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HELPDESK REQUEST

Transnational land acquisitions

What are the drivers, levels, and destinations, of recent transnational land acquisitions?

Joseph Holden and Margarethe Pagel

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1 Introduction

Transnational land acquisitions have been widely identified as a significant and controversial issue in recent years. They particularly came to attention following the global food crisis of 2008, in which food prices saw massive spikes, leading to civil unrest in a number of countries.

Massive numbers have been reported for the size of deals, of up to 80 million hectares[1], and 50 million in Africa alone[2]. However, the methodologies for these numbers may well be questionable, with double counting often the case, and deals often reported on the basis of a single media report. When examining particular deals in detail, it appears a number are much smaller than initially reported – for example a Chinese investment in palm oil in the DRC was reported at 2.8 million hectares[3], but turned out to be just for up to 100,000 hectares[4]. Overall numbers are therefore likely to be smaller than those reported.

One of the biggest factors in media coverage of transnational land acquisitions or 'land grabs' has been the role of foreign Governments, seeking to find land to increase their limited food production and to secure food supplies[5] – this has particularly centred on South Korea, China, Singapore and the Gulf States. However, on a closer look, the role of SWFs and state-backed government-to-government purchases may have been overplayed in the story. On the GRAIN database, excluding China, these countries have been responsible for fewer investments in land by hectares than private investments from the European Union. Furthermore, cases of direct investments for the production of food seem to be a minor part of the overall story despite media reports – limited to a number of Chinese deals, and a number of deals by the United Arab Emirates (UAE) and Saudi Arabia, although these often face opposition in investment countries or are much smaller than initially reported.

Agribusiness companies from the European Union and the United States have played as big a role as Gulf States, including a number of controversial investments, particularly in South Sudan by two American companies[6]. Pension funds, private equity and hedge funds are all now playing a role in transnational land acquisitions. However most of these funds seem to be mostly interested in land in more developed markets such as Australia, Russia, Ukraine and Brazil. The role of developing countries as targets for these funds, particularly in Africa, is much smaller.

The biggest driver for global transnational land acquisitions appears to be biofuels. This has been driven in part by policy targets for biofuels production in the US and the EU; the EU had a 10 per cent biofuel target in transport fuels by 2020. Investment is principally driven by large multinational agribusiness companies. Initially jatropha was the main crop of interest, but weak economic performance mean that many plans for the crop appear to have been shelved. Instead sugarcane and palm oil appears to emerge as the main crop of interest, the former in South Africa, and the latter in coastal African countries. This is in part driven by limited land availability in Malaysia and Indonesia, home to 85 per cent of global palm oil production. Sovereign Wealth Funds (SWFs) have an indirect role in this trend through their investments in large agribusiness companies, but they are not likely to be driving the trend.

[1] http://www.oxfam.org/en/grow/issues/land-grabs
[2] Donald L. Sparks (2012) "Large Scale Land Acquisitions In Sub-Saharan Africa: The New Scramble?" International Business & Economics Research Journal. Volume 11, Number 6
[3] http://www.guardian.co.uk/environment/2010/mar/07/food-water-africa-land-grab
[4] GRAIN database of land grab deals
[5] http://www.guardian.co.uk/environment/2008/nov/22/food-biofuels-land-grab
[6] http://www.ft.com/cms/s/0/dde59072-061e-11e1-a079-00144feabdc0.html#axzz2InUDChrZ

Transnational land acquisitions or 'land grabs' have led to significant controversy, particularly around the environmental and social implications of the deals. Advocacy on both issues have now led to some action. The 2012 voluntary guidelines published by the UN's Food and Agriculture Organisation[7] are one clear sign that the global attitude to transnational land acquisitions is changing. In addition, the EU appears to acknowledge some of the environmental and social implications of its 10 per cent biofuel target, with the EU climate commissioner seeking to limit food-based biofuels to just 5 per cent.[8]

Overall there is evidence that land deals often do not work as intended, stall or are cut back. Furthermore there is little evidence that the potential benefits of revenue, jobs and technology transfer ever materialise9, although it should be emphasised the move towards transnational land acquisitions is still a recent trend.

1.1 The scope and structure of this paper

This paper seeks to *assess the role of investment funds and sovereign wealth funds in large scale land acquisitions overseas through compiling the key findings from existing studies and publications*.

The research will examine the following:

- How much land has been acquired, where, when and for what value?
- What are the trends of investments (geographic and over time)
- What are their investment criteria? Do investors consider Corporate Social Responsibility, specifically the impact of investments on local populations?

Having undertaken initial desk research, data collection and analysis, the structure of this paper attempts to best present our findings. The structure we have used is therefore as follows:

- Introduction to transnational land acquisitions – the media coverage of the issue, as well as a summary of drivers.
- Estimates of the quantities of transnational land acquisitions, which countries are involved as destinations, which countries do investments come from. This is supplemented with annexes showing greater detail.
- Discussion of the particular trends, what drives investments from different areas – in particular details of Western companies and funds' investments, investments from State-backed companies and Sovereign Wealth Funds. It then examines palm oil and biofuels as the biggest driver of investment trends, before summarising the key controversies and debates that have arisen.
- Some conclusions on the size of transnational land acquisitions – the area involved, the value, and the major destinations of investment, as well as origins of investors.

[7] Food and Agriculture Organisation of the United Nations (FAO) (2012) "Voluntary Guidelines on the Responsible Governance of Tenure of land, fisheries and forests in the context of national food security" p.20-22

[8] http://www.guardian.co.uk/environment/2012/sep/21/biodiesel-industry-eu-policy-changes

[9] Byerlee, Derek and Deininger, Klaus (2011), *Rising Global Interest in Farmland,* The World Bank.

2 Transnational land acquisitions: An Introduction

After decades of stagnant or declining commodity prices when agriculture was considered a 'sunset industry', recent increases in the level and volatility of commodity prices and the resulting demand for land have taken many observers by surprise. This phenomenon has been accompanied by a rising interest in acquiring agricultural land by investors, including sovereign wealth and private equity funds, agricultural producers, and key players from the food and agri-business industry. Investors' motivations include economic considerations, mistrust in markets and concern about political stability, or speculation on future demand for food and fiber, or future payment for environmental services including for carbon sequestration. [10]

Transnational land acquisitions have become a major international issue in recent years. They particularly came to attention following the global food crisis of 2008, in which food prices saw massive spikes, leading to civil unrest in a number of countries.[11] The food import bills of developing countries grew by 56 per cent over 2007/2008 following a 37 per cent increase in 2006/2007. The spike was put down by many to growing emerging economy demand, as well as a surge in land being transferred from food crops to crops for use as biofuels. The 2007 United States Energy Bill almost quintupled the biofuels target to 35 billion gallons by 2022, while the EU aims to use biofuels for 10 per cent of its transportation fuels by 2020[12]. The European Union, the largest biodiesel producer, began to increase biodiesel production in 2005 while the United States ethanol production began to rise rapidly in 2002 and jumped from 1 billion gallons in 2005 to 5 billion in 2006 and is estimated to reach 9 billion in 2009.[13]

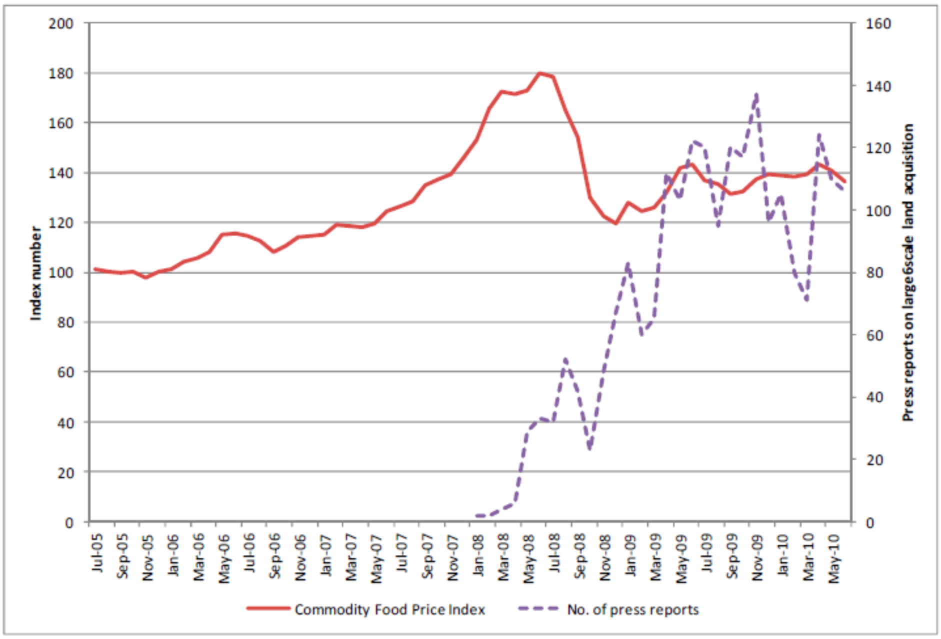
The implications of food price rises are severe. According to the World Bank there were 830 million hungry people before the food price rise, while now for the first time in human history, over a billion people go to bed hungry each night[14].

The food price crisis combined with some high profile deals brought the issue of transnational land acquisitions into the international spotlight during 2008 and 2009. This included the major case of Madagascar where the government signed a deal with agricultural firm Daewoo Logistic to lease half the island's arable land for South Korean cultivation for export to South Korea[15]. This amounted to 1.3 million hectares and the firm expected to pay nothing as a rent, existing farmers would not be compensated and all the food would be exported.[16] The deal contributed to significant unrest. This came to a head in December 2008, when Andry Rajoelina, then mayor of Antananarivo, channelled the dissatisfaction of a poor, hungry population into mass protests against Marc Ravalomanana's presidency[17] leading to his downfall in March 2009. The South Korean deal subsequently fell through.

[10] Arezki, Rabah, Deininger, Klaus and Selod, Harris, IMF Working Paper, "What drives the global land rush?" WP/11/251. November 2011.
[11] UNCTAD (2009) "The 2008 Food Price Crisis: Rethinking Food Security Policies". G-24 Discussion Paper Series. Anuradha Mittal.
[12] http://ec.europa.eu/energy/renewables/biofuels/biofuels_en.htm
[13] Ibid.
[14] Byerlee, Derek and Deininger, Klaus (2011), *Rising Global Interest in Farmland,* The World Bank.
[15] http://www.ft.com/cms/s/0/ed37ebb6-ec85-11dd-a534-0000779fd2ac.html#axzz2InUDChrZ
[16] http://www.economist.com/node/14742547
[17] http://www.ft.com/cms/s/0/79f8a6a4-0ddc-11de-8ea3-0000779fd2ac.html#axzz2InUDChrZ

This was the most dramatic case, but joined together with a number of other reported deals to generate significant interest in the issue, and the title *'land grabs'* was widely applied, particularly by NGOs, while the Economist spoke of *'Outsourcing's third wave'*[18]. The head of the UN Food and Agriculture Organisation, Jacques Diouf, warned that the controversial rise in land deals could create a form of "neo-colonialism", with poor states producing food for the rich at the expense of their own hungry people.[19] Figure 1 plots the evolution of the IMF food price index and the number of recorded press reports on cross-border land acquisitions. While commodity prices soon returned to more moderate levels, investors' interest in land persisted.[20]

Figure 1: Evolution of the Commodity food price index and number of media reports on foreign land acquisitions



There were other high profile cases in Ethiopia and Sudan, as well as Pakistan, drawing investors from Middle Eastern investors, and these also came into media spotlight. In 2010, the Guardian reported several large deals, including Saudi Star acquiring 500,000 hectares in Ethiopia, and China acquiring 2.8 million hectares in the DRC.[21] Stories culminated in some estimates of the total size of transnational land acquisitions of over 50 million hectares, over 1 per cent of global agricultural land, while Oxfam claimed there could be over 80 million hectares of deals. [22]

Voluntary guidelines for investors in 2012 from the United Nations

The spotlight has led to the UN FAO in 2012 proposing that countries set limits on the size of agriculture land sales to regulate the growing trend of so-called farmland grabs. The new voluntary guidelines won the consensus of nearly 100 countries this month after three years of negotiations and were ratified in May 2012 at a special session in Rome of the UN's Food and

[18] http://www.economist.com/node/13692889
[19] http://www.guardian.co.uk/environment/2008/nov/22/food-biofuels-land-grab
[20] Arezki, Rabah, Deininger, Klaus and Selod, Harris, IMF Working Paper, "What drives the global land rush?" WP/11/251. November 2011.
[21] http://www.guardian.co.uk/environment/2010/mar/07/food-water-africa-land-grab
[22] http://www.oxfam.org/en/grow/issues/land-grabs

Agriculture Organisation[23]. There was significant wrangling over how pro-business these should be, with the Brazilians particularly pushing for this to be the case. The guidelines brought issues into focus although put the onus on governments. They state that while[24]:

"State and non-state actors should acknowledge that responsible public and private investments are essential to improve food security..... States should provide safeguards to protect legitimate tenure rights, human rights, livelihoods, food security and the environment from risks that could arise from large-scale transactions in tenure rights. Such safeguards could include introducing ceilings on permissible land transactions and regulating how transfers exceeding a certain scale should be approved, such as by parliamentary approval." Furthermore: *"States should determine with all affected parties, consistent with the principles of consultation and participation of these Guidelines, the conditions that promote responsible investments and then should develop and publicize policies and laws that encourage responsible investments, respect human rights, and promote food security and sustainable use of the environment. Laws should require agreements for investments to clearly define the rights and duties of all parties to the agreement. Agreements for investments should comply with national legal frameworks and investment codes...When investments involving large-scale transactions of tenure rights, States should ensure that existing legitimate tenure rights and claims, including those of customary and informal tenure, are systematically and impartially identified, as well as the rights and livelihoods of other people also affected by the investment, such as small-scale producers. This process should be conducted through consultation with all affected parties consistent with the principles of consultation and participation of these Guidelines. States should ensure that existing legitimate tenure rights are not compromised by such investments."*

2.1 The drivers of transnational land acquisitions

Some stakeholders, including many host-country governments, welcome such investment as an opportunity to overcome decades of under-investment in the sector, create employment, and leapfrog and take advantage of recent technological development. Others denounce it as a "land grab". They point to the irony of envisaging large exports of food from countries which in some cases depend on regular food aid. It is noted that specific projects' speculative nature, questionable economic basis, or lack of consultation and compensation of local people calls for a global response.[25]

The phenomenon of transnational land acquisitions or their emotive name 'land grabs' has been driven by a combination of high food prices, increasing demand for agrofuels, raw materials and grain fed livestock, and low returns from beleaguered financial markets, as well as food security.[26]

These drives can be seen to fit within a traditional framework for explaining foreign direct investment (FDI). Jere Behrman (1972) identified four motives of companies undertaking FDI.

[23] http://www.ft.com/cms/s/0/083aab3a-7697-11e1-8e1b-00144feab49a.html#axzz2InUDChrZ

[24] Food and Agriculture Organisation of the United Nations (FAO) (2012) "Voluntary Guidelines on the Responsible Governance of Tenure of land, fisheries and forests in the context of national food security" p.20-22

[25] Arezki, Rabah, Deininger, Klaus and Selod, Harris, IMF Working Paper, "What drives the global land rush?" WP/11/251. November 2011.

[26] Donald L. Sparks (2012) "Large Scale Land Acquisitions In Sub-Saharan Africa: The New Scramble?" International Business & Economics Research Journal. Volume 11, Number 6

This provides a rationale for understanding the way investors are likely to be looking at a state prior to investment.[27] There are four key motives:

- Resource seeking FDI: The resource seeking investors are motivated by their need for cheap resources including human, physical, technological or organisational resources.
- Market seeking FDI: The market seeking investment is motivated solely by entering new markets and increasing company's profits. This type of investment is justified by large market size and purchasing power of the consumers.
- Efficiency seeking (global sourcing FDI): The efficiency seeking investment, as the name suggests is motivated by production process efficiencies improvement. What can characterize this investment is that the investors are interested in forming partnerships with suppliers or even competitors, i.e. using same distribution network, in in order to benefit from economies of scale, economies of scope and shared ownership, i.e. investment risk diversification.
- Strategic asset/capabilities seeking FDI: The last motive for foreign direct investment called strategic asset or capability seeking is quite similar to resource seeking investments, the main difference is, however, that the company wants to obtain certain foreign resource not only to improve its efficiency but also to improve the quality of its offering, provide new features to its product and significantly increase its market share.

One interesting element to land transactions, is that they may align with either of the four motives Behrman identified, particularly depending on the type of investor. SWFs have been said to be seeking land as a resource and a strategic asset to cope with food shortages. Some agribusiness players traditionally involved in processing and distribution are said to be pursuing land purchases as vertical integration strategies to move upstream and enter direct production. [28]

In their analytical report based on the Land Matrix Database, Anseeuw et al. (2012) describe three types of investor countries: emerging economies, Gulf States, and agribusiness from the Global North[29]. Agribusiness and industry account for the largest share of investors, with agribusiness more specialised on food crops and industry on biofuels. Although few sovereign wealth funds appear directly as the origin of investments, investment funds are key players. Funds from the Middle East and North Africa are far more specialised in food crops than funds outside the region, suggesting that part of the demand for land from the Middle East is internal demand for food.[30] In Chapter 4, we look to see if these claims are substantiated by a detailed look at the evidence.

[27] Quoted in Sung-Hoon Lim, (2005) "Foreign investment impact and incentive: a strategic approach to the relationship between the objectives of foreign investment policy and their promotion", International Business Review, Volume 14, issue , pp.61- 76

[28] Lonrho plc, 'Substantial progress at Lonrho Agriculture', press release, 13 Jan. 2009, http://www.lonrho.com/

[29] Ward Anseeuw, Mathieu Boche, Thomas Breu, Markus Giger, Jann Lay, Peter Messerli and Kerstin Nolte (2012) "Transnational Land Deals for Agriculture in the Global South: Analytical Report based on the Land Matrix Database". CDE/CIRAD/GIGA, Bern/Montpellier/Hamburg. - http://landportal.info/landmatrix

[30] Byerlee, Derek and Deininger, Klaus (2011), *Rising Global Interest in Farmland,* The World Bank.

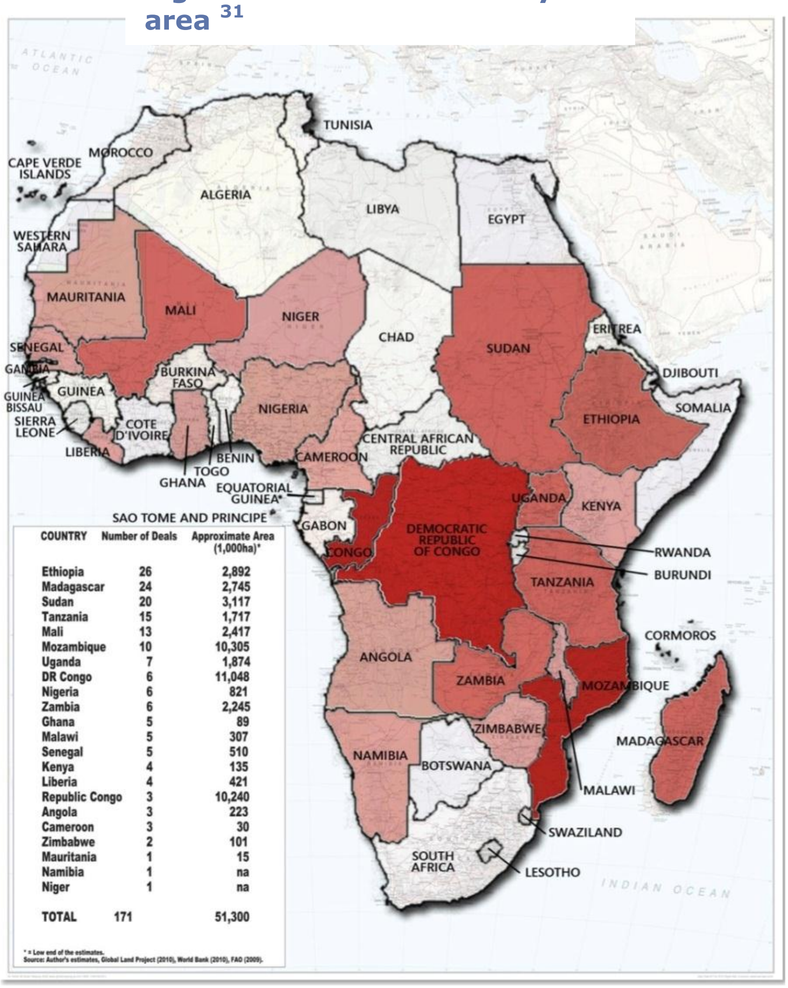
3 Transnational land acquisitions: Levels and destinations

This Chapter examines transnational land acquisitions in more detail– the numbers of deals, the amount of land involved, the destination countries, and the countries of origin from the investment perspective.

3.1 Data methodology

The data available on land deals are generally pulled from either media reports or country level research (which are mainly based on government inventories), both of which have major underlying issues as a data source. The government inventories do not necessarily track all land deals and provide little transparency when it comes to the international source. The media reports provide more of a story behind the land deals, but also tend to overestimate the size and value, and provide an uneven coverage of the entire picture by focusing on sectors and countries of interest. In addition, the media pick up on announcements that do not necessarily follow through into reality for a number of reasons such as political opposition. However, combining sources allows for crosschecking, but still leaves much to be desired in terms of a complete dataset.

Figure: Africa land deals by area [31]



COUNTRY	Number of Deals	Approximate Area (1,000ha)*
Ethiopia	26	2,892
Madagascar	24	2,745
Sudan	20	3,117
Tanzania	15	1,717
Mali	13	2,417
Mozambique	10	10,305
Uganda	7	1,874
DR Congo	6	11,048
Nigeria	6	821
Zambia	6	2,245
Ghana	5	89
Malawi	5	307
Senegal	5	510
Kenya	4	135
Liberia	4	421
Republic Congo	3	10,240
Angola	3	223
Cameroon	3	30
Zimbabwe	2	101
Mauritania	1	15
Namibia	1	na
Niger	1	na
TOTAL	171	51,300

* = Low end of the estimates.
Source: Author's estimates, Global Land Project (2010), World Bank (2010), FAO (2009).

Some estimates have put 50 million hectares of deals in Africa alone. As shown by the Figure here, data suggest that the DRC had land deals for nearly half of domestic agricultural land; while Mozambique had deals for a fifth of its land. The clear trend is for these investments to be centred in fragile states. The principle origins of demand for such investments are from the Gulf States of Saudi Arabia, UAE, Qatar, Kuwait and Bahrain, China, South Africa, Japan, Russia, South Korea, the US, and UK and other EU members. There are various types of buyers, including state-owned enterprises, sovereign wealth funds, foreign and domestic investors, and government agencies.

[31] Sparks (Ibid.)

The African data may be of questionable quality however, and be an overestimate. The current available databases (run by organisations like GRAIN, Food and Agriculture Organisation of the United Nations (FAO), and the International Land Coalition (ILC)), differ greatly due to variances in sources, as well as alternate methodologies and variations in defining terms (what actually make a land deal, minimum sizes, or sectors included, etc.). An analysis of media reports in the ILC database suggests that between 51.4 million and 63.1 million hectares of land were acquired in Africa alone between 2008 and 2010.[32] The World Bank reports an estimate of 56.6 million hectares worldwide in land deals between October 2008 and August 2009.[33] According to the World Bank, almost half of these projects involve sub-Saharan Africa, and comprise about two-thirds of the total area (39.7 million ha).[34] Lastly, the Land Portal's 'Land Matrix', features land deals reported in the media or discussed in published research, which are then cross checked by means of triangulation.[35] Based on our own internal analysis using the current Land Matrix data, the total area in land deals from 2000 to 2010 is currently estimated at about 49 million hectares worldwide.

Table. Estimates of transnational land acquisitions worldwide

Total Land area (million ha)	Coverage	Time Period	Source	Method
51.4 - 63.1	27 countries in Africa	2008 - 2010	Friis & Reenberg (2012)	Media Reports
56.6	Global (81 countries)	October 2008 - August 2009	Deininger et al, World Bank Report (2011)	Media Reports from GRAIN blog
48.9	Global (96 countries)	2000 - 2010	Land Matrix	Media and Research Reports, cross-checking

Source: Cotula, Lorenzo (2012): The International Political Economy of the Global Land Rush: A Critical Appraisal of Trends, Scale, Geography and drivers The Journal of Peasant Studies, 39:3-4, 649-680, with changes and integrations.

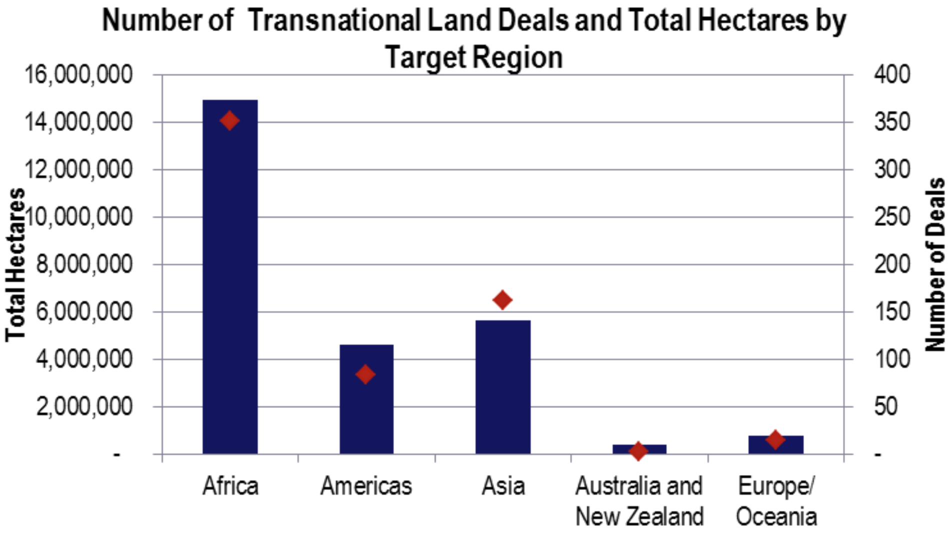
3.2 Data analysis and results

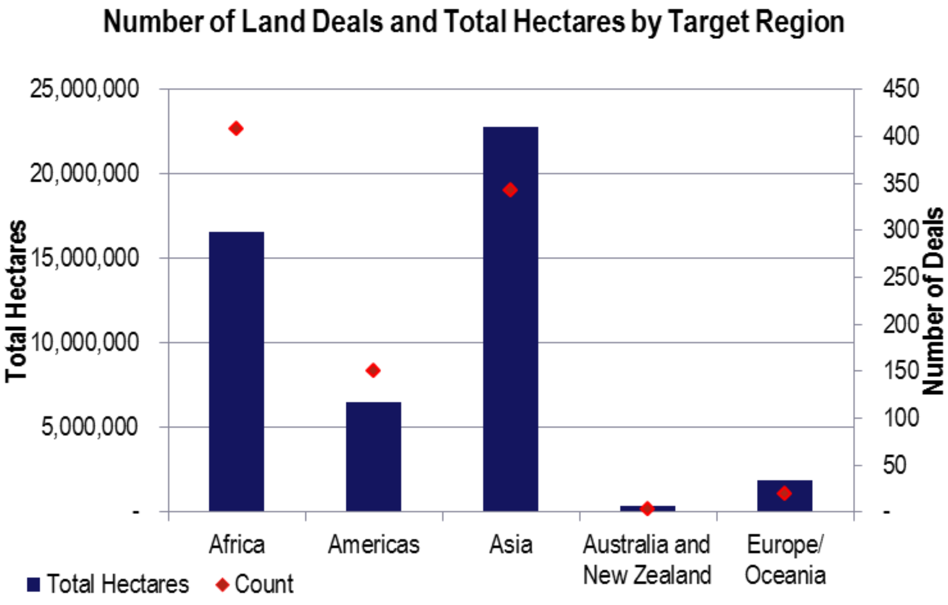
Although the specific statistics fluctuate substantially and should be viewed with some caution, all the evidence does seem to agree on the recent increase in land acquisitions and the substantial size involved. In this section, we examine in more detail one specific database, publically available, the Land Matrix from the Land Portal website, which counts several hundred deals. There is a caveat here in that these data have been criticised. One researcher found that of over 5 million hectares quoted in the Land Matrix for Ethiopia, less than 10 per cent could be verified to a high degree, while there appeared to be duplication[36]. A paper by Gerard Chouquer

[32] Friis, Cecilie & Reenberg, Anette, *Land Grab in Africa: Emerging land system drivers in a teleconnected world*, Global Land Project, August 14, 2010.
[33] Byerlee, Derek and Deininger, Klaus (2011), *Rising Global Interest in Farmland,* The World Bank.
[34] Byerlee, Derek and Deininger, Klaus (2011), *Rising Global Interest in Farmland,* The World Bank.
[35] Land Portal Land Matrix http://landportal.info/landmatrix
[36] http://ruralmodernity.wordpress.com/2012/05/05/land-matrix-ethiopia-data-update/

looks in detail at the case of Madagascar and also questions the veracity of the Land Matrix data.[37]

However, although the data on land deals available from the Land Portal website only reliably account for a portion of transnational deals, they do provide a glimpse of some recent trends. Out of a total 924 deals documented, almost half (408) target a country in Africa. The actual land size acquired, however, is led by Asia with a total of 22.7 million hectares, out of a total of 48 million hectares documented in the data. A number of purchases are domestic, and if we eliminate these domestic land purchases, we are left with about 26.2 million total hectares for 616 international land deals.





Considering all regions and deals (transnational and domestic), we see that Brazil has attracted the most land deals in terms of size, at a total of 2.9 million hectares. This makes up 1.46 per cent of Brazil's total agricultural area, and is comprised mainly of sugar cane and then soya beans.[38] Although we may not be able to rely heavily on the actual 7 million hectare statistic, we are able to support the general magnitude and influence of the palm oil crop in Indonesia, especially in the last decade. Significant economic and political reforms were established around the turn of the century and included the allocation of about 10 million

[37] The baselines of a contract: Addax Bioenergy, demonstrate the confusion behind the actual statistic for the size of the land deal: Chouquer, Gerard *L'evaluation chiffree des transactions ou concessions massives de terres, http://www.formesdufoncier.org/pdfs/ChiffresLandGrab.pdf*;
Land Matric data errors Ethiopia http://ruralmodernity.wordpress.com/2012/05/05/land-matrix-ethiopia-data-update/

[38] FAOSTAT

hectares of new land-use licenses to domestic and foreign investors between 2000 and 2009 who were interested in palm plantation development.[39]

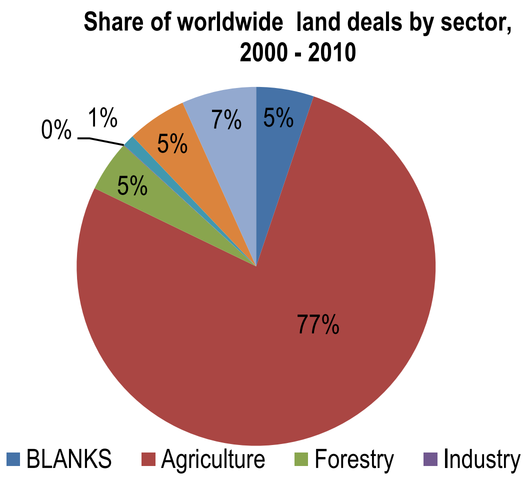
Setting domestic land deals aside, we can take a closer look at the major target countries for transnational deals, as seen in the following table.

Table. Top 15 Target Countries by Size of International Land Deals

		Hectares		Transactions	
Target Country	Region	Total Hectares	Percentage	Count	Percentage
Brazil	South America	2,984,144	11.3%	41	6.7%
Sudan	Northern Africa	2,658,930	10.1%	12	1.9%
Madagascar	Eastern Africa	2,155,511	8.2%	30	4.9%
Philippines	South-East Asia	2,124,300	8.1%	23	3.7%
Ethiopia	Eastern Africa	2,045,012	7.8%	47	7.6%
Mozambique	Eastern Africa	1,933,112	7.4%	90	14.6%
Indonesia	South-East Asia	1,692,858	6.4%	14	2.3%
Argentina	South America	1,069,024	4.1%	15	2.4%
Benin	Western Africa	1,040,900	4.0%	9	1.5%
Sierra Leone	Western Africa	812,342	3.1%	19	3.1%
United Republic of Tanzania	Eastern Africa	682,018	2.6%	35	5.7%
Liberia	Western Africa	662,000	2.5%	5	0.8%
Cambodia	South-East Asia	491,009	1.9%	49	8.0%
Ukraine	Eastern Europe	481,588	1.8%	6	1.0%
Kenya	Eastern Africa	475,000	1.8%	7	1.1%

Source: Land Portal Land Matrix

Note: The percentage represents the portion of total land area in, and number of, international deals.

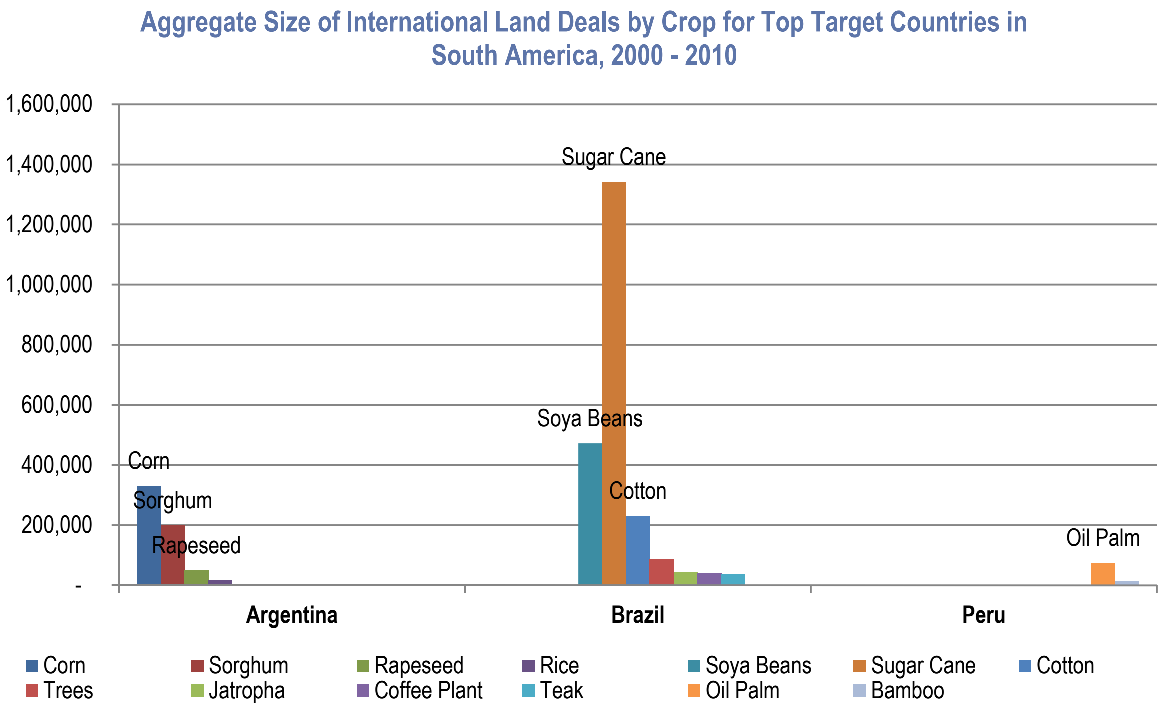


As seen in the chart here, and supporting Annex 1, the vast majority of land deals are for agricultural uses. Within the agricultural sector, the largest crop, by size of land deals (over 8 million ha.) as well as by number of deals (131), is jatropha. The plant saw a recent surge in demand due to hype about its potential use as a source of future biofuel production.[40] This potential coupled with the plants flexibility in terms of its ability to grow on marginalised land and its resistance to drought and pests, made jatropha an initially appealing investment. However, after only a couple of years the plants potential started to be seriously

[39] USDA Commodity Intelligence Report, Indonesia: Palm Oil Production Growth to Continue. March 19, 2009; Gouverneur, Cedric, *The palm oil land grab*, Le Monde Diplomatique, December 2009: "Between 1998 and 2007, Indonesia officially increased the land given to oil palm cultivation from three to seven million hectares, putting it ahead of Malaysia as the world's biggest producer. To satisfy the explosion in demand for the oil, projected to rise from 22.5 million tonnes today to 40 million tonnes by 2020, Indonesia has gargantuan plans: 20 million hectares are to be devoted to palms by 2020…"

[40] Barta, Patrick. Wall Street Journal, *Jatropha Plant Gains Steam In Global Race for Biofuels*, August 24, 2007

doubted, leading BP to walk away from a joint venture with D1 Oils that was responsible for 25 per cent of the worldwide jatropha planting.[41] Looking at our top target countries (both by total hectares and by number of land deals), we can get an idea of the types of crops from each region. Biofuel crops (jatropha, oil palm and sugar cane) dominate the land deals in most of our top countries (see Annex 5).



	Hectares		Transactions	
Crop	Total Hectares	Percentage	Count	Percentage
Jatropha	4,401,687	16.7%	99	16.1%
Oil Palm	3,560,102	13.5%	43	7.0%
Sugar Cane	2,174,179	8.3%	40	6.5%
Corn (Maize)	1,645,363	6.3%	27	4.4%
Cassava (Maniok)	899,900	3.4%	19	3.1%
Eucalyptus	660,534	2.5%	10	1.6%
Soya Beans	523,916	2.0%	8	1.3%
Accacia	506,647	1.9%	17	2.8%
Sun Flower	402,605	1.5%	3	0.5%
Banana	359,000	1.4%	9	1.5%

Source: Land Matrix

[41] Johnson, Keith. Wall Street Journal, *BP Gives up on Jatropha for Biofuel*, July 17, 2009. http://blogs.wsj.com/environmentalcapital/2009/07/17/bp-gives-up-on-jatropha-for-biofuel/; Reuters, *D1 Oils to buy BP's stake in jatropha JV*, July 17 2009. http://in.reuters.com/article/2009/07/17/idINIndia-41114420090717;Guardian, *Hailed as a miracle biofuel, jatropha falls short of hype,* May 5, 2009. http://www.guardian.co.uk/environment/2009/may/05/jatropha-biofuels-food-crops

Following jatropha, oil palm is a close second in both land size and number of land deals. The large proportion of jatropha, oil palm and sugar cane points to the growth of investments in biofuels, which may be inflated due to media reports, but are undoubtedly a main driver of transnational land acquisitions. As shown in the annexes to this report, this predominance of biofuels in land acquisitions carries across most countries and destinations for investments. This shows that *despite the media's interest in transnational acquisitions for the purpose of food, biofuels are a much bigger driver for the large numbers of deals seen in recent years.* [42]

The Land Matrix is incomplete in terms of identifying the countries of origin for investments. The chapter 5 therefore examines in more detail other sources to get a good idea of which investors are playing the major role in transnational land acquisitions.

[42] http://www.economist.com/node/13692889

4 Transnational land acquisitions: Drivers and debates

Transnational land acquisitions come from a large range of sources. This Chapter aims to look in detail at the main different players, showing how drivers may differ between countries. The three major players are i) Western agribusiness companies, with a role for pension funds, private equity and hedge funds; ii) 'State-backed' firms from the likes of China and South Korea as well as Sovereign Wealth Funds (SWFs) from the Middle East and Singapore; iii) large multinational players in plantations principally for use as biofuels. The following sections look at each in turn in some detail. The data reported are from the GRAIN database of over 400 land deals, for which there is good data on countries of investor origin. Where possible, we have looked for additional sources to see if they are available or not available to corroborate the data.

4.1 Western pension funds and companies

European Union

According to the GRAIN database of 'land grab' deals, the European Union was involved in close to 8 million hectares worth of transactions from 2006 to 2012, with the UK share accounting for 63 per cent of the total. The EU therefore accounts for a fifth of the global total according to GRAIN. The largest share of this went into land in Australia and Brazil, and is driven by agribusiness investments, particularly by private equity groups.

In 2009, British private equity company Terra Firma Capital purchased 90 per cent of the Consolidated Pastoral Company for A$425 million, giving it control over approximately 2.6 million ha in Queensland. It purchased a further 600,000 ha in 2009–10.[43]

Firms such as the French Louis Dreyfus - Louis Dreyfus, a privately owned French company, is one of the largest agricultural commodity traders in the world, and one of the world's largest sugar producers. In October 2009, LDC Bioenergia of Louis Dreyfus Commodities merged with Santelisa Vale, a major Brazilian sugar-cane production and processing company, to form LDC-SEV, with Louis Dreyfus holding 60 per cent of the company. Through the deal, Louis Dreyfus now controls 329,000 ha of sugar-cane plantations in Brazil[44]. While in 2007, French sugar giant Tereos, through its Brazilian subsidiary, Açúcar Guaraní, acquired 75 per cent of Mozambique's Sena Holdings Ltd, giving it full control over Sena's sugar factory and a 50-year lease on 14,000 ha of sugar plantations in Zambezia province.[45]

In August 2007, Le Matinal reported that the Italian company Green Waves was given the authorisation and the support of the Government of Benin to produce sunflower on 250,000 ha in Ouèssè, Benin.[46] However, the deal is not reported in the Land Matrix and there is very little about the deal elsewhere.

SIAT is a Belgian company with extensive agricultural operations in Africa. In Gabon, it has a 7,300-ha oil-palm plantation, a 12,100-ha rubber plantation, and a 100,000-ha cattle farm. It

[43] GRAIN database of land grab deals
[44] GRAIN database of land grab deals
[45] GRAIN database of land grab deals
[46] GRAIN database of land grab deals

also has palm-oil operations in Nigeria and Ghana. [47] However, the deal is not reported in the Land Matrix and there is very little about the deal elsewhere.

Mercatalonia is a Spanish company established by precious metals importer Modesto Beltrán Petter's. It's subsidiary in The Gambia, Mercatalonia Banjul Co. Ltd, has an MoU with the government to implement Afropalma 2020, a project to develop plantations of sugar cane, soybeans, maize, rice, fodder, and palm oil on 150,000-200,000 ha. Canavialis, a Brazilian sugar-cane breeding company owned by Monsanto, is also collaborating in the project. [48]

Farm Lands of Guinea (FLG) is a company based in Gibraltar and registered in the British Virgin Islands. On September 16, 2010, with a military junta in control of the Government of Guinea, FLG signed two deals with Guinea's Ministry of Agriculture, giving it 99-year lease rights to more than 100,000 ha of agricultural land, where it intends to grow maize and soybeans. Under a subsequent protocol, signed while the junta was still in power, FLG agreed to survey and map roughly 1.5 million ha and to "prepare it for third-party development under 99-year leases". FLG maintains that in return the Ministry of Agriculture gave it exclusive marketing rights over the lands "with a commission of 15 per cent being payable on closed sales". Late in 2011, FLG reported that its representatives had been in Sierra Leone and The Gambia prospecting for land, and that it had identified 10,000 ha in Mali's Office du Niger with the country's Minister of Agriculture. In November 2011, London -based Craven House Capital, formely AIM Investments, bought US$1,000,000-worth of FLG common shares. [49]

Croydon-based Trans4mation Agritech Ltd (T4M) claims to have completed negotiations for a 25-year lease on 100,000 ha in Ghana and 300,000 ha in Nigeria. It is working in partnership with the government of Vietnam and is supported by the UK government. It is looking for investors to inject US$425 million for each 10,000-ha farm it plans to establish on the lands it has leased.[50] The investment is therefore in an early stage.

In 2011, Norwegian Lurio Green Resources is setting up a nursery with 7 million saplings of several varieties of eucalyptus in Mozambique's Nampula province, the company's managing director said. Cited by the Mozambican press, Arlito Cuco, the managing director of the company, a Norway-based multinational, said that the target of 7 million saplings, mainly of two varieties imported from Brazil and Zimbabwe, would be reached, at the latest in February, 2012. Cuco also said that that number of saplings would likely be enough to plant up the company's concession area, which covers 126,000 hectares in some districts of Nampula province. The project, which involves estimated investment of US$1.8 billion, includes installation of a sawmill and factories for producing cellulose pulp and paper as well as for furniture along with the development of renewable energy.[51]

As part of its strategy of exploring opportunities for growth and sustained value creation in the southern hemisphere, the Portucel Group has further strengthened its presence in Mozambique by obtaining a provisional Land Use Permit (DUAT) for an additional area of 182,886 hectares in Manica Province, issued by the Mozambican government (Council of Ministers Resolution of 19 December 2011). This new permit was granted under the agreement in principle reached between the Portucel Group and the Mozambican government in 2008, under which land use

[47] GRAIN database of land grab deals
[48] GRAIN database of land grab deals
[49] GRAIN database of land grab deals
[50] GRAIN database of land grab deals
[51] http://www.macauhub.com.mo/en/2011/03/09/lurio-green-resources-sets-up-eucalyptus-nursery-in-mozambique/

rights had already been granted for an area of 173,327 hectares in Zambezia Province. The Group now has at its disposal a total area of approximately 360,000 hectares for eucalyptus plantations and for commercial farming by its employees and local people.[52]

United States

According to the GRAIN database of 'land grab' deals, the United States was involved in over 4 million hectares worth of transactions in recent years. The largest share of this went into land in Brazil, Russia, Ukraine, Sudan and Tanzania, and is driven by agribusiness investments, particularly by private equity groups and pension funds.

The two largest deals involving US companies have been in South Sudan. In March 2008 Nile Trading and Development (NTD), a Texas-based company, entered into a 49-year lease agreement with Mukaya Payam Cooperative, a organisation that presents itself as the representative of the local community. The project is located in Lainya county, Central Equatoria State. The Oakland Institute reports that the Mukaya Payam Cooperative is a fictitious cooperative. A 2011 petition handed to the state governor in Juba states that, "we the chiefs, elders, religious leaders and the youth of Mukaya Payam, unanimously, with strong terms condemn, disavow and deny the land lease agreement reached on 11 March 2008 between the two parties".[53] According to the terms of the agreement, "any profits generated by Nile Trading and Development in respect of the leased land shall initially and through 2012 be divided 60 per cent to the company and 40 per cent to the Mukaya Payam Cooperative." Whether the cooperative, whoever they may be, will distribute the rents amongst the other payams and how they will do so is uncertain.[54] Some representatives of the community have spoken. A petition signed on the 23 July this year has been handed to the state governor in Juba. It states that, "we the chiefs, elders, religious leaders and the youth of Mukaya Payam, unanimously, with strong terms condemn, disavow and deny the land lease agreement reached on 11 March 2008 between the two parties." The petition states that the lease agreement was reached without the knowledge of the community and that it is illegal. It is signed by seven chiefs, a reverend, two elders and two others. The President of South Sudan, H.E Salva Kiir, has subsequently given his support to the community stating, "you are the government and you have the powers".[55]

In January 2009, Jarch acquired a 70 per cent interest in Leac, a company controlled by Gabriel Paulino Matip Nhial, the eldest son of Sudan People's Liberation Army (SPLA) deputy commander-in-chief, Paulino Matip. As part of the deal, Jarch acquired a lease covering 400,000 ha of farmland under the control of Matip, with options to acquire more. Paulino Matip joined the advisory board of Jarch Management as vice-chairman in 2007, followed by his son in December 2009. In October 2010, another South Sudan warlord, General Gabriel Tanginye, joined Jarch's advisory board shortly after officially joining the SPLA. On its website, Jarch claims to have commenced its agribusiness activities in South Sudan. [56] The FT reported in November 2011 that lacking the support of the South Sudanese Government, the deal had stalled.[57]

In Tanzania, AgriSol, through a joint venture with Pharos Financial of Dubai and Summit Group of the US, is developing a massive agricultural project on lands identified by the Government of Tanzania in Katuma (80,000 ha) and Mishamo (220,000 ha) in Rukwa province and Lugufu in

[52] http://www.portucelsoporcel.com/en/group/news/871.html
[53] GRAIN database of land grab deals
[54] http://thinkafricapress.com/south-sudan/largest-land-deal-land-grab
[55] http://thinkafricapress.com/south-sudan/largest-land-deal-land-grab
[56] GRAIN database of land grab deals - http://www.grain.org/article/entries/4479-grain-releases-data-set-with-over-400-global-land-grabs
[57] http://www.ft.com/cms/s/0/dde59072-061e-11e1-a079-00144feabdc0.html#axzz2InUDChrZ

Kigoma province (25,000 ha). These lands are all former refugee settlements still occupied by refugee families who entered Tanzania decades ago. MoUs were executed and leases were negotiated for the Rukwa lands, while an MoU was prepared for the lands in Kigoma. Two of the three sites (Katumba and Mishamo) are inhabited by Burundian refugees displaced by war in 1972. [58] AgriSol would pay just 25¢ an acre to lease as the land, the Oakland Institute has reported, while displaced refugees are given $200 each in compensation[59]. In August 2012, the Iowa Ethics and Campaign Disclosure Board voted to dismiss Iowa CCI's conflict of interest complaint against Iowa Regent Bruce Rastetter saying it wasn't "legally sufficient" for them to do an investigation. The ethics complaint was filed by the Des Moines-based citizen group, Iowa Citizens for Community Improvement, for misusing his membership on the Iowa Board of Regents that oversees Iowa's public universities to advance an "African land grab" that involved Iowa State University (ISU), after the land deal was exposed by the Oakland Institute in June 2011. In this land deal, which had been hidden away from public scrutiny and discussion, Bruce Rastetter's AgriSol Energy LLC partnered with ISU College of Agriculture and Life Sciences to lease more than 800,000 acres in Tanzania without public debate or consent, while displacing over 162,000 villagers.[60]

Pension funds

A key recent trend in transnational land acquisitions has been the interest of pension funds. GRAIN find that 30 such funds from the US, Sweden, the Netherlands, Sweden, Australia, Germany, Canada, New Zealand, Denmark and Finland, are involved.[61] The share of their assets under management (AUM) taken up by land acquisitions is still small, generally between 0.5 and 3 per cent, although there are exceptions. In addition the majority of the land investments are going to relatively developed markets, particularly Russia, Ukraine, Australia and New Zealand.

In terms of investments in Africa - UK-based SilverStreet Capital has received about $198 million in commitments to its Africa-focused fund from the Danish pension fund Pensionskassernes Administration (PKA) and the Overseas Private Investment Corporation (OPIC). OPIC has backed the fund with $150 million, which is part of the $500 million it has committed to five funds operating in the renewable resources sectors across Southeast Asia and Africa. Silverland is targeting $450 million at final close, 50 per cent higher than the $300 million upper target announced at inception. Launched in 2010, Silverland will invest across the agricultural value chain, deploying a minimum of $2 million to each deal. The fund is targeting annual returns of between 15 per cent and 20 per cent, with a term of up to nine years. Silverland will predominantly deploy capital across Malawi, Mozambique, South Africa, Tanzania, Uganda, and Zambia. The fund will focus on primary production, backing businesses that farm grain, soya, fruits, vegetables, sugar, tea, and coffee.[62]

Private equity and hedge funds

A new player in farmland has come from private equity and hedge funds, with specific funds looking at transnational land acquisitions. A few of these have some significance in terms of size.

[58] GRAIN database of land grab deals - http://www.grain.org/article/entries/4479-grain-releases-data-set-with-over-400-global-land-grabs
[59] http://www.latitudenews.com/story/american-bio-energy-tanzania-burundi-refugee/
[60] http://media.oaklandinstitute.org/ethics-complaint-against-agrisols-rastetter-dismissed-public-scrutiny-however-unravels-rastetters
[61] GRAIN (2012) Pension funds involved in global largescale farmland aquisitions as of June 2012
[62] http://www.privateequityafrica.com/funds/silverstreet-gets-198m-from-pka-and-opic/

Aquila Capital's AgrarInvest fund manages investments for around 1,000 German investors. The fund focuses on the acquisition of dairy farms in New Zealand and cattle farms and sugar-cane plantations in Brazil. In Brazil, Aquila is pursuing investments in Proterra Agropecuária, a ranch of 6,500 cattle managed by the New Zealand company AgInvest, and sugar-cane company Proterra, which has sugar-cane plantations on around 250,000 ha. [63]

Other funds are also involved in farmland. This includes, in 2010, alternative investments advisor Altima Partners is launching a new farmland fund this month seeking more than $250 million for land deals in Africa, South America, Eastern Europe and elsewhere. Altima, which made its first land purchase in Zambia earlier this year, is hoping to gain a greater footprint in global farmland ownership with the new private placement, according to Altima partner Ed Ho. Altima, with offices in New York and London, has been an active player in agricultural investments the last few years and has about $2.1 billion in assets under management currently. To date, its global agriculture investment platform has about $850 million invested in agriculture-related businesses and farmland. The $7 million farmland purchase in Zambia, on mostly wheat-growing ground, is seen as part of the foundation for a large-scale farming platform in the East Africa region that would match fertile land with technological improvements and serve as an export portal to China.[64]

Emergent Asset Management (Emergent), a London hedge and private equity fund, minority owned by Toronto Dominion Bank, claims to be managing the largest agricultural fund in Africa. Emergent's agricultural fund, known as the African AgriLand Fund, is managed by the Emergent Pro Alia Fund based in Luxembourg. Through a South African joint venture called EmVest, the fund buys agricultural land in Africa and then develops industrial agricultural projects that produce grain crops, biofuels, fruits, vegetables, livestock, aquaculture, tea, timber, and nuts, primarily for export. EmVest uses both South African and Mauritian banking structures and operates in Mozambique, South Africa, Swaziland, Zambia and Zimbabwe.[65] In August 2011, Emergent Asset Management, claimed it could have 270 per cent returns on investment over five years, with a minimum of €5 million for an institution and €500,000 for a retail investor.[66] Through EmVest, Emergent now controls over 100,000 hectares of arable land in over a dozen sub-Saharan countries. Once in possession of the land, Emergent also gains complete water rights for the unlimited irrigation needed for its industrial farming projects. In addition to controlling natural resources, the means of production needed to exploit it, including tools and labour, are dictated by the firm as well. [67]

4.2 Emerging Economy investments and Sovereign Wealth Funds

One of the biggest factors in media coverage of transnational land acquisitions or 'land grabs' has been the role of foreign Governments, seeking to find land to increase their limited food production and secure food supplies[68] – this has particularly centred on South Korea, China, Singapore and the Gulf States. However, on a closer look, the role of SWFs and state-backed government-to-government purchases may have been overplayed in the story. On the GRAIN database, excluding China, these countries have been responsible for fewer investments in land

[63] GRAIN database of land grab deals
[64] http://www.reuters.com/article/2010/06/03/agriculture-investing-altima-idAFN0326920420100603
[65] The Oakland Institute (2011) "Understanding land investment deals in Africa: deciphering Emergent's investments in Africa" Land Deal Brief, June 2011.
[66] http://www.forbes.com/sites/maureenfarrell/2011/07/08/will-african-farmland-yield-the-elusive-alpha-for-portfolios/
[67] The Oakland Institute (2011) "Understanding land investment deals in Africa: deciphering Emergent's investments in Africa" Land Deal Brief, June 2011.
[68] http://www.guardian.co.uk/environment/2008/nov/22/food-biofuels-land-grab

by hectares than the European Union. This section looks in more detail at some of the deals involved, who is behind them, and issues that have arisen.

Sovereign Wealth Funds

Sovereign Wealth Funds (SWFs) have been created by a number of countries, normally from the proceeds of fossil fuels exports, in order to provide a national investment vehicle to develop assets and provide a legacy for the future population. SWF investments are mostly targeted in listed and unlisted equity, real estate, and private equity funds, with the bulk of investments being targeted in cross-border acquisitions of sizeable but non-controlling stakes in operating companies and commercial properties. [69] There is evidence that SWFs have been diversifying, particularly with poor equity performance in recent years, and are going into commodities, particularly in commodities and in the energy value chain[70], but also in land.

Most common model is not in direct investments in land, but through private equty funds, investment funds, hedge funds or equity investments in large agribusinesses[71]. But with over $4 trillion in assets under management, these investments make up a fractional share of the portfolio of SWFs. There are however, several clear factors that would drive investments by SWFs in land[72]:

- The investment strategy of SWFs suits investments in land. SWFs are long-term, patient investors. They have a high risk tolerance. They invest in illiquid instruments. SWFs have an investment horizon of 6-7 years. Returns on land are much more than debt and equity investments provided one holds it for a longer period.
- SWFs want to diversify investments by moving to alternative assets such as private equity, real estate and commodities. Investment in agricultural land is a viable commercial option.
- There is a domestic policy support in SWF countries to invest in agriculture and food businesses. Many SWFs originate from food importing countries (e.g, Middle East). These countries want regular supply of food items.

[69] Bortolotti et al. (2009) "Sovereign Wealth Fund investment patterns and performance"
[70] Monitor (2011) "Braving the new world: SWF investment in the uncertain times of 2010"
[71] Kavaljit Singh (2009) "Sovereign Wealth Funds and Land Grabbing" Public Interest Research Centre, New Delhi
[72] Ibid.

Table: Sovereign Wealth Funds, source and assets under management[73]

Country	Fund/Institution Name	Year of Incorporation	Source of Funding	AuM (USD Billion)
Algeria	Revenue Regulation Fund	2000	Oil	56,7
Azerbaijan	State Oil Fund of Azerbaijan	1999	Oil	30,2
Australia	Australian Future Fund	2006	Non-Commodity	76,2
Bahrain	Mumtalakat Holding Company	2006	Non-Commodity	9,1
Botswana	Pula Fund	1994	Diamonds	6,9
Brazil	Sovereign Fund of Brazil	2008	Non-Commodity	11,3
Brunei	Brunei Investment Agency	1983	Oil	30
China	Africa Development Fund	2007	Non-Commodity	5
China	China Investment Corporation	2007	Non-Commodity	409,6
China	National Social Security Fund	2000	Non-Commodity	146,5
China	SAFE Investment Company	1997	Non-Commodity	567,9
Hong Kong	Hong Kong Monetary Authority Investment Portfolio	1993	Non-Commodity	292,3
Indonesia	Government Investment Unit of Indonesia	2006	Non-Commodity	0,34
Iran	Iran Oil Stabilisation Fund	1999	Oil	23
Kazakhstan	Kazakhstan National Fund	2000	Oil, Gas, Metals	38,6
Kiribati	Revenue Equalization Reserve Fund	1956	Phosphates	0,4
South Korea	Korea Investment Corporation	2005	Non-Commodity	37
Kuwait	Kuwait Investment Authority	1953	Oil	296
Libya	Libyan Investment Authority	2006	Oil	64,9
Malaysia	Khazanah Nasional	1993	Non-Commodity	36,8
Mauritania	National Fund for Hydrocarbon Reserves	2006	Oil, Gas	0,3
Mexico	Oil Revenues Stabilization Fund of Mexico	2000	Oil	6
Nigeria	Nigerian Sovereign Investment Authority	2011	Oil	1
Norway	Government Pension Fund - Global	1990	Oil	571,5
Oman	Oman Investment Fund	2006	Oil	N/A
Oman	Oman State General Reserve Fund	1980	Oil, Gas	8,2
Qatar	Qatar Investment Authority	2005	Oil	85
Saudi Arabia	Public Investment Fund	2008	Oil	5,3
Saudi Arabia	SAMA (Saudi Arabia Monetary Agency)	N/A	Oil	472,5
Singapore	GIC (Gov't of Singapore Investment Corp.)	1981	Non-Commodity	247,5
Singapore	Temasek Holdings	1974	Non-Commodity	157,2
East Timor	Timor-Leste Petroleum Fund	2005	Oil, Gas	6,3
Trinidad and Tobago	Heritage and Stabilization Fund	2000	Oil	2,9
UAE	Abu Dhabi Investment Authority (ADIA)	1976	Oil	627
UAE	Abu Dhabi Investment Council (ADIC)	2007	Oil	N/A
UAE	Emirates Investment Authority	2007	Oil	N/A
UAE	International Petroleum Investment Company (IPIC)	1984	Oil	58
UAE	Investment Corporation of Dubai	2006	Oil	19,6
UAE	Mubadala	2002	Oil	13,3
UAE	Ras Al Khaimah Investment Authority	2004	Oil	1,2
Venezuela	FEM - Macroeconomic Stabilization Fund	1998	Oil	0,8
Vietnam	State Capital Investment Corporation	2005	Non-Commodity	0,5
			Total AuM	**4422,84**

South Korea

According to the GRAIN database of 'land grab' deals South Korea was involved in 1.4 million hectares worth of transactions in recent years, including large deals in the Philippines and in Australia. Perhaps the most high profile land transation in recent years, although it did not succeed. This was not linked to the Korea Investment Corporation, South Korea's SWF.

In July 2008 the government of Madagascar signed a deal with agricultural firm Daewoo Logistic to lease half the island's arable land for South Korean cultivation for export to South Korea[74]. The South Korean company initially said it had secured a lease for 99 years for about 1.3 million hectares and expected to pay nothing as a rent, although it later said it was still in negotiations with Mr Ravalomanana's former government. The company floated the plan in January to lease 900,000 hectares of land with infrastructure investments worth $2 billion (€1.5 billion, £1.4 billion). The plan suggested Daewoo could create up to 45,000 jobs[75]. The company would get the land rent-free; existing farmers would not be compensated; all the food would be exported.[76] The deal contributed to significant unrest. This came to a head in December 2008, when Andry

[73] http://www.swfinstitute.org/
[74] http://www.ft.com/cms/s/0/ed37ebb6-ec85-11dd-a534-0000779fd2ac.html#axzz2InUDChrZ
[75] http://www.ft.com/cms/s/0/7e133310-13ba-11de-9e32-0000779fd2ac.html#axzz2InUDChrZ
[76] http://www.economist.com/node/14742547

Rajoelina, then mayor of Antananarivo, the capital, channelled the dissatisfaction of a poor, hungry population into mass protests against Marc Ravalomanana's presidency[77] leading to his downfall in March 2009. The deal subsequently fell through.

In 2009, three weeks after the Sudanese President Omar Hassan al-Bashir and Korean President Lee Myung-bak signed a cooperation agreement on agriculture, Sudan's ambassador to Korea told the Korea Times that 420,000 ha of land in Sudan's northern region and 270,000 ha in the central region "have been prepared for Korea" for the production of wheat. The ambassador said that a pilot programme would begin that year on 84,000 ha, and that the project would be a joint venture among Korean, Sudanese and Arab companies.[78] There is very little information available on the current status of this deal and it is not included in the Land Matrix.

Qatar SWF: Qatar Investment Authority (QIA)

According to the GRAIN database of ‘land grab’ deals Qatar was involved in 1 million hectares worth of transactions in recent years, the largest of which was in Australia, this was driven by SWF investment.

Hassad Australia, a subsidiary of Hassad Foods, a company owned by the QIA, has recently 40,000 hectares in western Victoria. The acquisition brings Hassad Australia’s total up to 250,000ha: farmland spread across Queensland, New South Wales, Victoria and Western Australia[79]. In 2010 Hassad Foods announced it would invest up to US$700 million in projects around the world in order to ensure Qatari food security.

Qatar Holding, the investment arm of Gulf state’s sovereign wealth fund QIA, has taken a stake in South American farmland venture Adecoagro following the firm’s US initial public offering. The Gulf fund agreed to buy stock equal to about 25 per cent of proceeds in the IPO, which raised $314 million for Adecoagro. The initial offering comes as commodity prices rally and food prices reach record highs. Adecoagro, which is backed by billionaire investor George Soros, produces sugar, coffee, soybeans, corn, rice and milk in farms in Brazil, Argentina and Uruguay. Proceeds will be used to build a sugar and ethanol processing plant in Brazil and to buy farmland, Adecoagro said in its SEC filing. The sugar mill will process about 11 million tonnes of sugar cane a year and will be one of the biggest in Brazil, according to the company’s website. The total cost of the mill is $1 billion. About $690 million is needed to complete the mill, Adecoagro said[80].

Singapore SWF: Temasek and Government of Singapore Investment Corporation (GIC)

According to the GRAIN database of ‘land grab’ deals Singapore was involved in over 1 million hectares worth of transactions in recent years, this has particularly been in oil palm in Indonesia as well as in a number of African countries. The investment has come from Singapore’s major agribusiness groups such as Wilmar International. Singapore’s SWFs have stakes in such firms, so the investment is indirect, and does not appear to be motivated at all by securing food supplies.

Temasek Holdings, the Singapore owned investment company owns about 16 per cent of Olam International, a leading global integrated supply chain manager and processor of agricultural products and food ingredients, and has options to increase this to 29 per cent[81]. Olam has

[77] http://www.ft.com/cms/s/0/79f8a6a4-0ddc-11de-8ea3-0000779fd2ac.html#axzz2InUDChrZ
[78] GRAIN database of land grab deals
[79] http://farmlandgrab.org/post/view/20458
[80] http://www.arabianbusiness.com/qatar-holding-snaps-up-stake-in-farmland-venture-adecoagro-377263.html
[81] http://www.swfinstitute.org/swf-news/olam-international-raises-debt-temasek-backs/

interests in Africa, and recently announced its intention to partner with the Government of the Republic of Gabon to develop 28,000 hectares of rubber plantations, in which it would own 80 per cent of a joint venture (JV), rising to 50,000 hectares in a second phase[82]. Olam has also invested in a 50,000 ha. JV in Gabon in oil palm[83] and previously announced JVs with Wilmar International in rubber and palm oil in Nigeria, Ghana and the Ivory Coast[84].

In May 2012, Olam International announced a REDD project for “sustainable forest management” in the Republic of Congo. The project is a public-private partnership between Olam International’s subsidiary CIB (Congolaise Industrielle des Bois) and the Government of the Republic of Congo. CIB has logging concessions covering an area of 1.4 million hectares in the Republic of Congo. Of this, an area of 1.3 million hectares is certified as well managed under the Forestry Stewardship Council (FSC) system. A further 92,530 hectares in the Pikounda Nord concession in the Sangha region is to form the REDD project[85].

Singapore-based Wilmar, controlled by the Malaysian tycoon Robert Kuok, is one of the world's largest palm-oil companies and a major sugar producer. In September 2009, the company secured a permit to convert 200,000 ha of mainly forested land in Papua, Indonesia into sugar-cane plantations, as part of the Merauke Integrated Food and Energy Estate mega-project that the Indonesian government is pursuing. In December 2010, Wilmar became the largest sugar producer in Australia when it acquired CSR Limited, giving it control over a number of sugar-cane farms in the country.[86]

In 2012, Singapore’s sovereign wealth fund and investment firm Northstar made a $200 million investment in an Indonesian palm oil producer, in one of the south-east Asia’s largest private equity deals of the year. It has 130,000 hectares of planted plantations in Kalimantan and Java, with a land bank of more than twice as much. The investment consists of equity and convertible bonds and gives GIC and Northstar the right to invest an additional $50 million. Northstar, with $1.2 billion under management, is an associate of TPG. While there was no formal auction for the Triputra Agro Persada stake, other private equity groups including KKR also submitted bids. Although a number of investment companies are building their Indonesian teams, including Blackstone, Carlyle and KKR, deals have remained elusive. Carlyle has tried for more than a decade to complete an investment in the country but has never succeeded[87].

The other major Singaporean SWF has built a large stake in Bunge, a leading agricultural trader, in the latest example of Asian and Middle Eastern sovereign wealth funds buying into commodities trading houses. The investments by GIC, which has bought a 5 per cent stake in the New York-listed company worth nearly $500 million at current share prices, come as Asian and Middle Eastern countries are looking to secure sources of metals, energy and food as their economies expand and populations grow. GIC is already a major shareholder in Glencore, the London-listed commodity trader, through convertible bonds and shares, alongside Aabar, one of Abu Dhabi’s sovereign funds. Singapore’s other sovereign wealth fund, Temasek, is the second-largest shareholder in Olam International, the Singapore-listed trader. Beijing’s China Investment Corp holds 14.5 per cent of Hong Kong-based Noble Group, the second-largest investor after the

[82] http://olamonline.com/olam-to-scale-up-investments-in-rubber-through-a-joint-venture-with-the-government-of-rep-of-gabon
[83] http://www.flex-news-food.com/console/PageViewer.aspx?page=33410
[84] http://media.corporate-ir.net/media_files/irol/16/164878/Presentation/Olam_Presentation.pdf
[85] http://www.redd-monitor.org/2012/10/05/alarm-bells-ringing-olam-international-and-redd-in-the-republic-of-congo/
[86] GRAIN database of land grab deals
[87] http://www.ft.com/cms/s/0/02a4ab56-f835-11e1-b0e1-00144feabdc0.html#axzz2InUDChrZ

trading company's chairman. Industry executives said that Asian investors, particularly sovereign wealth funds, were ready to pay higher multiples for commodities trading houses than western investors. While Olam and Wilmar trade in Singapore at a forward earnings multiple of 11-13 times, Bunge trades in New York at a multiple of 9 times, according to Reuters data. Bunge and its rivals ADM, Cargill, and Louis Dreyfus Commodities, are known by their initials as the "ABCD" group that dominate global agricultural trading. Asian based traders include Noble, Olam and Wilmar International, while European commodity trading houses include Glencore, Vitol, Trafigura, Gunvor and Mercuria.[88]

Headquartered in the US, global grain trader Bunge is deeply involved in Brazil's burgeoning biofuels market, and sources sugarcane from farmers who have taken over ancestral land of the Guarani.[89] Bunge has 183,000 ha. under cultivation in sugarcane plantations[90]. It also has stakes in Indonesian and Malaysian palm oil producers. [91]

UAE

According to the GRAIN database of 'land grab' deals Qatar was involved in over 3 million hectares worth of transactions in recent years, particularly driven by Pakistan, Sudan and Morocco. However, it is not clear that all these transactions have been actualised.

In November 2009, Reuters reported that Tiris Euro Arab (TEA), an investment firm based in Abu Dhabi, had signed a contract with the Government of Morocco for a long-term lease covering 700,000 ha in the south of the country for the production of citrus fruits, olives and other crops for export to the Middle East and Europe. [92] This deal is not reported in the Land Matrix, so it is not clear if this report has been verified.

In Pakistan, it had been reported in 2008 that the UAE had taken up over 300,000 ha. - farmland in Punjab, Sindh and Balochistan provinces. The provinces were defining the terms for the land leases, with the central government providing security forces to protect the farms. Abraaj Capital, a Dubai-based private equity group which manages assets of over US$6 billion, was reported to be involved in the deal. [93]

When United Arab Emirates negotiated last year several farmland deals with Pakistan, Abu Dhabi asked for a blanket guarantee to export all the harvest. Islamabad refused to grant such an assurance and the deals collapsed[94]. The Gulf state, which imports 85 per cent of its food needs, has already said it was to consider building a strategic reserve of staple food items, part of a broader strategy to tame inflation of more than 10 per cent, with sharp rises felt in food prices across the entire UAE population. Abraaj Capital, which manages $5 billion of assets across the Middle East, North Africa and the Indian subcontinent, has been purchasing land in Pakistan during the past year, a company official said. UAE state and private entities intending to build agribusinesses in Pakistan have acquired as much as 800,000 acres of farm land, he said[95]. Other firms interested in taking part in farming in Pakistan include Emirates Investment Group

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[88] http://www.ft.com/cms/s/0/bc6bc9d4-5ede-11e1-a04d-00144feabdc0.html#axzz2InUDChrZ
[89] http://farmlandgrab.org/post/view/21314
[90] http://www.reuters.com/finance/stocks/companyProfile?symbol=BG
[91] http://www.reuters.com/finance/stocks/companyProfile?symbol=BG
[92] GRAIN database of land grab deals - http://www.grain.org/article/entries/4479-grain-releases-data-set-with-over-400-global-land-grabs
[93] GRAIN database of land grab deals
[94] http://www.ft.com/cms/s/0/ce408044-3418-11de-9eea-00144feabdc0.html#axzz2InUDChrZ
[95] http://www.ft.com/cms/s/0/c6536028-1f9b-11dd-9216-000077b07658.html#axzz2InUDChrZ

and the Abu Dhabi Group. Again these deals were not reported in the Land Matrix suggesting they cannot be verified.

A company called Al Ain National Wildlife in July leased some 16,800 square kilometres of grassland in south-eastern Sudan, an area roughly a quarter the size of the Abu Dhabi emirate, with a view to operating safaris there. The stretch of land on the Boma plateau was thought to be second only to the Serengeti region in east Africa for big game[96].

The leasing agreement was signed by a company called Al Ain National Wildlife after an earlier failed attempt by another company in the UAE to buy exclusive access to 6,500 square kilometres of the Serengeti plains in northern Tanzania. If well run, large slices of land bought up or leased by rich patrons may help preserve the area for future generations of locals. But some say the deal has been struck without the involvement of ordinary locals and say that aircraft registered in the UAE are already flying equipment to a camp in the Maruwa Hills to start building a resort.[97]

A UAE conglomerate, The Sayegh Group is a conglomerate mainly involved in the production of paint, through its company National Paints. In September 2009 its owner, Saleem Sayegh, disclosed to Emirates Business 24/7 that it had acquired 1.5 million ha of agricultural land in the Nile Delta.[98] This deal is not reported in the Land Matrix.

Saudi Arabia

According to the GRAIN database of 'land grab' deals Saudi Arabian companies were involved in over 1 million hectares worth of transactions in recent years, particularly driven by Pakistan, Sudan and Argentina. In the Saudi case, there appears to be significant evidence that although SWFs have not been involved directly, the motivation has been food for export to Saudi Arabia.

In October 2010, in a meeting with the Governor of the Argentine Province of Chaco, Jorge Capitanich, Saudi Sheik Mohammed Al-Khorayef put forward a proposal for a large-scale project to produce food for export to Saudi Arabia. In February 2011, representatives of Al-Khorayef's family company signed an agreement with the Chaco government for a US$400-million agricultural project in which the company would be allocated rights over 200,000 ha of farmland in the El Impenetrable region of the province to produce crops for the Saudi market. Al-Khorayef is represented in Argentina by Siasa latinoamericana (SIASA), which is run by Daniel Tardito, CEO of Eduardo Eurnekian, one of the biggest landowners in the Chaco, with close connections to the current and former governors of the Province. [99]

Foras has purchased to 50,000-100,000 ha in Mali, as part of a larger project to cultivate rice on 700,000 ha in various African countries. Foras acts as the investment arm of the Organisation of the Islamic Conference. Its main shareholders and founders are the Islamic Development Bank and several conglomerates from the Gulf region, including Sheikh Saleh Kamel and his Dallah Al Barakah Group, the Saudi Bin Laden Group, the National Investment Company of Kuwait and Nasser Kharafi, the world's 48th-richest person and owner of the Americana Group. [100]

In March 2011, Sheikh Mohammed Al-Amoudi's food company Saudi Star Agri-cultural Development revealed plans to invest $2.5 billion by 2020 in its farming project in Ethiopia. The company has already spent $140 million on buying equipment, clearing part of the land and

[96] http://farmlandgrab.org/7934
[97] http://www.economist.com/node/13988532
[98] GRAIN database of land grab deals
[99] GRAIN database of land grab deals
[100] GRAIN database of land grab deals

developing a 25ha trial plot in the past 15 months, CEO Haile Assegide told The Saudi Gazette newspaper. He also revealed that another 130,000ha has been allocated and there are plans to lease a further 160,000ha. While the majority of the food produced will be exported to Saudi Arabia the rest will remain in the domestic market. Saudi Star has agreed with Ethiopian government that 40 per cent domestically, while 60 per cent could be shipped offshore[101]. Currently Saudi Star is producing rice in Gambella Regional State on 10,000 hectares plot of land. The company, established in 2008 by business tycoon Sheik Mohammed al Amoudi with an initial capital of 500 million birr, has agreed with the government under which the latter pledged to give the company more than 5000 hectares upon the efficiency of the project.[102] Saudi Star Agricultural Development Plc, a food company owned by billionaire Sheikh Mohammed al-Amoudi, said it plans to invest $2.5 billion by 2020 developing a rice-farming project in Ethiopia, Bloomberg reports. The company, based in Addis Ababa, leased 10,000 hectares (24,711 acres) in Ethiopia's western Gambella region for 60 years at a cost of 158 birr ($9.42) per hectare annually, Chief Executive Officer Haile Assegide said in an interview on March 18. It plans to rent an additional 290,000 hectares from the government, he said.[103] BBC News reported that 70,000 indigenous people have been forced to relocate in the western Gambella region of Ethiopia to new villages that lack adequate resources for their survival. The land has been signed over to foreign investors, including Saudi Star Agriculture Development Plc, a company owned by Saudi-Ethiopian billionaire Mohammed Al Amoudi. Felix Horne of the Oakland Institute recently authored Understanding Land Investment Deals in Africa - a succinct analysis of the perils of land grabs in Ethiopia. He told Green Prophet that Saudi Star has begun rice cultivation on 10,000ha of land in Gambella and a 10,000ha irrigation project along the already-compromised Alwero River. Only grain that does not meet export requirements will be sold locally.[104]

The Ethiopian Wildlife Conservation Authority (EWCA) estimates that some 438,000 ha of land have been awarded to investors, in early 2008 in the vicinity of the Gambella National Park, all without Environmental Impact Assessments. Wetlands, with abundant fish populations and birdlife, are presently being altered for rice production while extensive forest cover in nearby areas has been completely cleared.[105]

Resettlement & Compensation Issues: Several small villages (including Oriedhe and Oridge) within the lease area were told to relocate to Pokedi, a village of about 1,000 people across the Alwero River from Saudi Star's operations. While the Gambella's regional government maintains that these relocations are voluntary, members of one village informed the Oakland Institute that if they did not move, "the federal police would arrest us." The vast majority of villages consulted stated that they did not want to relocate but were compelled to move by the government. [106]

Dalla Al Baraka, a Saudi conglomerate with an estimated $5 billion in annual revenue, has acquired two million acres of farmland in eastern Sudan, to produce food for export to the Middle Eastern kingdom. While the investors are hoping to wean Saudi Arabia off imports from South America, such agreements have also caused concern among local Sudanese farmers. Sheikh Saleh Kamel, the founder of Dalla Al Baraka, told the Sudan Tribune that the two million hectares that he has obtained will be considered a "free trade" zone: that is to say his company would

[101] http://www.constructionweekonline.com/article-11558-saudi-star-ethiopian-farm-spending-to-hit-25bn/#.UQA1SyfG92B
[102] http://sodere.com/profiles/blogs/ethiopia-saudi-star-to-acquire-more-than-130-000-hectares
[103] http://blogs.ft.com/beyond-brics/2011/03/24/london-headlines-215/#axzz2InYLwSCO
[104] http://www.greenprophet.com/2012/01/saudi-star-ethiopia/
[105] http://www.oaklandinstitute.org/sites/oaklandinstitute.org/files/OI_SaudiStar_Brief.pdf
[106] http://www.oaklandinstitute.org/sites/oaklandinstitute.org/files/OI_SaudiStar_Brief.pdf

neither have to pay taxes nor follow Sudanese laws. He is not the only outside investor - Essa Abdullah Al Ghurair of Al Ghurair Foods in the United Arab Emirates has just leased 100,000 hectares of farmland in Sudan. And Mustafa Abdul Jalil, the chairman of Libya's ruling National Transitional Council, says this government was also considering investment in Sudanese land.[107]

China

According to the GRAIN database of 'land grab' deals China was involved in over 3.5 million hectares worth of transactions in recent years, particularly driven by the Philippines, Russia, Brazil and Argentina. An iisd report[108] found reports of 86 Chinese projects covering 8.5 million hectares of land in developing countries. They note however that not all the reports are accurate. Of the 86 reported projects, they were able to "confirm" the existence of 54 projects covering 4.8 million hectares, where at a minimum, a contract or memorandum of understanding had been signed.

It is widely claimed that the drive for China's land acquisitions is food for the domestic market, and the driving trends for this are clear. China has 20 per cent of the world's population, but only nine per cent of the world's farmland. And even that imbalance in the amount of land available to produce food for an increasingly demanding population of 1.3 billion is getting worse by the day. China loses close to a million hectares of arable land a year to urban development. Between 1996 and 2006 nine million hectares of farmland were eaten up by China's expanding cities.[109]

However, a SIANI policy brief[110] finds that evidence is hard to find data on Chinese investments in Africa in land, and is there is little evidence of large-scale evidence of export to Chinese markets. Looking at individual cases, a number of them appear to have fallen down on opposition, so the numbers are most likely heavily over-stated.

In Colombia, China wanted to purchase 400,000 hectares in which the sowing, supplies, equipment, machinery, and workers would be Chinese, and the destination of the grain (rice) there produced would also be Chinese.[111] Lands were not identified, however, and later reports indicate that the project has yet to move beyond the initial proposal.[112]

In 2009, it was reported that China asks to plant 2 million ha of jatropha in Zambia, which would have amounted to nearly 10 per cent of Zambia's arable land[113]. There is no evidence that this deal actually took place.

ZTE Corporation is China's largest telecommunications company, with operations in more than 140 countries. In 2007, it established ZTE Energy to invest in biofuels and food[114]. ZTE had been reported to have purchased close to 3 million ha. in the DRC for oil palm[115] including by the

[107] http://www.farmlandgrab.org/post/view/20422
[108] The International Institute for Sustainable Development (iisd) (2012) "Farmland and Water: China invests abroad". Carin Smaller, Qiu Wei and Liu Yalan.
[109] http://www.canada.com/Business/asia-pacific/China+agribusinesses+global+hunt+farmland/7640981/story.html
[110] Swedish International Agricultural Network Initiative (SIANI) (2012) "Chinese "land grabs" in Africa – the reality behind the news" Marie Olsson.
[111] http://colombiasupport.net/2011/02/the-colombian-land-is-becoming-foreign-owned/
[112] GRAIN database of land grab deals
[113] http://www.reuters.com/article/2009/03/31/ozabs-zambia-biofuels-china-idAFJOE52U0JN20090331
[114] GRAIN database of land grab deals
[115] http://www.chinaafricarealstory.com/2010/03/china-and-african-land-grab-drc-oil.html

Guardian. This has subsequently been downgraded and is reported by GRAIN as a 100,000 ha. concession, although currently delayed. [116]

In 2007, the Philippine government signed 18 deals with China to provide Chinese companies with access to land. Popular opposition to the agricultural deals and the deals signed in other sectors forced the government to put the deals on hold. In September 2011, it was reported that the lease contracts signed by the Department of Agriculture with Chinese and other foreign entities were under review. One of the deals includes a 200,000-ha project with China's Beidahuang to develop 200,000 ha of rice, maize, and other crops in the province of Luzon. [117] The Economist reported these deals had been postponed.[118]

The public uproar in Kazakhstan over reports a year ago that the president had signed a deal giving Chinese farmers one million hectares of land on a 99-year lease was deafening. The agriculture minister was forced to make a public pledge that "China would not get an inch of Kazakh land, whether through ownership or long-term lease."[119]

Despite these controversies, a number of Chinese deals appear to have gone through according to sources. Chongqing Grain Group is one of China's largest state-owned grain corporations. In April 2010, the company announced plans for a US$300-million soybean project in Bahia, Brazil that would include infrastructure construction and control over 100,000 ha of land, with option to expand to 200,000 ha. Brazilian authorities publicly denied that the deal involved the transfer of lands, but, in February 2011, Huang Qifan, the mayor of Chongqing, in an interview with state TV channel CCTV, reiterated that the company had been allocated the land and that the project would be managed by a joint venture company 70 per cent owned by Chongqing Grain and 30 per cent by Brazilian investors, with partnerships worked out with local producers. He also said that the company would invest US$879 million in the project, with much of this being provided by the Development Bank of China. Chongqing's Brazilian project is part of an overall US$3.4-billion plan the company has to outsource food production overseas. In April 2011, it said that, apart from soybean production in Brazil, it would pursue the production of oilseed rape in Canada and Australia, rice in Cambodia and palm oil in Malaysia. [120]

In November 2010 it was reported that north-east China's Heilongjiang Province had leased 426,667 ha of land in Russia to grow crops. The same report stated that the town of Mudanjiang, which is located in Heilongjiang Province, had already acquired 146,667 ha. Heilongjiang Province borders Russia. [121] Additional deals of up to 200,000 ha. have been reported in 2012[122].

In January 2011, the Tajik parliament agreed to provide China with 110,000 ha of agricultural land in the Kumsangir and Bokhtar districts of southern Khatlon Province. Under the agreement,1,500 Chinese farmers will be brought in to work on the farms. The Tajik foreign minister said that this represented 5.5 per cent of the land that Beijing had sought[123], suggesting the Chinese would be interested in 2 million ha. in the country.

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116 GRAIN database of land grab deals
117 GRAIN database of land grab deals
118 http://www.economist.com/node/13692889
119 http://www.canada.com/Business/asia-pacific/China+agribusinesses+global+hunt+farmland/7640981/story.html
120 GRAIN database of land grab deals
121 GRAIN database of land grab deals
122 http://www.chinadaily.com.cn/world/2012-03/16/content_14845956.htm
123 http://www.bbc.co.uk/news/world-asia-pacific-12180567

State-owned Beidahuang is the largest farming company in China, managing over 2 million ha of farmland in the Province of Heilongjiang. Since 2008, the company has been expanding its farming operations overseas. It is in negotiations for large farmland deals in Argentina and the Philippines, and the Autralian Broadcasting Corporation reports that, in 2011, the company had made offers on a number of farms in Western Australia, amounting to about 80,000 ha of land to produce food for export to China. [124]

4.3 Biofuels and palm oil as dominant driver

As shown in Chapter 3 and in much of the investment evidence above, the dominant driving force in the trend towards transnational land acquisitions has been biofuels.

As shown in Chapter 3, in the agricultural sector, the largest crop, by size of land deals (over 8 million ha.) as well as by number of deals (131), was jatropha. The plant saw a recent surge in demand due to hype about its potential use as a source of future biofuel production.[125] This potential coupled with the plants flexibility in terms of its ability to grow on marginalised land and its resistance to drought and pests, made jartropha an initially appealing investment. However, after only a couple of years the plants potential started to be seriously doubted, leading BP to walk away from a joint venture with D1 Oils that was responsible for 25 per cent of the worldwide jatropha planting.[126]

Given the decline of interest in jatropha, palm oil is therefore the real dominant force behind transnational land acquisitions. Oil palm can be used for many food products, as well as cosmetics, but is increasingly being used in the production of bio-diesel.

Biofuels regulations

The biofuels trend of recent years has been driven by regulation in the EU and in the United States. Under the Directive 2003/30/EC on the promotion of the use of biofuels or other renewable fuels for transport, EU established the goal of reaching a 5.75 per cent share of renewable energy in the transport sector by 2010. Under the Directive 2009/28/EC on the promotion of the use of energy from renewable sources this share rises to a minimum 10 per cent in every Member State in 2020. Regarding the expand of biofuels use in the EU, the Directive aims to ensure the use of sustainable biofuels only, which generate a clear and net GHG saving without negative impact on biodiversity and land use.[127] The 2007 United States Energy Bill almost quintupled the biofuels target to 35 billion gallons by 2022. The United States ethanol production began to rise rapidly in 2002 and jumped from 1 billion gallons in 2005 to 5 billion in 2006 and is estimated to reach 9 billion in 2009.[128]

[124] GRAIN database of land grab deals

[125] Barta, Patrick. Wall Street Journal, *Jatropha Plant Gains Steam In Global Race for Biofuels*, August 24, 2007

[126] Johnson, Keith. Wall Street Journal, *BP Gives up on Jatropha for Biofuel*, July 17, 2009. http://blogs.wsj.com/environmentalcapital/2009/07/17/bp-gives-up-on-jatropha-for-biofuel/; Reuters, *D1 Oils to buy BP's stake in jatropha JV*, July 17 2009. http://in.reuters.com/article/2009/07/17/idINIndia-41114420090717;Guardian, *Hailed as a miracle biofuel, jatropha falls short of hype,* May 5, 2009. http://www.guardian.co.uk/environment/2009/may/05/jatropha-biofuels-food-crops

[127] http://ec.europa.eu/energy/renewables/biofuels/biofuels_en.htm

[128] UNCTAD (2009) "The 2008 Food Price Crisis: Rethinking Food Security Policies". G-24 Discussion Paper Series. Anuradha Mittal.

Palm oil

Plantation firms in Malaysia and Indonesia, which account for 85 per cent of the world's supply of palm oil, are running out of space at home and coming under greater scrutiny by green activists and industrial lobbies that want to put a more eco-friendly face to the industry. Governments are stepping up regulation, as Indonesia has recently done. Plantation companies like Sime Darby are seeking more friendly destinations, particularly in Africa, which is increasingly attracting agri-business companies from emerging Asia including China, and the Middle East.[129]

Malaysia's Sime Darby and Singapore's Olam International and Wilmar International are scrambling for fresh space in equatorial Africa. Malaysia could run out of plantable land by 2020, and Indonesia by 2022, in part because of increasingly strict rules on land expansion generated by concern about deforestation and habitat loss for endangered species such as orangutans. That is likely to drive further investment in equatorial Africa, one of the few places in the world outside south east Asia where the oil palm tree will grow.

Sime Darby, which has a total of about 525,000 hectares in production, recently disclosed talks on acquiring 300,000ha in Cameroon, in addition to a lease signed last year on 220,000ha in Liberia. Golden Agri has identified a similar amount in Liberia; Olam has a 300,000ha joint venture in Gabon, and Wilmar recently acquired a Unilever plantation in Ghana.[130] Singapore's Wilmar has previously talked about putting $2 billion in Indonesia, and has also spoken of spending at least $1 billion in China, Africa and Indonesia, where it has secured land for sugar plantations[131].

Palm oil in Liberia

In 2009, Sime Darby signed a 63-year agreement with the government for 220,000 hectares of land to grow oil palms. Sime Darby was not alone. Golden Veroleum, controlled by the Singapore palm oil company Golden Agri through its investment in the New York based Verdant Fund, concluded an agreement for a similar amount of land. Meanwhile a British company, Equatorial Palm Oil, has a 89,000-hectare concession[132]. (169,000 in Land Matrix)

Equatorial Palm Oil is targeting 50,000 ha. by 2020. EPO has entered into a 50/50 Joint Venture with BioPalm Energy, an investment subsidiary of Siva Group, to develop estates comprising potentially 169,000ha[133].

Sime Darby said they were struggling in 2012 - "We need to be growing at the rate of 10,000 hectares a year to be economically viable, which is not happening," says Carl Dagenhart, Sime Darby's head of corporate communications for Europe and Africa. "Securing land has been a gruelling process."[134]

A study of the concession agreements by Columbia University researchers concluded that the negotiation process did not respect the principle of Free, Prior and Informed Consent (FPIC) for indigenous communities, which were "generally unaware" that the foreign companies were coming in until after the agreements had been signed. The study also said compensation was too low. "The government essentially took land from poor people and said to the multinationals that

[129] http://tilt.ft.com/#!posts/2011-06/21706/malay-palm-oil-co-plants-flag-liberia
[130] http://blogs.ft.com/beyond-brics/2011/04/18/asian-palm-oil-limited-supply/#axzz2InYLwSCO
[131] http://tilt.ft.com/#!posts/2011-02/12506/singapore-palm-oil-firm-puts-900m-indonesia
[132] http://www.ft.com/cms/s/0/6d679244-f8f0-11e1-b4ba-00144feabdc0.html#axzz2InUDChrZ
[133] http://www.hardmanandco.com/Research/EPO%20Initiation%20Feb2012.pdf
[134] http://www.ft.com/cms/s/0/6d679244-f8f0-11e1-b4ba-00144feabdc0.html#axzz2InUDChrZ

they could use it," says Alfred Brownell, head of the Association of Environmental Lawyers of Liberia.[135]

Since then, matters have improved. Sime Darby agreed to hire 600 additional workers from local villages, bringing its permanent workforce to about 3,000. The lowest-paid workers get about $5.51 a day, a decent salary by local standards. "The work is hard," says Jumah Seh, a 26-year-man hired in June to cut away brush in the fields. "But having the company here is good for Liberia because there are no jobs." Sime Darby is building apartments for its workers, and runs schools and a clinic. Under an outgrower scheme, local farmers will be encouraged to plant their own trees, using Sime Darby inputs, with the company buying the harvest. [136]

However, neither Sime Darby nor Golden Veroleum has reached harvesting stage as of yet. Equatorial Palm Oil, listed on London's junior stock market Aim, has and operates a five-tonne-an-hour mill on its plantation. Besides its 89,000-hectare concession, it is in talks with communities for a further 80,000 hectares, says Michael Frayne, executive chairman. "You have to spend a lot of time talking to the local people," says Mr Frayne. "It's gone OK for us. The areas in which we are working are fairly sparsely populated and the soil is good." [137]

Palm oil in Cameroon

Biopalm Energy, a subsidiary of Singapore's Siva group launched a 900 billion CFA Francs palm oil investment project in the south of Cameroon. The 200,000 hectares greenfield project will be jointly developed with the Central African nation's National Investment Corporation. Biopalm lists Cameroon and several other African countries including Ghana, Sierra Leone Ivory Coast and DR Congo as places it was in the process of acquiring greenfield land for palm oil production. Cameroon's palm oil sector has attracted several industry majors. New York-based agricultural company Herakles Farms plans to develop some 60,000 hectares of oil palm plantations in the country, while Malaysia's Sime Darby is said to be considering a $2.5 billion plantation expansion deal. Several environmental groups have however, raised concerns that the rapid expansion of agro-industries could not only threaten some of the Cameroon's unspoiled rainforest, but also the livelihood of the local population. Australian environmental group Rainforest Rescue has launched an online petition aimed at pressuring the Cameroonian government to reconsider Herakles' planned project which they said could destroy plant and animal species, a charge the firm has rejected[138].

Jatropha in Madagascar

In the United Kingdom, GEM Biofuels reported that jatropha plantations had not fared as well as hoped. An internal review made it clear that despite having planted 55,737 hectares of Jatropha in Madagascar between 2007 and 2009, a lack of resources has resulted in significantly less success than had been hoped. Low intervention and maintenance following planting has resulted in a lower than anticipated number of plants reaching maturity and producing oil-bearing seeds. The Board commissioned external agronomic consultants to conduct a full review of both the Company's plantations in Madagascar and to assess the potential of its land bank for other crops[139].

Biofuels in Tanzania

[135] http://www.ft.com/cms/s/0/6d679244-f8f0-11e1-b4ba-00144feabdc0.html#axzz2InUDChrZ
[136] http://www.ft.com/cms/s/0/6d679244-f8f0-11e1-b4ba-00144feabdc0.html#axzz2InUDChrZ
[137] http://www.ft.com/cms/s/0/6d679244-f8f0-11e1-b4ba-00144feabdc0.html#axzz2InUDChrZ
[138] http://www.reuters.com/article/2011/08/24/ozabs-cameroon-biopalm-oil-idAFJOE77N01320110824
[139] http://www.biofuelsdigest.com/bdigest/2012/04/13/gem-biofuels-jatropha-crops-underperform-significantly-in-madagascar/

Sun Biofuels, a UK-based company active in Ethiopia, acquired 8,000 hectares to grow jatropha, part of a plan to plant more than 40,000 hectares. However, the land was never farmed, containing only a few fruit and coconut trees for which he is paying compensation. It was claimed the investment would provide year-round jobs tending and harvesting the plants at $3 (€1.90, £1.50) a day, relatively good pay for the area, and 5 per cent of its budget will be spent on social infrastructure such as schools.[140] The programme would involve evicting a camp where local people, usually illicitly, make charcoal. Apart from the compensation, which Sun Biofuels says amounts to $220,000 between 152 farmers, the company is getting the land for free on a 99-year lease.[141] Employees and casual workers of Sun Biofuels Plc, told Business Standard that work at on the farm came to a halt last week when managers informed over 300 of them to collect their terminal benefits and leave till further notice. Targeting to supply the European Union market, SBF planned to invest £20 million to produce jatropha seeds for use as raw materials to manufacture biodiesel. Europe's largest ethanol company, Sekab AB of Sweden has also struggled to sustain its Bagamoyo sugarcane plantations targeting to produce ethanol for consumption in Europe. In addition, Netherlands based BioShape Holdings which acquired 34,000 hectares of land in Kilwa district of Lindi region, abandoned the farm in November 2009 blaming global recession.[142]

4.4 Issues and debates

There has been significant controversy around many deals as has been shown. Issues around the environment and indigenous rights have been at the forefront of the debate.

- Environment: Oil palm has had adverse environmental implications in several instances. For example land conversion to oil palm in peninsular Malaysia, Borneo and Sumatra by the early 2000s released more greenhouse gas emissions than China's entire transport sector in 2007, according to a recent study published in the US Proceedings of the National Academy of Sciences.[143] Evidence from the E.C has shown that considering what level of carbon emissions each type of biofuel causes once burned, after everything - including "indirect land-use change", biofuels are only slightly less polluting than Canadian tar sands and the European Union's target for 10 per cent of all transport fuels to be biofuels by 2020 has been described as "unethical" because the production of some types violates human rights and damages the environment. [144]

  The carbon cost of biofuels is partly because much of the current expansion oil palm expansion in Indonesia is taking place on forested peatlands. Peat locks up huge amounts of carbon, so clearing peatlands by draining and burning them releases huge greenhouse gases. Indonesia's peatlands, cover less than 0.1 per cent of the Earth's surface, but are already responsible for 4 per cent of global emissions every year. Half of Indonesia's 22.5 million hectares of peatland have already been deforested and drained. [145]

- Social: An investigation of 12 transnational land acquisitions by the International Institute for Environment and Development, found that many of them were not "fit for purpose".

140 http://www.ft.com/cms/s/0/a0f2b594-2ce9-11dd-88c6-000077b07658.html#axzz2InUDChrZ
141 http://www.ft.com/cms/s/0/a0f2b594-2ce9-11dd-88c6-000077b07658.html#axzz2InUDChrZ
142 http://farmlandgrab.org/post/view/19417
143 http://www.ft.com/cms/s/0/71c34b2c-84a6-11e0-afcb-00144feabdc0.html#axzz2InUDChrZ
144 http://www.guardian.co.uk/environment/damian-carrington-blog/2012/jan/27/biofuels-biodiesel-ethanol-palm-oil
145 http://www.greenpeace.org.uk/forests/palm-oil

> The rights and obligations of each side, the report claimed, are usually extremely vague, while traditional land-use rights are frequently ignored.[146] As the World Bank reports, *too often, they have included a lack of documented rights claimed by local people and weak consultation processes that have led to uncompensated loss of land rights, especially by vulnerable groups; a limited capacity to assess a proposed project's technical and economic viability; and a limited capacity to assess or enforce environmental and social safeguards.* [147]
>
> In Liberia, an estimated 120 foreign companies have signed concessions contracts, contributing to a total of 58 per cent of Liberia's territory that has been allotted via concessions. Liberian President Ellen Johnson Sirleaf, who faces pressure to rebuild the nation's economy, has annulled controversial deals but also signed new deals covering agricultural, forestry, mineral and offshore oil resources. The negotiations for most deals are done in the capital of Monrovia, far from those who are directly affected.[148] *Interior Affairs Minister Blamoh Nelson explained that 'the government signs for a general territory, areas of interest," and then the company involved goes to the area to meet "traditional groups and customary leaders to limit the boundaries.' Nelson acknowledged that local chiefs do not always 'understand what they signed.'* [149]

Both issues have now led to action. The voluntary guidelines published by the UN's Food and Agriculture Organisation are one clear sign that the global attitude to transnational land acquisitions is changing. In addition, the EU appears to have spotted some of the environmental implications of its 10 per cent biofuel target, with the EU climate commissioner seeking to limit food-based biofuels to just 5 per cent. [150]

Even after contracts signed, there is no guarantee a land deal will go ahead in accordance with it. A survey by the World Bank showed that in the Amhara region of Ethiopia, only 16 of 46 projects were working as intended (the rest lay fallow or had been rented back to smallholders), and in Mozambique only half the projects were working as planned.[151] This evidence appears to be corroborated by the discussions above showing a number of deals that have stalled or fallen through altogether due to a range of issues from both the investor and host country.

The World Bank highlight that policies are needed to ensure that private sector decisions properly account for potential external effects. It also suggests that, therefore, the extent to which available potential will be realised—and the associated benefits accrue to local populations and contribute to poverty reduction—will depend on the policy and institutional environment.[152]

Governments and investors often hope that transnational land acquisitions could have real benefits for development. Host governments are attracted by the prospect of capital, jobs, infrastructure, technology transfer and skills training, revenues, access to markets, and demand for local supply/services. Additional positive effects may also be the introduction of new

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[146] http://www.economist.com/node/18648855
[147] Byerlee, Derek and Deininger, Klaus (2011), *Rising Global Interest in Farmland,* The World Bank.
[148] Chaon, Anne *Forest, mines, farmland: Liberia is for sale*, AFP, January 20, 2013. http://farmlandgrab.org/post/view/21543
[149] Chaon, Anne *Forest, mines, farmland: Liberia is for sale*, AFP, January 20, 2013. http://farmlandgrab.org/post/view/21543
[150] http://www.guardian.co.uk/environment/2012/sep/21/biodiesel-industry-eu-policy-changes
[151] Byerlee, Derek and Deininger, Klaus (2011), *Rising Global Interest in Farmland,* The World Bank.
[152] Ibid.

management practices and institutional norms. But the World Bank has found that opportunities have generally not been realised because investors fail to provide the promised benefits. [153]

In addition a number of other issues have been found:[154]

- Host-country governments receive little revenue from land leases. Land is often leased for free or for very low rents because governments prioritise FDI as a way to generate economic growth.
- Tax revenues are reduced by exemptions and benefits to attract FDI, and because tax revenues only materialise once the projects become profitable and proper audits are conducted.
- Depending on the land and how it is intended to use it, a business model that invests in capital-intensive technology may be the easiest and most commercially viable option, but generates little or no local employment.
- The potential of increasing productivity to generate growth is eroded by the fact that investors often focus on the most productive and rather than on marginal land where it would be possible to achieve the most immediate productivity gain.
- Unlike agricultural entrepreneurs, financial speculators have no interest in developing the land or in ensuring tangible benefits for the local population.
- The degree of technology transfer determines how far this will benefit the host country. Investor islands that function in isolation from either government or smallholders are less likely to provide long-term benefits.
- The potential of land acquisitions to contribute to economic growth depends on how far the investment makes a strategic contribution to economic development. Currently such land deals are often ad hoc and based on the investors' preferences.

4.5 Social Responsibility

Corporate social responsibility (CSR), ethically targeted investing (ETI), socially responsible investing (SRI), and environment, social and governance-minded investment (ESG) all draw from the idea of responsible investment, however they fall short of actually reaching a consensus on what constitutes responsible investment, or how to monitor and enforce it. There are a number of voluntary guidelines that have been created by international agencies such as the World Bank, FAO, and UNCTAD.[155] These guidelines may be utilised during land investments by the private sector, but the trend appears that more private companies are drawing up their own customised standards. The UN Global Compact and the UN Principles for Responsible Investing are two membership bodies for corporate responsibility that require adherence to certain standards, but are voluntary and have minimal means of enforcement aside from throwing out members who fail infrequent reviews.[156]

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[153] Byerlee, Derek and Deininger, Klaus (2011), *Rising Global Interest in Farmland,* The World Bank.
[154] ERD 2012
[155] FAO: http://www.fao.org/nr/tenure/voluntary-guidelines/en/;
UNCTAD, FAO, IFAD, The World Bank: http://unctad.org/en/Pages/DIAE/G-20/PRAI.aspx;
African Union, African Development Bank, Economic Commission for Africa:
http://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/35-EN-%20Land%20Policy%20Report_ENG%20181010pdf.pdf
[156] "*UN Global Compact was launched in 2000 as a set of principles that businesses should align with to help ensure that their practices and operations in the world respect human rights, labour rights, the environment*

Social responsibility for the private sector has become a market in and of itself. Tools for responsible land investments are not just a marketing endeavour, but also a lucrative business.

SRI is supposed to add value to investments because it establishes a promise of good behaviour meant to generate broader results than just a bottom line. A lot of resources go into creating and deploying such standards. European cities even compete to provide an attractive domicile for SRI funds because, as a US$30 trillion and growing global business, it can clearly provide local revenue.[157]

A number of private sector tools have been created to address the social responsibility critiques in private sector land acquisitions, which include the IFC's performance standards, Institute for Human Rights and Business practices, and the Principles for Responsible Investment in Farmland.[158] Unfortunately, due to its competitive nature, the private sector does not tend to prioritise "transparency" as a standard, which is usually considered a vital aspect of the ethical and sustainable investing when it comes to land acquisition. The standards and criteria that the these private companies implement range cover various areas of development and ethical standards, from promoting environmental sustainability practices to donating money and food.[159] Due to the voluntary nature and self regulation of these criteria, however, the extent of actual benefits is uncertain.

and the need to stamp out corruption. Last year, the UN announced that it had expelled more than 2,000 firms -- from Allianz in France to Barclay's Bank in Gambia -- that had signed up to but never implemented the deal. That was more than one-quarter of its membership." Kenrick, Justin, *Responsible farmland investing? Current efforts to regulate land grabs will make things worse*, GRAIN, August 22, 2012.

[157] *Kenrick, Justin, Responsible farmland investing? Current efforts to regulate land grabs will make things worse*, GRAIN, August 22, 2012.

[158] IFC's performance standards:
http://www1.ifc.org/wps/wcm/connect/c8f524004a73daeca09afdf998895a12/IFC_Performance_Standards.pdf?MOD=AJPERES;
Sustainable Investing at TIAA-CREF: 2012 Socially Responsible Investing Report:
http://www.tiaa-cref.org/ucm/groups/content/@ap_ucm_p_tcp/documents/document/tiaa01007775.pdf;
Kenrick, Justin, Responsible farmland investing? Current efforts to regulate land grabs will make things worse, GRAIN, August 22, 2012.

[159] Cargill: http://www.cargill.com/corporate-responsibility/reports-fact-sheets/index.jsp

5 Transnational land acquisitions: Some conclusions

Transnational land acquisitions have become a significant global issue in recent years, and an extremely sensitive one against a backdrop of higher global food prices, hunger and associated unrest. This has contributed to the UN FAO to develop voluntary guidelines for countries to better manage the regulatory framework for land deals, to ensure stakeholder engagement and adequate compensation to expropriated communities, and to enable countries to set limits on the amount of land that is available.

5.1 The size of transnational land acquisitions: area

It appears from our analysis, that the size of the 'global land grab' may have been exaggerated. There is limited data available, and those sources of data that exist are associated with NGOs that perhaps have an interest in generating media attention around the issue. The total figures available provide a variety of estimates, all of which appear to be in the tens of millions of hectares. The International Food Policy Research Institute (IFPRI) estimated in 2009 that between 15 and 20 million hectares of farmland in developing countries had changed hands since 2006[160]. The Land Portal's Land Matrix data as accessed in January 2013 now totals 49 million hectares of deals globally, although only 26 million hectares of these are transnational. A World Bank report by Deininger et al (2011) reported 57 million hectares worldwide, while Friis & Reenberg (2012) reported between 51 and 63 million hectares in Africa alone. The GRAIN database published in January 2012, quantify 35 million hectares, although when stripping out more developed economies such as Australia, New Zealand, Poland, Russia, Ukraine and Romania, the amount in the GRAIN database reduces to 25 million hectares.

There is clearly variance in these estimates, but most seem to arrive at a ballpark of 20-60 million hectares. Given that total global farmland takes up just over 4 billion hectares[161], these acquisitions could equate to around 1 per cent of global farmland. However, in practice, land acquired may not have previously been used as farmland, it may be covered by forests, which also equate to about 4 billion hectares worldwide, so transnational land acquisitions may have a significant role in ongoing deforestation.

When assessing the land databases, a sizeable number of deals remain questionable in terms of the size and whether they have actually been finalised and implemented. The methodology for developing the database often relies on one or two media sources and therefore may not track whether the investments take place, or whether the full quantity reported takes place. A number of deals in the GRAIN database appear to have stalled for example. This includes the 1 million hectares taken between the two US firms Jarch Capital and Nile Trading and Development Inc. in South Sudan; a 400,000 hectare deal between China and Colombia that seems to have stalled; the 325,000 hectare investment by Agrisol in Tanzania; a 324,000 hectare purchase of land by the UAE in Pakistan; and a suspended 320,000 hectare purchase by Chinese investors in Argentina. This are only those that have been checked, and already amount to nearly 10 per cent of the GRAIN database transnational land acquisitions.

160 http://www.economist.com/node/13692889
161 Byerlee, Derek and Deininger, Klaus (2011), *Rising Global Interest in Farmland,* The World Bank.

Furthermore deals are reported that use the estimate of the full extent of land that the firm expects to utilise. For example an Indian investment in Tanzania is reported at 300,000 hectares, currently operating on just 1,000 hectares; Olam International's investment in Gabon reported at 300,000 hectares, currently operating on just 50,000; and the three investments amounting to 600,000 hectares in Liberia, with Equatorial Palm Oil's deal reported at 169,000 hectares, despite their plans to reach just 50,000 by 2020.

These examples show that *we should treat the large estimates with extreme caution and the likely more accurate figure for the size of transnational land acquisitions may be much smaller.*

5.2 The size of transnational land acquisitions: value

In terms of the value of transnational land acquisitions, it it is even harder to come across figures. The land databases tend to pick up on media reports that usually just give information on the area of land and not on the value of the transaction. Where an estimate for the transaction size is given, it is usually an investment estimate, rather than the price of purchase.

Furthermore a number of the reports in the land databases are not strictly "acquisitions", the vast majority are long-term leases, in which a fee is paid to the government or contractual arrangements are made in which a certain proportion of the produce is to go to domestic markets. One example reported is an Indian investment in Ethiopia, where the price per hectare ranged from $1.20 to $8 per hectare per year on 311,000 hectares, another Indian investors paid $4 per hectare per year on 100,000 hectares. While Prince Budr Bin Sultan of Saudi Arabia was reported to be paying $125,000 per year for 105,000 hectares in South Sudan, a rate of less than $1 per year on a 25-year lease. A South Korean investor in Peru was reported to be paying $0.80 per hectare.

However, despite the difficulty, at least one estimate of the value of transactions has been made for IFPRI's 2009 estimate of 15 to 20 million hectares of farmland in development countries, where they calculated that these deals are worth $20 billion-$30 billion.[162]

In addition, global investment funds are reported to have sizeable funds available for transnational land investments. One estimate suggests there is *"$100 billion waiting to be invested by 120 investment groups" while* already *"Saudi Arabia has spent $800 million on overseas farms"*.[163] In 2011, a farm consultancy HighQuest told Reuters: *"Private capital investment in farming in expected to more than double to around $5-$7 billion in the next couple of years from an estimated $2.5-$3 billion invested in the last couple of years".*[164]

There is significant uncertainty around the value of transnational land acquisitions, particularly given leasing arrangements. However given the quantity of land and the size of investment funds operating in the area, it is likely that the value will also be in the tens of billions of dollars.

5.3 Transnational land acquisitions: destinations

In this paper, we have made extensive use of the Land Portal's Land Matrix. Utilising this database of 49 billion hectares of land deals, shows that Asia is a big centre of activity. In particular, Indonesia and Malaysia together count for a quarter of international deals by hectares,

[162] http://www.economist.com/node/13692889
[163] http://www.westerninvestor.com/index.php/news/55-features/764-land-values
[164] http://www.albertafarmexpress.ca/news/farm-private-investment-seen-doubling-in-two-years/1000408695/

while India contributes a further 10 per cent of land deals. The majority of this investment is in the production of palm oil and other biofuels.

However the Land Portal also reports investments made by investors within their home country. When stripping out these, there are only 26 million hectares of transnational land acquisitions. In addition, this strips out a lot of the Asian investments. The largest destination country becomes Brazil with 11 per cent by land area, followed by Sudan with 10 per cent, Madagascar, the Philippines and Ethiopia with 8 per cent each, Mozambique with 7 per cent and Indonesia with 6 per cent.

In most of these countries the story seems to be biofuels expansion. The exception is in Sudan and Ethiopia, where there genuinely seems to be a trend towards growth of food, particularly from Middle Eastern and Indian investors. These deals have often represented in the media as the norm, but seem to be more the exception.

5.4 Transnational land acquisitions: origins

In terms of the origins of investors, as previous sections have shown, there is a mixed picture. According to the Land Portal, the United Kingdom is the biggest country of origin, followed by the United States, India, the UAE, South Africa, Canada and Malaysia, with China a much smaller player. According to the GRAIN database, the United States, the UAE and China all constitute around 12 per cent of deals, followed by India with 8 per cent, Egypt and the UK with 6 per cent, South Korea with 5 per cent and then South Africa, Saudi Arabia, Singapore and Malaysia all with 4 per cent.

Both datasets show that the UK and the US are major players in transnational land acquisitions. This is agribusiness firms, as well as some investment funds, mostly investing in sugar cane, jatropha or palm oil. This trend has clearly been driven by the biofuels targets in the EU and US, and greater vertical integration in agribusiness in general.

The smaller trend is the picture of Middle Eastern investors or State-backed Chinese investments. While the UAE has done some significant deals by size, and some of these are driven by food deals, with Saudi Arabia a smaller number, this is not the dominant trend in the data. Again, this shows that while this aspect of ‘land grabs’ has gathered lots of media attention, it is not by any means a comprehensive story.

Annex 1: Total Hectares and Deals by Sector

	Hectares		Transactions	
Inv_Sector_1	Total Hectares	Percentage	Count	Percentage
BLANKS	1,386,964	2.9%	33	3.6%
Agriculture	39,389,224	81.9%	679	73.5%
Forestry	1,629,987	3.4%	24	2.6%
Industry	1,577,153	3.3%	85	9.2%
Livestock	511,341	1.1%	43	4.7%
Mining	1,724,340	3.6%	50	5.4%
Tourism	1,874,119	3.9%	10	1.1%
Total	**48,093,128**	**100%**	**924**	**100%**

Annex 2: Total Hectares and Deals by Target and Investor Region

	Investor Region		Target Region	
Region	Hectare	Count	Hectares	Count
BLANKS FIELD	4,668,089	170	-	0
Australia and New Zealand	861,521	9	400,926	3
Central Africa	42,400	3	1,043,230	27
Central America	112,506	9	137,768	18
Eastern Africa	665,828	39	8,506,302	260
Eastern Asia	2,782,021	84	1,104,396	12
Eastern Europe	1,111,160	6	1,775,601	18
Melanesia	-	0	86,755	2
Middle East	3,988,655	31	4,500	1
Northern Africa	742,400	12	3,123,430	18
Northern America	3,328,436	58	-	0
Northern Europe	3,101,577	59	-	0
South America	1,887,680	61	6,400,993	132
South Asia	6,402,206	126	4,652,142	114
South-East Asia	13,890,624	123	16,985,903	216
Southern Africa	1,396,411	16	42,248	5
Southern Europe	995,526	30	-	0
Western Africa	572,300	19	3,828,934	98
Western Europe	1,543,788	69	-	0
Total	**48,093,128**	**924**	**48,093,128**	**924**

Source: Land Portal Land Matrix http://landportal.info/landmatrix

Annex 3: Total Hectares and Deals by Target and Investor Region

		Investor Region		Target Region	
Country	Region	Hectares	Count	Hectares	Count
Bangladesh	South Asia	29,456	2	29,456	2
Brunei Darussalam	South-East Asia	20,000	2	-	-
Cambodia	South-East Asia	648,025	35	1,139,034	84
India	South Asia	6,331,016	120	4,616,760	109
Indonesia	South-East Asia	5,487,902	10	7,172,760	23
Iran (Islamic Republic of)	South Asia	20,234	2	-	-
Lao People's Democratic Republic	South-East Asia	10,300	3	478,153	49
Malaysia	South-East Asia	5,698,590	27	4,819,483	20
Maldives	South Asia	21,500	2	-	-
Pakistan	South Asia	-	0	5,926	3
Philippines	South-East Asia	1,066,721	7	3,191,021	30
Singapore	South-East Asia	699,595	7	-	-
Thailand	South-East Asia	82,043	15	28,912	3
Viet Nam	South-East Asia	177,448	17	156,540	7
Total		**20,292,830**	**249**	**21,638,045**	**330**

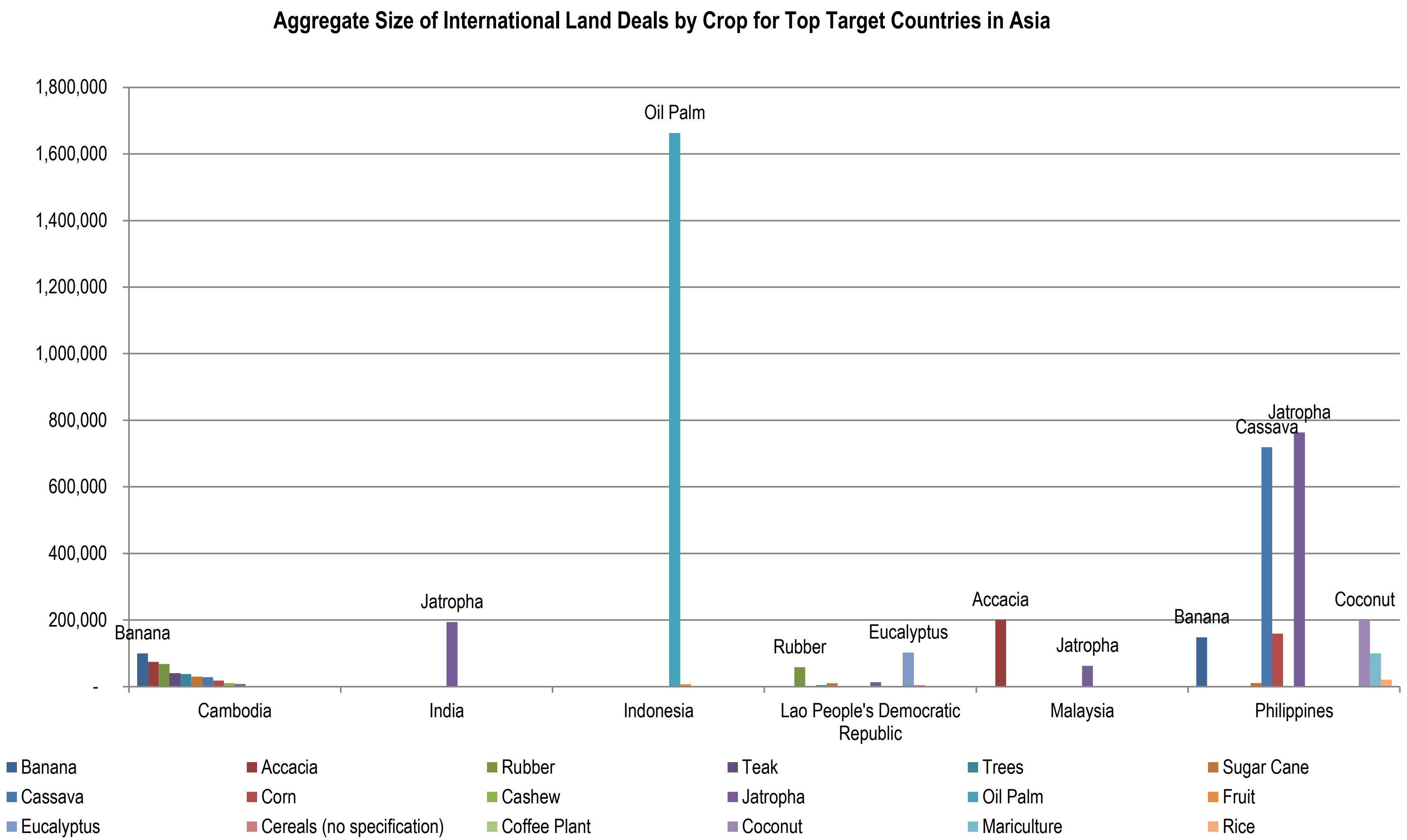
Source: Land Portal Land Matrix http://landportal.info/landmatrix

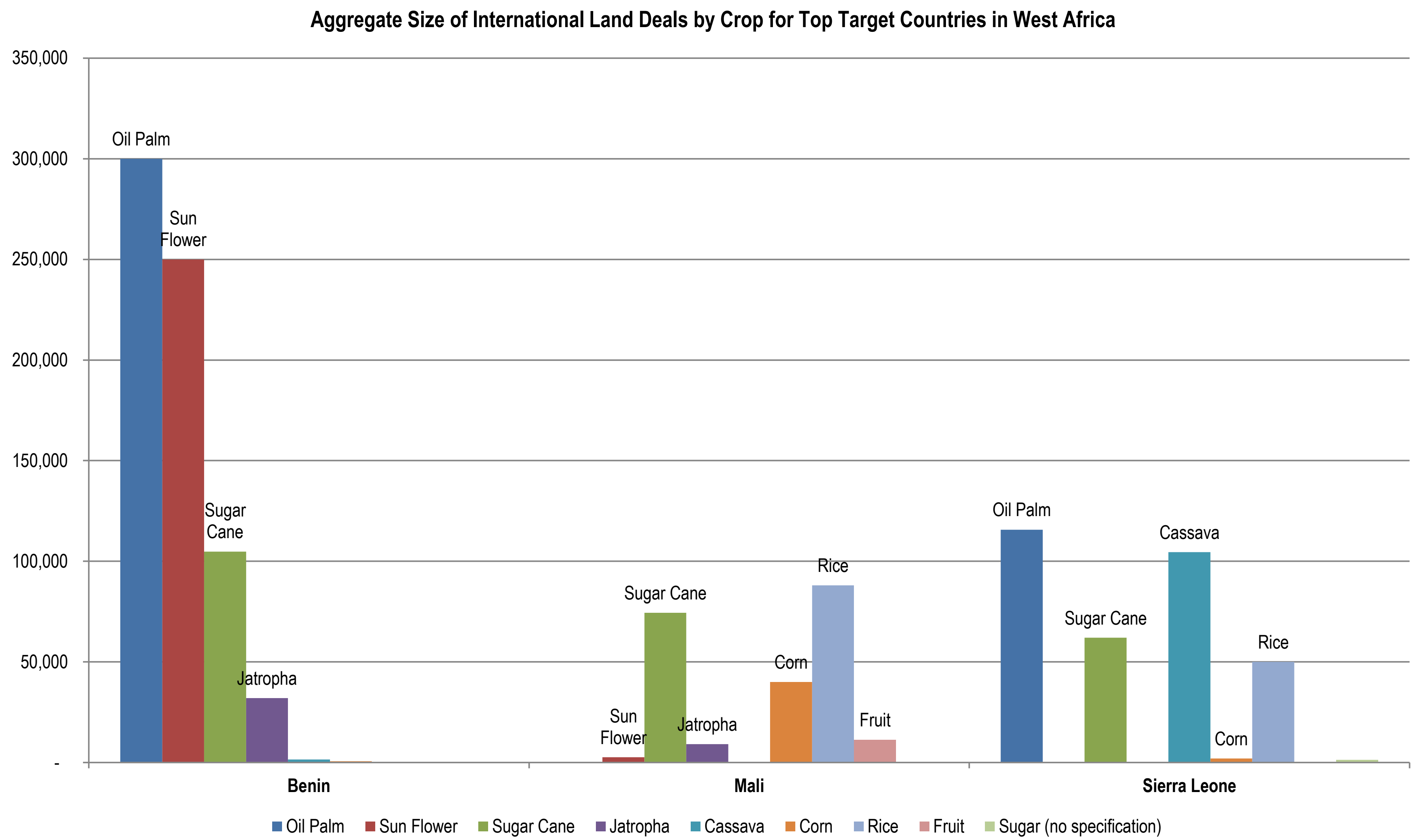
Annex 4: Top 15 Target Countries by Number of Land Deal

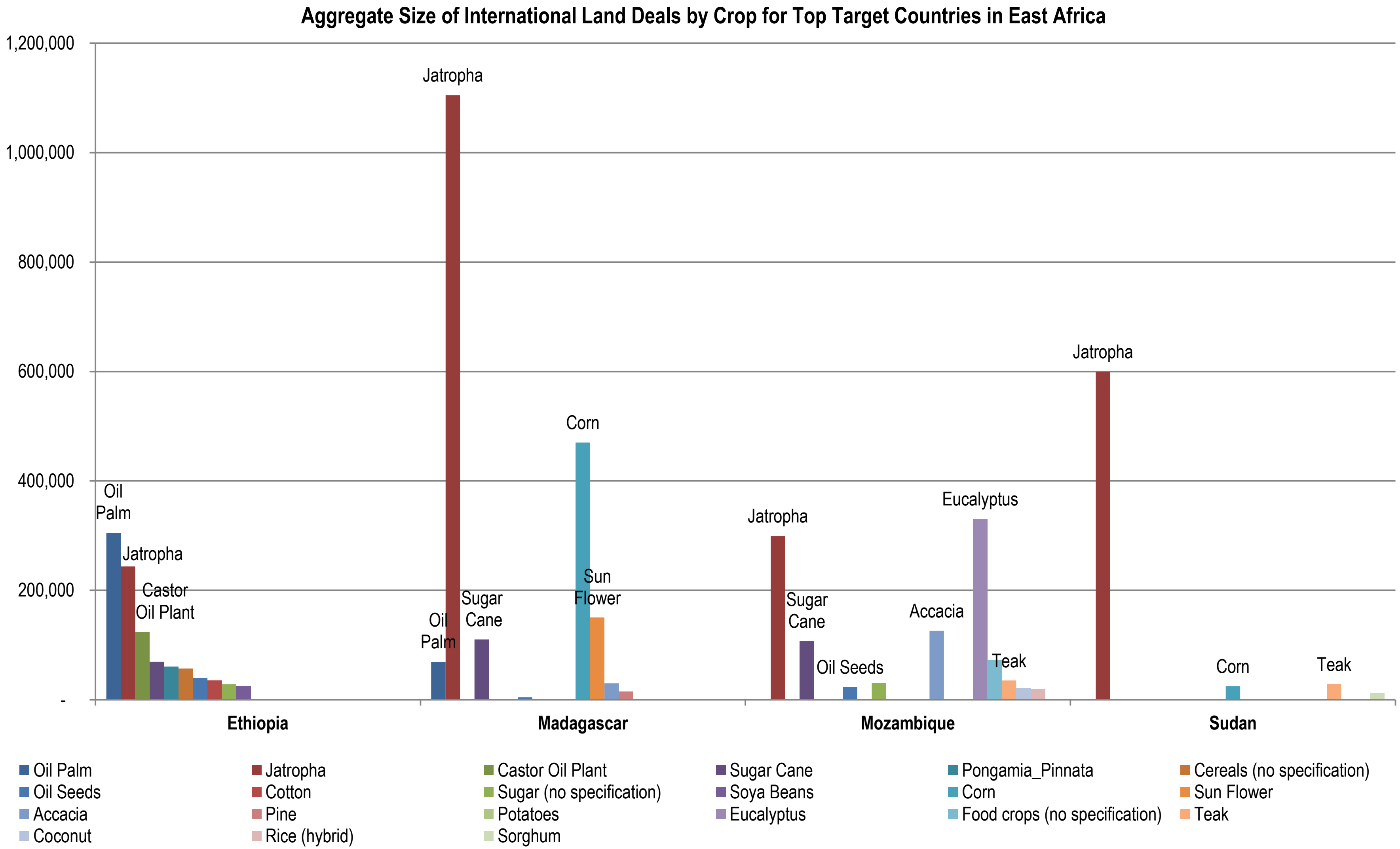
		Hectares		Transactions	
Target Country	Region	Total Hectares	Percentage	Count	Percentage
India	South Asia	4,616,760	12.7%	109	15.6%
Mozambique	Eastern Africa	2,017,912	5.6%	96	13.7%
Cambodia	South-East Asia	1,139,034	3.1%	84	12.0%
Brazil	South America	3,871,824	10.7%	61	8.7%
Ethiopia	Eastern Africa	2,412,562	6.6%	56	8.0%
Lao People's Democratic Republic	South-East Asia	478,153	1.3%	49	7.0%
United Republic of Tanzania	Eastern Africa	809,244	2.2%	41	5.9%
Madagascar	Eastern Africa	2,176,241	6.0%	36	5.2%
Philippines	South-East Asia	3,191,021	8.8%	30	4.3%
Peru	South America	558,400	1.5%	26	3.7%
Mali	Western Africa	471,891	1.3%	25	3.6%
Indonesia	South-East Asia	7,172,760	19.7%	23	3.3%
Argentina	South America	1,505,020	4.1%	22	3.1%
Sierra Leone	Western Africa	1,085,742	3.0%	21	3.0%
Malaysia	South-East Asia	4,819,483	13.3%	20	2.9%
Total		**36,326,047.00**	**100.0%**	**699**	**100.0%**

Source: Land Portal Land Matrix

Annex 5: Aggregate Size of International Land Deals by Crop for Top Target Countries by region




Aggregate Size of International Land Deals by Crop for Top Target Countries in West Africa
350,000
300,000
250,000
200,000
150,000
100,000
50,000
-
Oil Palm
Sun Flower
Sugar Cane
Jatropha
Sugar Cane
Rice
Corn
Sun Flower
Jatropha
Fruit
Oil Palm
Cassava
Sugar Cane
Rice
Corn
Benin
Mali
Sierra Leone
Oil Palm
Sun Flower
Sugar Cane
Jatropha
Cassava
Corn
Rice
Fruit
Sugar (no specification)


Aggregate Size of International Land Deals by Crop for Top Target Countries in East Africa
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
Oil Palm
Jatropha
Castor Oil Plant
Jatropha
Oil Palm
Sugar Cane
Corn
Sun Flower
Jatropha
Sugar Cane
Oil Seeds
Accacia
Eucalyptus
Teak
Jatropha
Corn
Teak
Ethiopia
Madagascar
Mozambique
Sudan
Oil Palm
Jatropha
Castor Oil Plant
Sugar Cane
Pongamia_Pinnata
Cereals (no specification)
Oil Seeds
Cotton
Sugar (no specification)
Soya Beans
Corn
Sun Flower
Accacia
Pine
Potatoes
Eucalyptus
Food crops (no specification)
Teak
Coconut
Rice (hybrid)
Sorghum

Annex 6: Top International Investor Countries

Rank	International Investor Country	Crop	Hectares/Crop	Hectares/Country
1	United Kingdom of Great Britain and Northern Ireland	Jatropha	1,401,648	2,325,836
		Oil Palm	263,818	
		Rice	75,000	
		Corn (Maize)	74,000	
		Sugar Cane	48,000	
2	United States of America	Jatropha	613,581	2,079,739
		Soya Beans	472,000	
		Oil Palm	184,000	
		Sun Flower	150,000	
		Castor Oil Plant	50,000	
3	India	Corn (Maize)	481,700	1,924,509
		Oil Palm	364,947	
		Jatropha	106,000	
		Pongamia Pinnata	60,000	
		Eucalyptus	52,207	
4	United Arab Emirates	Jatropha	200,000	1,882,739
		Alfalfa	960	
5	South Africa	Oil Palm	300,000	1,392,968
		Sugar Cane	230,000	
		Cereals (no specification)	200,000	
		Sugar (no specification)	31,174	
		Coconut	21,000	
6	Canada	Jatropha	160,000	1,248,697
		Eucalyptus	68,000	
		Corn (Maize)	53,000	
		Sorghum	12,200	
7	Malaysia	Oil Palm	1,180,152	1,189,607
		Jatropha	9,455	
8	Saudi Arabia	Cassava (Maniok)	505,000	889,186
		Sorghum	200,000	
		Banana	118,000	
		Rice	55,000	
		Corn (Maize)	10,000	
9	Australia	Jatropha	314,000	816,221
		Banana	100,000	
10	Singapore	Oil Palm	479,814	699,595
		Accacia	200,000	
		Corn (Maize)	9,985	
		Almond	9,796	
11	China	Corn (Maize)	350,500	613,210
		Sugar Cane	49,800	
		Accacia	45,000	
		Rubber	21,700	
		Trees	19,485	

Source: Land Portal Land Matrix
Note: Blank crops were removed, which accounts for any difference between the sum of the hectares per crop and the total hectares invested by country

Annex 7: Target Countries by Size of International Land Deals

Target Countries by Size of International Land Deals

		Hectares		Transactions	
Target Country	Region	Total Hectares	Percentage	Count	Percentage
Brazil	South America	2,984,144	11.3%	41	6.7%
Sudan	Northern Africa	2,658,930	10.1%	12	1.9%
Madagascar	Eastern Africa	2,155,511	8.2%	30	4.9%
Philippines	South-East Asia	2,124,300	8.1%	23	3.7%
Ethiopia	Eastern Africa	2,045,012	7.8%	47	7.6%
Mozambique	Eastern Africa	1,933,112	7.4%	90	14.6%
Indonesia	South-East Asia	1,692,858	6.4%	14	2.3%
Argentina	South America	1,069,024	4.1%	15	2.4%
Benin	Western Africa	1,040,900	4.0%	9	1.5%
Sierra Leone	Western Africa	812,342	3.1%	19	3.1%
United Republic of Tanzania	Eastern Africa	682,018	2.6%	35	5.7%
Liberia	Western Africa	662,000	2.5%	5	0.8%
Cambodia	South-East Asia	491,009	1.9%	49	8.0%
Ukraine	Eastern Europe	481,588	1.8%	6	1.0%
Kenya	Eastern Africa	475,000	1.8%	7	1.1%
Lao People's Democratic Republic	South-East Asia	467,853	1.8%	46	7.5%
Peru	South America	437,172	1.7%	7	1.1%
Australia	Australia and New Zealand	400,926	1.5%	3	0.5%
Mali	Western Africa	372,791	1.4%	20	3.2%
Congo	Central Africa	338,000	1.3%	3	0.5%
Malaysia	South-East Asia	310,500	1.2%	4	0.6%
Zambia	Eastern Africa	272,198	1.0%	7	1.1%
Ghana	Western Africa	245,900	0.9%	6	1.0%
Democratic Republic of the Congo	Central Africa	243,870	0.9%	6	1.0%
Cameroon	Central Africa	235,960	0.9%	11	1.8%
India	South Asia	210,253	0.8%	15	2.4%
Zimbabwe	Eastern Africa	201,171	0.8%	2	0.3%
China	Eastern Asia	184,282	0.7%	3	0.5%
Russian Federation	Eastern Europe	183,434	0.7%	7	1.1%
Angola	Central Africa	183,000	0.7%	4	0.6%
Nigeria	Western Africa	129,532	0.5%	17	2.8%
Viet Nam	South-East Asia	126,365	0.5%	4	0.6%
Côte d'Ivoire	Western Africa	100,200	0.4%	2	0.3%
Papua New Guinea	Melanesia	79,178	0.3%	1	0.2%

Uganda	Eastern Africa	71,012	0.3%	4	0.6%
Bolivia (Plurinational State of)	South America	34,456	0.1%	4	0.6%
Colombia	South America	28,000	0.1%	3	0.5%
South Africa	Southern Africa	23,681	0.1%	2	0.3%
Somalia	Eastern Africa	21,500	0.1%	2	0.3%
Swaziland	Southern Africa	15,124	0.1%	2	0.3%
Mexico	Central America	12,581	0.0%	4	0.6%
Guatemala	Central America	10,000	0.0%	2	0.3%
Ecuador	South America	8,000	0.0%	1	0.2%
Niger	Western Africa	7,869	0.0%	1	0.2%
Solomon Islands	Melanesia	7,577	0.0%	1	0.2%
Pakistan	South Asia	5,926	0.0%	3	0.5%
Senegal	Western Africa	5,800	0.0%	5	0.8%
Turkey	Middle East	4,500	0.0%	1	0.2%
Rwanda	Eastern Africa	3,100	0.0%	1	0.2%
Costa Rica	Central America	2,681	0.0%	3	0.5%
Malawi	Eastern Africa	2,500	0.0%	1	0.2%
Chile	South America	1,400	0.0%	2	0.3%
Suriname	South America	1,073	0.0%	2	0.3%
Burkina Faso	Western Africa	1,000	0.0%	1	0.2%
South Sudan	Northern Africa	-	0.0%	1	0.2%
Total	**-**		**100%**	**616**	**100%**