based on operations by networks of producers are being replaced by financial and commercial integration, at both the national and international levels, and linked to the purchase of land in neighbouring countries, namely Paraguay, Bolivia, Brazil and Uruguay. On the other hand, an agricultural variant of a traditionally real estate activity has appeared, whereby an English real estate company, through an Argentinian counterpart, buys land on behalf of European investors and manages the land for them. Murmis and Murmis (2011) analyse these mechanisms in the section of their report which is entitled: "Diversity from abroad".

To limit foreign ownership in Argentina, a draft law has been drawn up¹⁵⁰. This would extend existing restrictions in allocating government land in frontier areas to citizens from neighbouring countries. The Law also includes the development of a national rural land registry, since there is a lack of centralized and systematized data on landownership by foreigners in Argentina. Current estimates of foreign ownership range from 8% to 15% of total agricultural land¹⁵¹. The lack of clear regulation and the weak implementation of existing laws have enabled international investors to buy large tracts of land along the border areas, acquired with or without Argentinians. It is estimated that, between 2004 and 2010, land belonging to companies with mixed Argentinian/foreign capital has increased by more than 100%. Several investors with global fortunes have bought large tracts of land, in the Andean regions along the border. With the exception of Benetton, these purchases do not appear to have a clear productive objective (Murmis and Murmis, 2011). From the location of the land and its features, it is possible to imagine that there are “water-grabbing” or “glacier-grabbing” intentions behind the declared conservation objectives on both the Chilean and the Argentinian sides of the frontier.

In Argentina, provincial governments are in charge of jurisdiction and regulation of state-owned lands as well as for their management and adjudication (1994 Constitution). Some of them restrict landownership by foreigners (including Rio Negro in 2010 and previously San Luis¹⁵²). Nevertheless, land-grabbing by foreign states requires new policies and procedures. Currently, the central government and some provincial governments have taken the stance of refusing to sell state-owned land to foreign governments (Murmis and Murmis, 2011). Both Argentina and Brazil are currently in negotiations with foreign governments – or with the institutions and companies representing them – and there are promises of contributions and major development projects, through arrangements with local institutions. Therefore, it is not obvious that they can reject them, especially when the regional governments (and municipalities) have important shortfalls in infrastructure (roads and irrigation), technology and training, the very shortfalls that these arrangements are addressing. The question is if, in addition to appropriate productive conditions, they have been chosen for their weak regulations and negotiating capacity?

OECD (2003) ranked Chile as one of the countries most open to foreign investment, though only 6.6% of the capital that entered the country between 1974 and 2009 was destined for the agri-food sector, and of this, only 6% to agriculture per se. In other words, it was a very small part and was not necessarily used to purchase land. Chile would have invested more in other countries in the agroforestry sector and related areas than vice versa. Countries and sectors receiving inward investment from Chile in the forestry sector include Brazil, Argentina, Uruguay and Mexico, the coast of Peru and the north of Mexico for the fruit sector, and Argentina for the wine sector. This internationalization is explained by the loss of returns on investments and limited national resources, by the stimulus from economic reforms in these countries, and by the replication of activities developed successfully in Chile. The shortage of available land in Chile to produce staple foods and the need for irrigation, limiting the growing area to about one million hectares, which are already used for intensive farming, would explain why there is no evidence of land grabbing. In addition, as we shall see later, the price of land is relatively high and, despite being open to foreign investment, there is no public provision that encourages these operations (Echenique, 2011).

In Uruguay, between 1970 and 2010, foreigners owned between 4% and 8% of the farms and between 8% and 10% of agricultural land. In the past decade, Uruguayans have lost control of around 1.8 million hectares. Similarly, Brazilian landowners lost some 100 000 hectares while Argentinian landowners have had a net gain of 40 000 hectares. The rest went to «purchasers who are not individuals», i.e. different types of companies with no indication as to nationality. Therefore, it is not possible to respond in a conclusive way to the question as to whether or not there had been a process of foreignization of land. However, the perception of stakeholders and scattered information suggest that there has been an intense process of purchasing and leasing of land by foreigners. Currently, at least one million hectares are in the hands of a dozen companies, all of them foreign. This has been an important reversal in the history of agriculture in Uruguay. The two largest landowners are two foreign forestry companies, with nearly 200 000 hectares. One is constituted with Finnish, Swedish and Chilean capital and the other with Finnish capital. With regard to land grabbing: «the answer depends on how to interpret the definition since several conditions are met. There have been many purchases of land of more than 10 000 hectares. We know that, in several cases, the buyers have been foreign. Regarding land use, we also know that a considerable part has been devoted to afforestation, but that another part (perhaps the biggest) has been given over to rainfed agriculture and livestock farming. The land-grabbing condition that has not been met is that the buyer is a foreign government or a company backed by a foreign government.» (Piñeiro, 2011, p. 38).

150 Following her re-election, President Fernández made the following statement: “If there is a topic that will be talked about a lot in the future, it is that of landownership, a strategic non-renewable resource. We need to adopt rapidly that law”(sent to Congress in April 2011) (see, among others, www.elpais.com).

151 The draft law sent to Congress proposes to limit foreign ownership to 20%.

152 Provincial proposals relate essentially to provincial state-owned land since a more general law may be in contradiction with the property laws and rights of foreigners of higher instances (Constitution and Civil Code).

c) For whom is land concentration/foreignization a problem?

There have already been glimpses of the answer to the question of this section. In the countries of Mercosur and Chile, the complete spectrum of positions exists, from a resounding rejection to full acceptance. They tend to be a mix of informed opinions, influenced of course by political debates and the press, and ideological convictions determined by socio-economic group or by political affinity.

As Gomez points out in Chapter 1, in the 1960s and 1970s, land concentration was considered an obstacle to the modernization of agriculture, whereas today it has probably become a requirement for modernization, as well as for participation in both global and local value chains, an expression of the logic of the prevailing economic and organizational model.

In some way, Berry (2001, p. 139), when referring to exports, which are part of the desired growth model, interprets the underlying discussion when he mentions that many share "... the belief that increasing exports *per se* is a solution to the problems of a country". He then goes on to say that: "agricultural exports can reduce poverty when there is wide participation in production, but a *laissez-faire* policy in a country where the inertia of public policies tends to favour the rich can easily lead to the opposite result". Based on the evidence in the region, we tend to share this vision.

In Chile, for example, after more than 30 years of an agro-exporting strategy with a positive commercial balance, there is a certain national consensus that Echenique (2011, p. 35) sums up as: "the trans-nationalization of companies in the sector or the import of food and cereals for mass consumption are not questioned, rather they are celebrated as a success of the export strategy". Nonetheless, despite government support to small farmers, today only 10% of them participate – directly or indirectly – in exports.

Increasingly, several governments and civil society are showing their concern about the consequences of land concentration, in economic, social and environmental terms, and there are debates and protests from environmental groups, especially when, as has been the case, land concentration is accompanied by foreignization. Echenique (2011) however stresses the irony that, in Chile, there does not seem to be concern about land concentration when it is for agricultural production but only when foreignization occurs for environmental objectives. This has been seen in the years of controversy surrounding the acquisition of land by a North American entrepreneur. In Argentina, it is striking that the vast majority of those interviewed by Murmis and Murmis (2011), including the producers, value positively foreign investments and do not want restrictions on land purchases. This appears in contrast to the seemingly uniform positions of politicians, officials and lawmakers. Piñeiro (2011, p. 8) sums up his perception of the mood in Uruguay by stating: "... the balance seems to tip decidedly towards the view that sees land as an asset where the owner has unlimited use with few restrictions from society".

The authors of the case studies differ on the importance to be accorded to the issue of land concentration. Murmis and Murmis (2011) are of the opinion that the land, a fundamental factor in agriculture, is being replaced by other factors (capital, technology, skilled labour, and also organization of production and agreements between the different parties). In contrast, Wilkinson and others (2011) claim that, as land becomes a scarce resource and is seen as a key problem/ solution in the geo-political environment, it becomes increasingly necessary to regulate it (along with water and climate itself).

Food safety and sovereignty issues are becoming important in academic, political and social circles. The perception that the concentration of land in the hands of foreign companies is a loss of food sovereignty adds a substantive dimension to the problem. On the other hand, the exclusion of family farming as a result of the processes of concentration could, according to some, seriously limit the achievement of food security (Galeano, 2011), which is currently part of the national agenda of several governments.

d) Is it possible to restrain these processes of concentration and foreignization?

The case studies have to be pessimistic about the possibility of restraining processes of on-going land concentration and foreignization. On the one hand, over recent decades, governments have had and continue to have policies to promote the development of certain subsectors (forestry, biofuels, mining, among others), which have had an impact on – and in some cases also favour – concentration and/or foreignization. On the other hand, when there are laws and regulations to restrict these processes, difficulties arise in enforcing them, which include the many ways to circumvent them and institutional weaknesses¹⁵³.

In Argentina, since the amendments to the Mining Civil Code of the 1990s, mining companies also have control over the land in addition to their mining concession. The owner of the land cannot oppose this because mining is considered to be in the public interest. Of the 25 mining projects currently in operation

¹⁵³ In recent decades also the custom of intervening has been lost and many technocrats no longer have the theoretical tools to think about intervening (if they ever had these tools). Also lost is the knowhow to make practical interventions that are both coherent and effective.

or at an advanced stage, three are domestic, four are operated by companies with a mix of Argentinian and foreign capital, and 18 are controlled by foreign companies. Each exploration or exploitation is working over thousands to tens of thousands of hectares in the Andean provinces, though not necessarily in the areas of border security (Murmis and Murmis, 2011).

Throughout its history, Brazil has had major projects to develop and expand its agricultural borders. These have been both government and private or supported by foreign cooperation. The launch of cars using flex-fuels in 2003, together with favourable conditions for sugar, caused sugar cane production to take off dramatically. By 2010, sugar cane was being grown on 8 million hectares¹⁵⁴. The Federal Government gave priority to the sector through the PAC (Programme for accelerated growth) 2005-2012, with strong funding from the BNDES (the National Bank of Economic and Social Development) and mitigation measures, including: elimination of burning; mechanization of the harvest; training for workers made redundant because of mechanization; zoning that excludes the Amazon, the Pantanal and native forest; and conditional credit for environmentally sound practices. The financial support from BNDES in the majority of projects guaranteed - in principle - monitoring (Wilkinson et al., 2011).

In contrast, despite the strong support to family farming in Brazil, it was not possible to arrest its decline. Between 1985 and 2009, agrarian reform policies would have settled 906 000 families on 84 million hectares (an average of 92.7 hectares per family). However, the number of producers with farms of under 100 hectares increased only by 131 000 between the two most recent censuses and the land they occupy increased by only 100 000 hectares. In other words, at the same time as these new farmers were being settled, many others were leaving the sector. In Chile, despite having channelled US\$3.5 billion of public funds over the past 20 years to about 300 000 small-scale farmers, it has not been possible to overcome the structural constraints to their development (low level of schooling, barriers of access to markets and technologies, small scale, lack of transfer between generations, etc.), nor to counteract the effects of concentration as a result of the economic model, which also includes landownership (see tables 2 and 3 in annex).

In Argentina, there are no regulations that impose an upper limit on the size of owned or leased land though there is regulation to prevent the creation of small farms through inheritance. At the same time, some provinces (Santa Cruz, for example) have tax provisions to discourage the concentration of ownership of the land or indirect land use. To foreigners, there are only limitations in the allocation of state-owned land in the border and security zones. This corresponds to a maximum 150 km-wide strip along its land borders and 50 km along its maritime borders. However, as mentioned earlier, there is a lack of adequate records and institutional control. On the other hand, the regulations of the Civil Code allows that if a person has possessed real estate for 20 years in a peaceful, continuous and uninterrupted manner, even without title deeds, this land can be acquired through acquisitive prescription. (Murmis and Murmis, 2011).

In Uruguay, the Law on Settlements (1948), in line with the vision of the times, emphasizes both the productive and social function of land, and the subdivision of large extensive holdings in favour of people who settle on them. The 2007 modification of the law grants the national institute of settlement (INC) a certain right to intervene in purchase/sale operations and places certain limits on the concentration process. Today, property on sale that is more than 500 hectares has to be offered first to the INC, "which will have preference to purchase it for the same value and payment terms". In 2007, it was also declared in the public interest that owners of rural properties and farms are individuals or companies whose capital is in nominative shares belonging to physical persons, since anonymity is considered a disadvantage in preserving the agricultural value of the land. In addition, a draft law was drawn up defining a 100 km wide strip of land for border security, in which the sale of land to foreigners was prohibited. This emulated the Argentinian law, but it was rejected, citing, amongst others, the investment law that ensures equal treatment to investors. (Piñeiro, 2011).

In Paraguay, a border security law was passed in 2005, providing for a 50 km strip of land along the terrestrial and fluvial borders, within which the law prohibited ownership or usufruct of land by foreigners from neighbouring countries as well as legal entities mainly composed of foreign capital. The only exception was if the executive power decreed that such an acquisition was in the public interest, for example for activities that generate employment. On the other hand, this triggered conflicts between peasant farmers who had been uprooted, the "brasiguayos" and foreign businesses, both medium-sized and large, the majority of whom were Brazilians. In 2008, the clause of the Agrarian Statutes of 2004 was implemented. This prevented foreigners from having access to land administered by the Institute of Rural Development and Land (INDERT). Despite the legal ban, many transactions have had the tacit approval of INDERT officials. Faced with protests by peasant farmers, the current Government of Paraguay is promoting programmes to increase the access of peasant farmers to land, regularize land tenure, develop plans to settle peasant and indigenous people, and to strengthen family agriculture (Galeano, 2011).

The Agrarian Federation of Argentina (FAA) has proposed amendments to the law on land tenure. The main points of the debate are: limits on size, duration in time, maximum prices and mandatory rotation by law.

¹⁵⁴ In Brazil, around 60 million hectares are used for growing the main crops and around 180 million for raising livestock (Wilkinson and others, 2011).

Opponents to the law question, among others, the obligation of crop rotation for tenant farmers if the same obligation does not apply to landowners (Murmis and Murmis, 2011).

Wilkinson and others (2011) warn that in Brazil, the limitations on ownership of land by foreigners are overlooked by third parties who act on behalf of the real owners. These limits also encourage forms of indirect control over the land, as in the case of futures contracts for soybean by cooperatives financed by Chinese banks.

Finally, although indigenous peoples today have their rights protected by a national and international legal framework, many aboriginal communities are still without title deeds and occupying marginal lands.

e) Why give subsidies or special tax incentives to specific sectors, such as forestry?

In the context of the about-turn to neo-liberalism in the 1980s (1974 in Chile), there is surprisingly strong Government support to forest plantations, for example.

In Chile, the Decree-Law of 1974 establishes that the costs of plantation and management and tax benefits are refunded, in exchange for a plan of management and the obligation to reforest the areas being exploited. Plantations have risen from 300 000 hectares in 1970 to 2.8 million in 2010, of which 1.2 million are owned by two mega complexes which, in addition, own 450 000 hectares across Argentina, Brazil and Uruguay. Recently after 30 years, modifications have been made to favour smallholders and plantations for conservation purposes (Echenique, 2011).

In Uruguay, the «forest law» of 1987 and related legislation promote afforestation with native species and non-native forests of commercial and industrial value, as well as imports of supplementary raw materials, equipment and machinery, through tax exemptions. In addition, the State, through its Forestry Fund, granted subsidies of up to half the establishment costs for the reforestation of 10 000 hectares per year and, in the law on land tenure, longer contracts (up to 30 years) are allowed for the forestry sector. The effect has been afforestation with pine and eucalyptus, covering one million hectares, a high figure if compared with the 16 million hectares of agricultural land. Although the subsidies and some of the tax exemptions have been withdrawn, the momentum acquired by the forestry sector continues now with its own resources. According to the partial survey of Piñeiro (2011), half of the 14 major companies or foreign investment groups that have bought land in Uruguay are forestry companies, together managing half of forested areas.

Wilkinson and other (2011) do not mention specific policies for the forest sector in Brazil, except the support of BNDES for the achievement of international benchmarks, both in technology and in socio-environmental practices. However, in 2006, BNDES provided funding, among the biggest in its history, to an agro-forestry industry, including the phase of plantations (www.bndes.org).

V. Some facts and additional comments that arise from the case studies

1. Increase in the number of transactions and in the price of land

Processes of concentration and foreignization are by no means new in the region. What is really striking is the number of transactions and the increase in prices, especially in Uruguay.

The entry into force of the Mercosur agreements has facilitated the movement of goods and capital. With land prices markedly higher in Argentina and Brazil, together with Argentina's policy of export retention taxes on agricultural goods, there has been a movement of capital for the purchase of land in Uruguay. Between 2000 and 2010, there were some 25 000 purchase/sale transactions in Uruguay, a very high number when compared to the total number of farms (57 000) in 2000¹⁵⁵. The largest number of transactions took place in 2006 and 2007, while the total transacted area was higher in 2005 and 2006, the years when the spotlight was on the "food crisis" and before the "economic crisis". At the same time, there was a sharp increase in the average price of land (from US\$385 per hectare in 2002 to US\$2 519 per hectare in 2010). Investment in land has thus been an excellent financial business, especially for larger-scale operations. Indeed, for farms between 10 and 200 hectares, the price has multiplied 3.8 times and 12 times for farms of over 2 000 hectares. The average price for this category of farm reached around US\$2 800 per hectare in 2010, though this still is below the average price in Brazil or Argentina. Higher prices are observed in departments close to Montevideo and Punta del Este, and along the border with Argentina, where the best lands (Piñeiro, 2011) are located.

¹⁵⁵ When comparing the two figures, it is necessary to take into account the fact that one-sixth of all purchase/sale transactions changed hands more than once between 2000 and 2007

In Brazil, some forest lands have shown even greater price increases than in Uruguay. Thus, in the «Mapito» region, where two forestry companies are planning to plant 200 000 hectares, pressure to sell or lease was so strong that the buying and selling price increased eight times (R\$50 per hectare to R\$400 per hectare) between 2007 and 2010. In general, since the Plan Real (1995), the average price of land stabilized at around R\$2 500 per hectare until the year 2000; it then tended to rise reaching R\$5 000 per hectare¹⁵⁶ in 2008, where it has remained, despite the global economic crisis (Wilkinson et al., 2011). Although this increase was considered robust in Brazil, compared to that of Uruguay it was modest.

In Paraguay, the values range between US\$250 per hectare in the large livestock raising areas of Chaco and US\$7 000 per hectare in the Eastern Region, where many of the foreign companies with more than 1,000 hectares of land are located and where the soil is very fertile and the infrastructure and location are good. And yet in Chaco, it was possible to buy land at US\$40 per hectare four years ago (Galeano, 2011).

In Chile, the price of agricultural land is lower in the South and in the North (between US\$7 700 and US\$10 500 per hectare); around Santiago the price of lands is US\$16 400 and US\$28 800 per hectare (Echenique, 2011). The price difference with the other countries analysed is glaring.

Land leases tend to be more sensitive to the situation than purchase/sale prices¹⁵⁷. In Uruguay, the total number of leases recorded between 2000 and the first half of 2010 was 18 000, with a maximum of 1.1 million hectares leased in 2008. The average value of hectare leased increased continuously from US\$24 per hectare in 2002 to US\$116 per hectare in 2010, with the exception of 2008, when it peaked at US\$124 per hectare. This would demonstrate that, in Uruguay at least, leases reacted more to the «food crisis» than the prices for buying and selling land, which peaked earlier.

2. Changes in land use and the environment

In Argentina, the expansion of farming and livestock farming of the past two decades took place essentially outside the core area. Some estimate that the soybean pools would have caused the felling of trees on more than one million hectares, causing deforestation at a rate six times higher than the world average, accompanied by dysfunctions in water resources systems, riverside forests and wetlands. This helped to push through a law of environmental protection for native forests, implemented in 2009 which gave the provinces a year to set up the land management of their forests. Any land clearances in the future must be preceded by an environmental impact study. Not all provinces have complied with the law. The 2010 budget included a section for the financing of the National Fund which is incorporated in the law (Murmis and Murmis, 2011).

In Brazil, the social mobilization of the late 1990s, greater international sensitivity, certification requirements and technical considerations (low density of high-value timber) appear to have slowed down new forest investments in the Amazon since around 2005, and have resulted in a transfer to the southern states. Currently, Brazil has more than 6 million hectares of planted forests, all of which have seen conflicts because of intimidation, expulsion and, especially, impact on water sources. The dominant model is one of vertical integration, although the 2006 Census showed lower concentration of ownership of forest plantations. It is estimated that, by 2014, an additional one million hectares will have been planted. The majority, 780 000 hectares, by the steel industry, which has promised to use plantation wood for its furnaces instead of native wood. Another 200 000 hectares have been planted by incomers to the sector, mainly investment funds, speculating on markets linked to environmental services and carbon sequestration (Wilkinson et al., 2011).

In Chile, protected by new environmental legislation, a network of private protected areas (RAPP) was formed in 1997. This network has more than a hundred members (individuals, universities, NGOs, foundations, real estate owners) who conserve wilderness areas (386 600 hectares in 2010). The idea of many of them is the conservation of native forests and natural resources, although they are self-sustaining with ecotourism. An entrepreneur from the USA created a private park of 17 000 hectares in 1991, to protect the native temperate rainforest in the South. By buying land from settlers and farmers in the surroundings, he managed to constitute the largest known private park, with 300 000 hectares. After endless debates and controversies, he managed to reach an agreement with the Chilean Government to transfer the Park to the State in the future, but with private management. Another private initiative of conservation on the island of Chiloe covers a total of 118 000 hectares (Echenique, 2011). In Patagonia there are several international tycoons with ventures that are apparently unrelated to agriculture or tourism¹⁵⁸. One such venture belongs to the same businessman from USA who has already invested in Chile.

¹⁵⁶ Approximately a value of US\$2 700 as of April 14, 2012. It has to be taken into account that, in recent years, the Real and other currencies have tended to appreciate vis-a-vis the US dollar.

¹⁵⁷ See ECLAC (2003), among others

¹⁵⁸ It has already been mentioned that there are suspicions that some of these initiatives, either without apparent productive purposes or avowedly for environmental purposes, may conceal instances of «water grabbing» or «glacier grabbing».

Some people are of the view that removing from production a resource which, if exploited, could contribute to the development and wealth of the country should not be a private decision but one taken in the public interest. On the other hand, the sustainability of the current agricultural production system deserves to be analysed, including its expansion to areas previously considered marginal. In addition, the unregulated private control of headwaters of river basins and the ecosystems that sustain them can be considered a threat to the productive land or to the communities living downstream (Murmis and Murmis, 2011).

VI. Conclusions

Are there concentration and foreignization of agricultural land in the Southern Cone of the American continent? Certainly there are, and these processes began several years before the 'food crisis'! What are the reasons for this? The explanations are: (a) economic: less regulation; and the forces of concentration, both in the agri-food value chains and the neo-liberal model in general; (b) legal: the liberalization of land markets which almost always do not differentiate between nationals and foreigners; (c) organizational: increase in the importance of concentration in the power centres at the extremes of the domestic and especially globalized value chains (inputs and machinery; exports and retail sales); (d) organisational at the level of the farm : existence of large consortia that manage and serve several farms, especially with regard to soybean farming in Argentina, although the model is spreading to other countries and cultures; (e) financial: because it is a finite resource, land is a good bet during financial turbulence and even more so when there is a trend for the prices of agricultural commodities to rise; (f) managerial: the ability of a good manager exceeds what is needed on a small farm and thus to optimize the human capital, the farms need to be bigger; the pools in Argentina, the consortia in Chile and the operations of several global companies, show that currently and with the technologies available, these may cover dimensions for cultivated areas and related activities that could not be imagined several years ago.

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Annex

Table No 1: Between census changes to the total number of farms and areas.

	Argentina		Brazil		Chile		Paraguay		Uruguay	
	1998	2002	1996	2006	1997	2007	1991	2008	1990	2000
Number of farms		297425	4859865	5175489	312302	278660	307221	289666	54816	57115
Area	177400000	174808564	353611246	329941393	26502363	29781691	23817738	32527075	15803763	16333939
Average area per farm		587.7	72.8	63.8	84.9	106.9	77.5	112.3	288.3	286.0
Annual growth rate in the number of farms				0.6		-1.1		-0.3		0.4
Annual growth rate - area		-0.4		-0.7		1.2		1.9		0.3

Sources: Case studies (Argentina p.24, Brazil p.8, Chile p.10, Uruguay p.4) and web pages of the Government of Chile

(www.ine.cl/canales/chile_estadistico/estadisticas_agropecuarias/2009/07/cambios_estructurales.pdf), Paraguay (www.mag.gov.py/PresentacionCAN2008.pdf) and Uruguay (www.mgap.gub.uy/portal).

Table 2: Land concentration process in the countries of Mercosur and Chile

(using the same breakdown by area as that used by the case study authors)

		Year 1	Year 2	Variation in %	Year 1	Year 2	Variation en %	Year 1	Year 2	Variation en %	Year 1	Year 2	Variation en %
				< 500 hectares			500 - <2500 hectares			2500 - < 10000 hectares			> 10000 hectares
Argentina 1988 and 2002	Number	329801	246947	-25.1	36397	38062	4.6	9297	9629	3.6	2862	2787	-2.6
	Area (million ha)	28.9	23.2	-19.7	39.1	41.8	6.9	46.0	47.0	2.7	63.4	62.8	-1.0
Brazil 1996 and 2006		<10 hectares			10 - <100 hectares			100 - < 1000 hectares			> 1000 hectares		
	Number (thousand)	2402	2477	3.1	1916	1972	2.9	470	424.9	-9.6	49.3	46.9	-4.9
	Area (million ha)	7.9	7.8	-1.3	62.7	62.9	0.3	123.5	112.7	-8.7	159.5	146.6	-8.3
Chile 1997 and 2007		< 500 hectares			500 - <1000 hectares			1000 - < 2000 hectares			> 2000 hectares		
	Number	318701	274126	-14.0	2891	2056	-28.9	1536	1048	-31.8	2245	1430	-36.3
	Area (million ha)	7.3	6.1	-16.4	1.6	1.4	-12.5	1.6	1.4	-12.5	16.0	20.7	28.1
Paraguay 1991 and 2008		< 10 hectares			10 - <100 hectares			100 - < 500 hectares			> 500 hectares		
	Number	189355	184221	-2.7	105319	87480	-16.9	7782	10487	34.8	4765	7478	56.9
	Area (thousand ha)	662.0	654.7	-1.1	2167.4	1765.0	18.6	1619.2	2300.2	42.1	19319.2	27807.2	43.6
Uruguay 1990 and 2000		< 100 hectares			100 - <1000 hectares			> 1000 hectares					
	Number	33811	36045	6.6	16975	17052	0.5	4030	4034	0.1			
	Area (thou-sand ha)	908.9	919.8	1.2	5820.9	5763.9	-1.0	9074	9650.3	6.4			

Source: Case studies (Argentina, p 24; Brazil p.8; Chile, p.10, Uruguay, p.4); the web pages of the Government of Chile (www.ine.cl/canales/chile_estadistico/estadisticas_agropecuarias/2009/07/cambios_estructurales.pdf), Paraguay (www.mag.gov.py/PresentacionCAN2008.pdf) and Uruguay (www.mgap.gub.uy/portal).

Table 3. Process of land concentration in the countries of Mercosur and Chile

(with standardized range of area between countries)

		Year 1	Year 2	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
		Less than 10 ha		10 to 50 ha		50 to 100 ha		100 to 500 ha		500 to 1000 ha		1000 to 10000 ha		> 10000 ha	
Argentina 1998 and 2002	Number		63621		73620		34881		74825		21441		26250		2787
	Area		283869		2004713		2660006		18 263620		15261567		73524033		62810758
	Average area		4.5		27.2		76.3		244.1		711.8		2800.9		22 537.0
	Annual rate (No.)														
	Annual rate (area)														
Brazil 1996 and 2006	Number	2402000	2447071		1580703		390874		371114		53792		31899		15012
	Area	7900000	7798608		36410312		26482780		75738293		36958185		48072546		98480672
	Average area	3.3	3.1		23.0		67.8		204.1		687.1		1507.0		6560.1
	Annual rate (no)		0.3												
	Annual rate (area)		-0.1												
Chile 1997 and 2007	Number	180405	165813	91687	79576	18771	14911	16331	13826	2355	2056	1179	1048	1575	1430
	Area	593443	552923	2035432	1741052	1290506	1028222	3341851	2861757	1625900	1414035	1629572	1440758	15986470	20742944
	Average area	3.3	3.3	22.2	21.9	66.7	69.0	204.6	207.0	690.1	687.8	1382.2	1374.8	10150.4	14505.6
	Annual rate (no.)		-0.8		-1.4		-2.3		-1.7		-1.3		-1.2		-1.0
	Annual rate (area)		-0.7		-1.6		-2.2		-1.5		-1.4		-1.2		2.6
Paraguay 1991 and 2008	Number	189355	184221	97742	80601	7577	6879	7782	10487	4765	7478				
	Area	661963	654715	1664711	1305397	502648	459555	1619203	2300193	19369213	27807215				
	Average area	3.5	3.6	17.0	16.2	66.3	66.8	208.1	219.3	4064.9	3718.5				
	Annual rate (no.)		-0.2		-1.1		-0.6		1.8		2.7				
	Annual rate (area)		-0.1		-1.4		-0.5		2.1		2.1				
Uruguay	Number	11051	13445	16268	16040	6492	6645	13088	13129	3887	3855	4006	3945	24	56
	Area	57883	64382	388112	382606	462876	472798	3066150		2754780	2702137	8716820	8732487	357142	917793
	Average area	5.2	4.8	23.9	23.9	71.3	71.2	234.3	233.2	708.7	700.9	2175.9	2213.6	14880.9	16389.2
	Annual rate (no.)		2.0		-0.10.		0.2		0.0		-0.1		-0.2		8.8
	Annual rate (area)		1.1		-0.1		0.2		0.0		-0.2		0.0		9.9

Sources: Argentina: Brazil: www.ibge.gov.br/home/estatistica/economia/agropecuaria/censoagro/brasil_2006/Brasil_censoagro2006.pdf

Chile: www.ine.cl/canales/chile_estadistico/censos_agropecuarios/censo_agropecuario_07.php

Paraguay: www.mag.gov.py/PresentacionCAN2008.pdf

Uruguay: www.mgap.gub.uy/portal/hgxp001.aspx?7,5,88,O,S,O,MNU;E;2;16;10;6;MNU; tables 3 and 4.

Notes: Argentina: Relevant information on the 1998 Census could not be found on the Web; and there are discrepancies between some of the statistics that have been found.

Brazil: For the category of farms between 1 000 and 10 000 hectares, there is information regarding farms between 1 000 a 2 500 hectares and for the category above 10 000 hectares there is also information about farms of 2 500 hectares and above.

Chile: the category of farms from 1 000 to 10 000 hectares has information about farms between 1 000 and 2 000 hectares; and the category of more than 10 000 hectares contains information about farms of 2 000 hectares and above.

Paraguay: The tables have no categories above 500 hectares.

Chapter VI

Final Reflexions

Sergio Gomez

This final chapter offers (i) an overview on the state of discussions on the subject; (ii) some insights on the voluntary guidelines on responsible governance of tenure of land and other natural resources that have recently been approved by FAO; and, (iii) some questions that could be considered as a possible agenda for future research on the issue of land grabbing.

It seems appropriate to begin this final chapter, by recalling the form of the different studies that are at the basis of this book. When reading the different chapters, one is left in no doubt that they emphasize the interpretation of the facts revealed in the individual case studies they have analysed.

Similarly, in the terms of reference of the research for the national case studies, emphasis has been placed on the obligation to record and document processes of land concentration and foreignization. Likewise, in the different sections of this book, the authors have been specifically invited to express their views and opinions on the content of the studies they have been commissioned to review. This is why many of the views expressed in the book will create controversy. This is not accidental but is sought after.

I. State of the discussion

To discuss the state of the debate on land grabbing, we use the framework proposed by the Land Deal Politics Initiative (LDPI) and make an analysis of two important international academic events that took place recently.

The LDPI is an academic body, specialized in social research on the issue of land grabbing and with a coordinating function. It comprises four recognized academic institutions and has about a hundred individual members. The four institutions are: the Institute of Social Studies (ISS), The Hague (Netherlands); Institute for Poverty, Land and Agrarian Studies (PLAAS) of the University of the Western Cape in South Africa; the Institute for Development Studies (IDS) at the University of Sussex in the United Kingdom; and the Polson Institute for Global Development of Cornell University, New York, USA. Individual members are recognized academics who are undertaking social research linked to land grabbing.

As already noted, it is necessary to reiterate that the original interest in the subject was prompted by the initial large acquisitions of land that were being made, mostly in Asia and Africa, at the end of the last decade. The concepts therefore correspond to the attempt to reach an understanding and an explanation of what was happening then, in other words, the purchase of large tracts of land by a foreign government or a company, with the ultimate aim of producing food. For that reason, when the study first started, the distinction was made between this type of situation and land concentration in a much broader perspective. For the first situation we refer to it as “land grabbing in the strict sense”, the second “land concentration and foreignization”.

The dissemination of the empirical evidence¹⁵⁹ that has been brought to light by the FAO study in Latin America has helped broaden the conceptual reflection, by incorporating the different manifestations of land grabbing that can be observed today across the world.

In terms of the reference framework, put forward by LDPI¹⁶⁰, content is supplied by the responses to the following six key questions: (i) who owns what? (ii) who does what? (iii) who gets what? (iv) what do they do with their surplus wealth?(v) how do social classes and groups in the society interact with each other; and (vi) how do policy changes get shaped by dynamic ecologies and vice versa?

Within this framework, some more specific questions that should guide future research are:

- a) What are the changes that are emerging in the new agrarian structure? Are they new forms of agrarian capitalism or do they simply repeat the past?

¹⁵⁹ Particularly the dissemination carried out by Jun Borrás. See: Saturnino M. Borrás Jr., Jennifer C. Franco, Sergio Gómez, Christopher Kay & Max Spoor. Land-grabbing in Latin America and the Caribbean, *Journal of Peasant Studies*. Volume 39, Issue 3-4, July 2012, p. 845-872.

¹⁶⁰ See: http://www.iss.nl/research/research_programmes/political_economy_of_resources_environment_and_population_per/networks/land_deal_politics_ldpi/the_ldpi_framework/

- b) What is the nature and extent of social differentiation in rural areas in terms of class, gender, ethnic groups and do they follow the changes in land use and ownership, as well as in the organization of production and exchange?
- c) To what extent is there a relationship between the current conflicts in rural areas as a consequence of the dynamics of these new investments?

Two alternatives, which are dealt with at the public policy level and in speeches dealing with food, energy, climate and the financial crisis, deserve to be highlighted:

- Investment, growth and the modernization of agricultural activity; versus
- Marginalization, displacement and impoverishment of significant groups in rural areas.

On the other hand, it is worth recalling two academic events which dealt specifically with the subject that concerns us. In April 2011, the Institute of Development Studies (IDS) at the University of Sussex (UK) organized an international conference where 120 papers were presented and discussed on the subject. The second Conference was held in October 2012 at Cornell University (Ithaca, New York State).

The first conference debated a range of conceptual and methodological submissions as well as case studies which focused on Asia and Africa. Fourteen case studies were presented that dealt with Latin America and the Caribbean, concentrating especially on Brazil (4), Colombia (4), and Guatemala (3)¹⁶¹.

The purpose of the 2012 Conference was to continue to deepen and expand the understanding of land transactions worldwide and to consider broader issues around land grabbing that are linked to political economy, political ecology and political sociology. Parallel sessions were organized on a range of topics that included the following issues: agricultural change; power, politics and finance; political concepts, institutional forms and business models; green grabs; land, land tenure and property; displacement and dispossession; alternatives; resistance; and international policy actors.

Three hundred abstracts were submitted at this Conference and the organizers invited 138 papers to be presented. The number was limited mainly due to physical constraints. In general, the presentations attempted to lay out the general principles of land appropriations that the world. Converging factors have resulted in an appreciation of land by powerful economic and political actors. Again the region lagged behind in the number of case studies presented – there were 16 in all for the region and most of them concentrated on Brazil and Colombia.¹⁶²

Finally, regarding this second Conference, two aspects need to be highlighted.

The first refers to the variety of topics covered and issues considered in this event, especially if compared to the first Conference. In fact, a broad conceptual discussion took place in which the universalization of the concept proved relevant¹⁶³, and methodological issues, especially those related to the reliability and validity of information, were discussed. On this last point, there were important discussions about the value of information in the press, access to information about processes that are not always transparent, etc. Secondly, a reflection on the ambiance at the Conference: participants were mainly relatively young academics or graduate researchers presenting their dissertations on the topic, all of whom were seeking academic excellence and at the same time to make a meaningful contribution through their work to communities that were affected by the processes they were studying. There were also discussions about how to reconcile the objectivity of scientific research with researchers' declared commitments to specific stakeholders.

II. Voluntary guidelines

The issue of land grabbing also needs to be linked to the role to be played by the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security, approved at FAO in May 2012. This is a document of utmost importance, in that it provides a framework to discuss the subject of tenure of natural resources and to generate the necessary agreements for the formulation of public policies that can intervene in processes that currently are in full development, as for

¹⁶¹ See web site for these case studies (88): http://www.future-agricultures.org/index.php?option=com_content&view=category&layout=blog&id=1547&Itemid=978

¹⁶² See web site for papers presented at the 2nd Conference in Cornell University: <http://www.cornell-landproject.org/activities/2012-land-grabbing-conference/papers/>

¹⁶³ Also mentioned was the effort to “de-Africanise” the earlier concept.

example, the current dynamics of the land market. In this regard, it is worth highlighting the following aspects about the Voluntary Guidelines.¹⁶⁴

Firstly, it has to be recognized that these guidelines have been drawn up as a result of lengthy consultations over several years. What is important is that a consensus has been reached, involving all Governments, civil society organizations (who played an active role in the discussion) as well as the private sector.

Secondly, the guidelines are based on existing obligations by virtue of international human rights law, and they explicitly mention the Universal Declaration of Human Rights. Therefore, principles have been set out that must be present in the implementation of the guidelines, in particular, values such as human dignity, non-discrimination, equity and justice, gender equality, the holistic and sustainable approach to the management of natural resources, and the obligation of consultation and participation. All of them underline that ownership of the land, fisheries and forests, is not only a business but is a fundamental right that must be recognized, respected and guaranteed.

Thirdly, the guidelines, also call on state parties to legally recognize the legitimate rights of tenure, particularly informal and customary tenure rights not protected by law, and to ensure that all persons enjoy a degree of security of tenure of resources, which guarantees legal protection against forced evictions. The recognition and protection of land, fisheries and forests of public property, and their respective collective use and management systems are urgently needed. This was a theme hotly debated by important countries governed by a wide range of political expressions.

Fourthly, the text, as mentioned already, was agreed upon by all governments. In the search for consensus, it had been necessary to accommodate many different visions, and, therefore, the text is, on some occasions, general and ambiguous. In addition, the guidelines are mainly applied to issues of tenure and not of use, handling and management of natural resources. The very ambiguous nature of the text can be a tool in the discussions that will have to take place at the country level, in the specific areas where they have to be applied.

Fifthly, it is necessary to highlight the importance of using the guidelines as a tool in negotiations, which, as we have mentioned, must be performed in each of the countries. Given the growing global process of privatization and commodification of nature, it is imperative to strengthen and expand the legal frameworks, at national and international levels, that recognize, respect, protect and guarantee individual and collective access to natural resources by the most vulnerable and marginalized, social groups, which, in turn, are vital for the stability and sustainability of societies today.

Sixth and finally, it is to be noted that history shows us that no agreement or treaty can be applied on its own, however positive and progressive its content may be. It is only through pressure and mobilization by organizations representing the groups that are directly involved, will an agreement be implemented. These are the conditions that effectively are necessary for social transformations.

III. Topics for future agendas

It seems necessary to outline a possible agenda on the main aspects of what could be the focus for future studies on the issue of land grabbing. These include food security and the situation of poverty in rural areas, the possible environmental effects, and the impact on employment and population displacement.

Some of the questions that have already been formulated earlier¹⁶⁵.

1. Relationship between the analysed processes of land concentration and foreignization with the functioning of peasant farming and how does this affect the production of staple foodstuffs

How much of the land that has been concentrated comes from peasant farms?

To what extent is it necessary to differentiate different strata of family farming in order to analyse the impact of the phenomena being studied? Have some categories of family farms incorporated elements of technological change and improved their productivity? Are they the ones that already had more capital inputs? How do the

¹⁶⁴ See: Sofia Monsalve Suárez, 2012. The new voluntary guidelines for the responsible governance of the tenure of land, fisheries and forests in the context of national food security: A turning point in the global governance of natural resources. In: *Observatory of the right to food and nutrition* 2012. FIAN, BROT, IICO. www.rtfn-watch.org. This part is based on this document.

¹⁶⁵ See final chapter of FAO, 2013. *Dinámicas del mercado de la tierra en América Latina y el Caribe: concentración y extranjerización*. Santiago, 2012.

phenomena described here affect those who have had less capital investment? What are their chances and what policies should be enacted so that these different stakeholders are incorporated into the value chains or into other ways to reduce their poverty?

How much of these lands that were being used for food production before are now being used for other purposes? How much is being used currently for the production of raw materials for energy and forestry, for the protection of natural resources and for activities linked to tourism?

What has been the fate of the rural people who were living and/or working in the area before the process of land concentration and ownership occurred?

What are the differences that can be established, with regard to the phenomenon mentioned above, between the regional and transnational expansion trajectories: *Translatins*, value chains and migrations?

In the case of the expansion trajectory which corresponds to migration, it would be important to know the previous activity of the head of the family in the country of origin, in order to verify if this migration is because of the lack of possibilities in the country of origin and if the migrant has the possibility to continue to move up the ladder in the country of destination. Or if, on the contrary, it is a more traditional type of migration in which the new migrant starts a new activity in the new destination. The issue of population movements as a result of the monopolization of land must be on the agenda of future studies.

What is the role that the state has played or could play to protect family agriculture from these phenomena and contribute to food security in the countries where these phenomena exist?

2. Relationship with environmental issues?

In this regard, there are extreme situations that range from the large-scale concentration and/or foreignization projects, which are explicitly looking to protect natural resources, to others which are accused of direct and open depredation.

In this sense, it should be possible to take some representative cases and analyse in-depth the phenomena. What farming practices and livestock management exist on the large farms; what level of sustainability do they have? What are the differences between large- and medium-sized farms? What are the differences in farming practices and what impact do they have in the *pampa* areas and in marginal areas of agricultural expansion? In what way are there differences according to the type of crop? What determines a good practice versus a poor one?

In addition, it would be appropriate to analyse the possible areas projected for agricultural expansion, which are said to be very extensive in Latin America especially in Argentina, and the relationship with protected areas that have a conservation value, ecological corridors or zones of restricted use, for example the Law on Native Forests (the case of Argentina).

Is there an overlap with regard to areas? Are there projects to incorporate ecologically valuable areas or are they excluded? How can the pressure on natural areas be managed at the political level and in different ways through land use management?

On the other hand, the motivations of the owners of land earmarked for conservation can be explored. What are the interventions they carry out? The question of whether or not the nationality is relevant with regard to the contribution to conservation of resources and their sustainability and what should be the relevant regulation.

Finally, land title deeds should be studied in areas where there are strategic resources (for example, in border areas, in areas with headwaters) hierarchizing their importance, analysing the existence or not of tutelage and practices of conservation by private parties and the level of control by the state which falls within their remit and how it is exercised. Also an analysis could be made of the importance of the land that is in the hands of foreigners and how these cases should be managed or legislated.

An analysis needs also to be made as to how irregularity in land tenure or the absence of property deeds affects resource management, investments and conservation. And also the level of vulnerability of small farmers when faced with the pressure of large-scale investors. An analysis could be made as to how irregularity in land tenure or the absence of titles contribute to the managing of resources, investment and conservation; and how pressure from large-scale investors contribute to the level of vulnerability of small farmers, depending on whether or not they have regular tenure.

3. Relationship with employment?

A comparison needs to be established between the employment situation on farms before and that which exists today, in terms of quantity and quality of employment.

What are the conditions of employment of the workers on these farms and how has their existence influenced the functioning of local labour markets?

Finally, the set of questions that have been raised here should be placed in the context of the impact of these processes in terms of identifying the sectors that have benefited from them and those which have been harmed by them.

Without a doubt, there is no single answer to these questions and it would be worthwhile to search systematically information in order to generate a solid data base that could serve in drawing up public policies that are relevant to the different realities in each of the countries.

