

Large-scale acquisitions of agricultural land: what are international drivers and trends?

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Overview

1. The new rush for land: international drivers
2. Characteristics of land leases
3. Implications for global foodsecurity
4. Positive and negative experiences
5. The next steps: sustainable investment in agriculture

The new rush for land: international drivers

- **Short-term triggers:** global foodcrisis (2008); highoilprices (2007/8); rise of biofuels; global financialcrisis (2008); wake up call on climate change (IPCC Assesment 2007)
- **For the privatesector:** new oportunties for investment
- **Long-termrealisation:** food, water and energynneeds are not secure. Countries cannotrelysolely on global markets. A new food and energystrategyisneeded

A Silent Driver: Water

- 70 percent of freshwater appropriate for human use goes to agriculture. But water resources increasingly depleted and polluted
- Countries that use more than 80 percent of their water resources for agriculture are also pursuing investment in land abroad: Bahrain, Egypt, Jordan, Kuwait, Qatar, Saudi Arabia, United Arab Emirates (FAO)
- Water is critical for U.S. agribusiness, especially those growing corn and other water-intensive crops for biofuels
- Sub-Saharan Africa is an obvious target for agricultural investment since it only uses 2 percent of its freshwater resources for agriculture.

Characteristics of Land Leases

- Estimated 15-20 million hectares leased worldwide Source: IFPRI
- Five African states have already leased 2.5 million hectares [More than six times the arable land of Switzerland] Source: IIED, FAO, IFAD
- The lease period is typically 50-99 years
- The amount is usually more than 10,000 hectares with some reports of deals of up to 1 million hectares.
- What law governs the leases? Domestic law, international investment contracts and/or international investment agreements

Implications for Global Food Security

- More investment in agriculture is critical for food security and economic development
- But, foreign investors are growing crops to export home, not to improve local food security
- This is a problem because most of the land acquisitions are taking place in countries where hunger is prevalent, that depend on food imports to feed their people and that receive food aid.

Country Experiences

- Lonrho (a UK-based company operating in Africa) is reported to be using contract farming in its recent land investments in Angola
- Diligent (a Dutch company) is sourcing jatropha oil from a network of small-scale farmers
- SEKAB (a Swedish company) is planting sugarcane on 500,000 hectares of land in Tanzania. They propose a transition from a single-owner plantation to small franchised plots of land

Country Experiences II

- Kenya plans to lease 40, 000 hectares of coastal land to Qatar for export. A local NGO, said the agreement would displace at least 150,000 families in farming and pastoralist communities that depend on the land.
- The case of export restrictions: In 2008, Pakistan restricted exports of staple crops for reasons of domestic food security. The UAE, which leases land in Pakistan, tried to get an exemption. At first Pakistan resisted but the government still removed export restrictions on rice in early October 2008.

The NextSteps

1. Rethink land acquisition strategy
2. Improve transparency and participation
3. Improve legal and technical capacity
4. Develop principles and a toolkit for sustainable investment in agriculture