



In Latin America, government interventions in land grabbing processes provide some preliminary lessons on dealing with this phenomenon, while highlighting some serious threats.

## LAND GRABBING IN LATIN AMERICA: OPPORTUNITY OR THREAT?

### SUMMARY

This ELLA Brief presents cases of land grabbing in Latin America and explores the controversy around this phenomenon. It reviews the causes and characteristics of land grabbing around the world and specifies the ways in which land grabbing in Latin America differs from typical scenarios in Africa and Asia. In particular, this Brief explains the history behind land grabbing for soybean production in the so-called Soybean Republic (Argentina, Bolivia, Brazil, Paraguay and Uruguay) and examines the strategies employed by the Argentine and Brazilian governments to capitalise on economic opportunities presented by the current boom in this sector. The Brief also presents some initial policy responses that are intended to improve state control over foreign land purchases. Finally, it identifies the main enabling factors behind this process and summarises some key policy lessons.



### LAND GRABBING: A PHENOMENON IN AFRICA, ASIA AND LATIN AMERICA

An increasing volume of literature is delving into a recent global phenomenon called land grabbing. This term generally refers to “*large-scale, cross-border land deals or transactions that are carried out by transnational corporations or initiated by foreign governments*”.<sup>1</sup>

Land grab processes are the result of several global economic and political conditions. First, the liberalisation of land markets as part of the package of structural reforms promoted by the International Monetary Fund and the World Bank and implemented by most countries in the global South during the nineties.<sup>2</sup> Second, repeated food crises throughout

### KEY LESSONS LEARNED

Land grabbing is a global phenomenon, yet it is also context specific. Public policy must be based on an understanding of the characteristics and dynamics of land grabs at different scales – national, regional and global – in order that this trend can lead to sustainable economic benefits and poverty reduction.

Restricting land ownership can control land foreignisation without limiting the potential of the host nation to generate revenue from consolidation processes. This policy is proving to be particularly effective where backed by public investment in research and development.

Latin American experience shows that the effectiveness of state intervention in controlling land grabs depends on two main factors: domestic and regional political power and institutional capacity to regulate land transactions and control the agricultural sector.

<sup>1</sup> Zoomers, A. 2010. 'Globalisation and the Foreignisation of Space: Seven Processes Driving the Current Global Land Grab'. In: *The Journal of Peasant Studies* 37(2) 429-447.

<sup>2</sup> For more information, see Akram-Lodhi, A. H., Borras, S. M. Jr. and Kay, C. (eds). 2007. *Land, Poverty and Livelihoods in an Era of Globalization: Perspectives from Developing and Transition Countries*. Routledge, London and New York; Lora, E. 2001. *Structural Reforms in Latin America: What has been Reformed and how to Measure it*. Inter-American Development Bank, Washington, DC.



the 2000s have triggered an increase in global food prices, making food production more attractive for global investors. Third, the energy crisis caused by a dramatic increase in global energy demand from the 2000s has led to rises in fossil fuel prices, making the production of biofuel an attractive business.<sup>3</sup> Fourth, technological advances, in particular the development of Genetically Modified Organisms (GMOs), have multiplied production. The use of

GMO food crops such as maize or soybean for bioenergy production lays the foundations for the development of a new global industry.<sup>4</sup> Investors saw the opportunity and began to look for the only missing factor: land on which to grow GMO. National land market liberalisation processes in Africa, Asia and Latin America opened the door to foreign investment in land or land grabs, facilitating the development of this new global business (Table 1).

**Table 1:** Cases of Land Grabbing in Africa, Asia and Latin America.

Region	Target	Investor actor / Country	Nature of deal	Status of deal
Africa	South Sudan	Nile Trading & Development Inc. / USA	In 2008, the company took out a 49-year lease for 600,000 hectares in Lainya County for forestry and palm oil.	Strong local community opposition because the lease was made with Mukaya Kayam Cooperative, considered by some community members to be non-representative and 'fictitious'.
	Uganda	New Forests Company / UK	In 2005, the state granted NFC a licence to develop tree timber plantations on a total of 20,000 hectares in Mubende and Kigoba districts.	Since 2010, more than 22,000 people have been displaced from their communities without receiving any compensation. NFC argues that people vacated the land "voluntarily and peacefully" and that its operations follow international standards. The community reached an agreement in 2013.
Asia	Indonesia	PT MAS / Malaysia-Indonesia	During the mid-1990s, the company leased land from families in 11 districts in order to produce palm oil. Each family has the right to 25% of the land leased. Deals for 35 years.	Local infrastructure improvements were offered but, according to some local families, have not been accomplished. Everyday life has suffered changes that increase families' vulnerability.
South America	Argentina	Sojitz / Japan	Lease of 11,000 hectares for soybean and corn production. The company planned to invest US\$6 million in 2010. Production for export to Japanese and Chinese markets.	Signed and with plans to expand leased lands.
	Brazil	Chongqing Grain Group / China	China's state owned company is seeking to sign a deal with Bahia State and purchase 100,000 hectares for soybean production. Investment around US\$ 2.47 billion. Production for export to Chinese market.	Under way with plans to expand the deal.

Sources: Zagma, B. 2011. *Land and Power: The Growing Scandal Surrounding the New Wave of Investments in Land*. Oxfam International, London; Observatorio Iberoamericano de Asia-Pacífico. 2010. *Japonesa Sojitz Producirá Soja en Argentina para Exportarla a Asia (Japanese Company Sojitz to Produce Soybean in Argentina for Exportation to Asia)*. Online publication.

<sup>3</sup> In particular, mandatory biofuels blending policies in Northern countries triggered speculation in a massive biofuel market, particularly in Europe. For more on the biofuel boom, see Hollander, G. 2010. 'Power is Sweet: Sugarcane in the Global Ethanol Assemblage'. In: *Journal of Peasant Studies* 37(4) 723-48; Madgoff, F. 2008. 'The Political Ecology and Economy of Biofuels'. In: *Monthly Review* 60(3); Holt-Giménez, E. and Shattuck, A. 2009. 'The Agrofuels Transition: Restructuring Places and Spaces in the Global Food System'. In: *Bulletin of Science Technology & Society* 29 180-188.

<sup>4</sup> To understand more about the links between GMOs and food crises, see Davis Stone, G. and Glover, D. 2011. *Genetically Modified Crops and the 'Food Crisis': Discourse and Material Impacts*. In: *Development in Practice* 21(4-5) 509-516.



Land grabs are not free from controversy. While some governments and enterprises see these foreign investments as an opportunity for economic development, other social actors – in particular scholars and civil society groups – warn about the threats posed by land grabs and mobilise against these transnational deals. One example of the explosive character of this issue in the region is the tension that exists on the Paraguayan border with Brazil where Paraguayan farmers feel aggrieved at their dispossession now that their land has been taken over by Brazilian and Argentinean capitalist farmers. In response, peasant communities are organising themselves to resist soybean plantation expansion.<sup>5</sup>

Land grabs are regarded by some as a strategy used by ‘grabber countries’ to attain food and energy security while depriving developing countries from essential resources. Indeed in many cases, land grabs have put domestic food and/or energy security in danger. For example in 2008, South Korean company Daewoo Logistics and the Government of Madagascar announced a deal for leasing and acquisition of 1.3 million of hectares upon which the Asian company planned to produce corn and oil palm for export to the South Korean market. Media coverage and increasing opposition from inside the country warned about food security risks and public policy contradictions, highlighting that Madagascar received international aid for famines. The deal was subsequently cancelled by the new government of Madagascar in 2009.<sup>6</sup>

Another example is that of Uganda where more than 22,000 people were evicted from their lands during 2010 as a result of government actions to make way for the British New Forests Company (NFC) to develop a carbon offset tree plantation. The government of Uganda had granted a licence to NFC for a total of 20,000 hectares within the Mubende and Kigoba districts in 2005. These evictions took place despite a high court ruling in 2009 that granted orders restraining evictions until the full case could be heard in court. NFC argued that these “illegal encroachers” had vacated the land “voluntarily and peacefully”, and that the company had acted according to international standards. The families living there claimed that they had not been properly consulted,

nor had they received adequate compensation or alternative land. By becoming landless, the evicted families were badly affected. As described by one the evictees of Mubende, “I lost land. I’m landless. Land was my life. I have no rights. It’s like I’m not a human being”.<sup>7</sup> Finally, by July 2013, NFC and the communities reached an agreement to improve the conditions of displaced families.<sup>8</sup>

A common challenge across all developing regions is the current lack of good governance and policies regarding large-scale land purchase by foreign investors. Good governance implies the development of state structures and regulations designed to ensure accountability, due processes of law, and related safeguards.<sup>9</sup> On the contrary, land grab deals have often been regarded as obscure, politically biased, and as having questionable legitimacy.

Although processes of land concentration by national elites and/or governments have formed part of Latin American history since the 19th century, the development of public policies to deal with transnational land grabs has only begun to occur very recently after the food crisis of 2007–2008. Although relatively new, these measures already provide some interesting lessons on state intervention in land grabs and possible strategies for optimising economic opportunities from foreign investments, while at the same time shedding light on key areas that should not be neglected in policy, such as protecting local livelihoods and environmental resources.

## THE NATURE OF LAND GRABBING IN LATIN AMERICA

Land grabbing across Latin America, Africa and Asia shares many characteristics,<sup>10</sup> and typically consist of large-scale land purchases by either private corporations or foreign governments for the purpose of agricultural production for food or energy, in many cases using genetically modified (GM) seeds such as maize or soybean to produce biodiesel. These crops are generally sold on global markets and frequently into the captive market of the investor, with deals often resulting from inappropriate or non-transparent negotiation processes.

<sup>5</sup> Galeano, L. 2012. ‘Paraguay and the Expansion of Brazilian and Argentinean Agribusiness Frontiers’. In: *Canadian Journal of Development Studies* 33(4) 458–470.

<sup>6</sup> Berger, S. 2009. *Madagascar’s New Leader Cancels Korean Land Deal*. The Telegraph, London.

<sup>7</sup> Oxfam International. No date. *Ugandan Community Reaches Agreement with British Company*. Oxfam International, online publication.

<sup>8</sup> Grainger, M. and Geary, K. 2011. *The New Forests Company and its Uganda Plantations: Oxfam Case Study*. Oxfam International, Oxford.

<sup>9</sup> Doornbos, M. 2001. ‘Good Governance: The Rise and Decline of a Policy Metaphor?’. In: *Journal of Development Studies* 37(6) 93–108.

<sup>10</sup> Taylor, M. and Bending, T. 2009. *Increasing Commercial Pressure on Land: Building a Coordinated Response*. ILC Secretariat, New York; Cotula, L. et al. 2009. *Land Grab or Development Opportunity? Agricultural Investment and International Deals in Africa*. FAO, IIED and IFAD, Rome.



In Latin America, land grabs possess some additional characteristics that are having important impacts on how this phenomenon is evolving across the region. They are:

- In many countries, land grabbing is essentially control grabbing, whereby purchase of land is accompanied by a proactive and often aggressive strategy to control associated resources, such as water, as well as the entire production chain, involving for instance, contract farming, out-grower and joint share equity schemes.<sup>11</sup> Argentina is an interesting example where the consolidation of the soybean industry has been based on mixed ways of accessing land, such as leasing, to control large swathes of arable land.<sup>12</sup>
- Second, many Latin American land grabs are the outcome of joint ventures involving both foreign and domestic investors. It is not uncommon that these foreign investors come from the same Latin American region resulting in an intra-regional land grabbing phenomenon. Currently in Brazil – the biggest producer of soybean in the world – the main producer of these crops is *El Tejar*, an Argentine company.
- Third, in most cases, land deals in the region have *not* resulted in any immediate large-scale negative impacts on the food security of the host countries. Two reasons may explain this trend. First, large-scale land deals have occurred more generally outside the staple food sector which remains in the hands of smallholders. Secondly, massive commercial plantations have been established in areas that are generally sparsely populated and have therefore not had significant impacts on local food production.<sup>13</sup> It is also relevant that few Latin American countries are characterised by extreme food insecurity, as is the case in many African and Asian countries.<sup>14</sup>
- Finally, agricultural production (for food or bioenergy) is more orientated towards sale on open local and international markets rather than to the investor's captive market.

The next section of this Brief provides a concise history of soybean production in Latin America, before examining different state interventions in this sector, as well as some initial policy measures to regulate land grabbing more broadly.

## LAND GRABS AND SOYBEAN PRODUCTION IN SOUTH AMERICA

In Latin America land grabs have been mainly associated with soybean production in regions of Argentina, Brazil, Paraguay, Uruguay and Bolivia, nowadays known as the 'Soybean Republic' – a new transnational space with its own economic, social and political dynamics.<sup>15</sup>

Over recent decades, the production of soybean has soared in South America. In 1976 soybean was a rather minor crop in Argentina, Uruguay, Brazil and Paraguay, accounting for just 1.37 million hectares producing a total of 1.58 million tonnes. By 2010, the total area used for soybean production had increased to 45 million hectares and its production had climbed to 130 million tonnes.<sup>16</sup> The accelerated growth of soybean production was fed by increasing global demand for raw materials for bioenergy production which triggered prices to rise from US\$202 per tonne in 1998 to almost US\$500 per tonne in 2013.<sup>17</sup>

As Argentinean statistics show (Figure 1), the main increase in production began in the late nineties when GM soybean seeds were widely introduced, helping to consolidate the position of multinational companies such as Monsanto, which controlled the market for GM seeds and associated products for soybean crops across South America.

The consolidation of the multinational soybean business has gradually changed the agrarian structure of the Soybean Republic.<sup>18</sup> Land units have gradually grow in size with small plots for family production replaced by large and medium-sized properties more suitable for integration into

<sup>11</sup> Borras, S., Franco, J. and Chunyu, W. 2013. *Governing the Global Land Grab: Competing Political Tendencies*. Food First and the Institute for Food and Development Policy, Oakland; Carabellese, M. 2006. *Land Grabbing in Argentina: Tendencies and Consequences*. Seminar and Launch of a Special Issue of Development, Utrecht, 24 March 2011.

<sup>12</sup> Carabellese, M. 2006, see n13; Hall, R. 2011. *The Many Faces of the Investor Rush in Southern Africa: Towards a Typology of Commercial Land Deals*. Initiatives in Critical Agrarian Studies (ICAS), Land Deal Politics Initiative (LDPI) and Transnational Institute (TNI), online publication.

<sup>13</sup> Borras, S *et al.* 2011. *Land Grabbing in Latin America and the Caribbean Viewed from Broader International Perspectives*. FAO, a paper prepared for and presented at the Latin America and Caribbean seminar 'Dinámicas en el mercado de la tierra en América Latina y el Caribe', 14-15 November, FAO Regional Office, Santiago, Chile.

<sup>14</sup> Soto, F. and Gómez, S. 2012. *Dinámicas del Mercado de la Tierra en América Latina y el Caribe: Concentración y Extranjerización (Dynamics of the Land Market in Latin America and the Caribbean: Concentration and Foreignisation)*. FAO, Rome.

<sup>15</sup> Turzi, M. 2011. 'The Soybean Republic'. In: *Yale Journal of International Affairs* Spring/Summer 59-68.

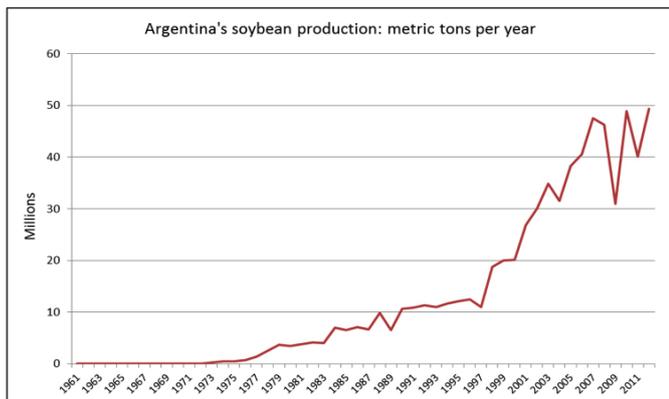
<sup>16</sup> Rocha, P., Villalobos, V. (ed.) 2012. *Estudio Comparativo entre el Cultivo de Soja Genéticamente Modificada y el Convencional en Argentina, Brasil, Paraguay y Uruguay (Comparative Study of the Cultivation of Genetically Modified and Conventional Soybean in Argentina, Brazil, Paraguay and Uruguay)*. Instituto Interamericano de Cooperación para la Agricultura (IICA), San José.

<sup>17</sup> Consult the *Index Mundi for soybean commodity prices*. Carter, C. and Miller, H. 2012. *Corn for Food, Not Fuel*. The New York Times, online publication.

<sup>18</sup> Murmis, M., Murmis, M. 2012. 'Land Concentration and Foreign Land Ownership in Argentina in the Context of Global Land Grabbing'. In: *Canadian Journal of Development Studies* 33(4) 490-508.



Figure 1: Argentina: Soybean Production - Metric Tonnes per Year



Source: Author's own elaboration based on information available from the Ministry of Agriculture, Livestock and Fisheries' Integrated System of Agriculture and Livestock Information ([Sistema Integrado de Información Agropecuaria](#)).

soybean production 'pools'<sup>19</sup> or joint ventures. Furthermore, land properties have been horizontally linked to form larger production units mainly through land leases, but also through other ways to access land, such as providing property in trust. Thus, the process of land concentration has been about control rather than just ownership. A process of vertical linkage and concentration has also been established with mainly pools or joint ventures controlling or trying to control all stages of the production, supply and distribution chains. Finally, pools and joint ventures typically comprise both foreign and domestic enterprises and capital.

In social and environmental terms, the consolidation of soybean production has had important consequences at a global level. Cattle raising and family agriculture have been replaced by multinational joint venture business, dramatically

homogenising the social and economic landscape. In the Soybean Republic, small agricultural towns and regional markets are disappearing due to the mechanisation of large-scale production. Moreover, production no longer feeds regional or national markets because GM soybean has become a main export commodity for global markets. In environmental terms, the adoption of a single GM crop at this huge scale can have significant and long-term consequences. The intensive use of chemical herbicide alongside the use of GM seed is attributed to long term land degradation and may cause public health problems.<sup>20</sup>

## LAND GRABBING AS AN ECONOMIC OPPORTUNITY: PROCESSES SPONSORED BY THE ARGENTINE AND BRAZILIAN GOVERNMENTS

Many land grabs for soybean production have involved Argentinean or Brazilian investors gaining control over large pieces of land in Bolivia, Paraguay or Uruguay (see Table 2). The Argentinean and Brazilian governments have politically supported the development of the soybean business in the region, in particular investments carried out by their nationals either in their country or abroad.

In Argentina and Brazil, the governments have developed three strategies to control and take advantage of the land grabbing situation, in particular with regard to soybean production. First, they have enacted legal measures to limit foreign ownership of land.

Table 2: South American Inter-Regional Grabbing

Investor / Country	Target country	Nature of deal	Status of deal
UNISOYA / Brazil	Bolivia	During the 2000s, there were large-scale land purchases by Brazilian immigrants who established agricultural companies like UNISOYA. This company controls (by property or leasing) around 50,000 hectares in Santa Cruz Province.	Plan to expand production. Diplomatic and technical support from Brazilian Government.
El Tejar / Argentina	Brazil	El Tejar, an Argentinean company, began to lease land in Mato Grosso State in 2002. The company now controls 220,000 hectares for soybean production.	Plans to expand land leased and increase production. Major soybean producer in Brazil.
Agrofertil / Brazil	Paraguay	Purchased 25,000 hectares of indigenous lands for soybean production in 2013.	Local opposition and technical reports (low-market prices to be paid) discourage the closing of the deal.

Sources: Author's own elaboration based on publicly available data from the [FAO](#) and [GRAIN](#) websites.

<sup>19</sup> Ibid. "[Pools] includes family-owned firms and corporations in diverse contractual agreements with various levels of integration throughout the supply chain".

<sup>20</sup> Altieri, M. and Pengue, W. 2006. [GM Soybean: Latin America's New Colonizer](#). Seedling, Barcelona.



Second, they have strongly supported national scientific research into GM seeds, in order to compete with the multinational Monsanto, currently the main GM seed and pesticide provider in the world.<sup>21</sup> Since most land grabs are used for large-scale cultivation of GM crops, developing national GM seeds is another way to nationalise the business. For example, Argentinean scientists developed a GM soybean seed resistant to drought that was expected to double production in 2012.

Finally, the Argentinean and Brazilian governments proactively support their companies and citizens pursuing land grabbing in neighbouring countries such as Bolivia, Uruguay and Paraguay. For example, the Brazilian government has supported Brazilian land investments in Santa Cruz, Bolivia. Currently, major Brazilian companies such as *Grupo Monica* (50,000 Ha. soybean production), GAMA (100,000 ha. soybean production) and UNISOYA (50,000 ha. soybean production) are the main foreign soybean investors in Bolivia.<sup>23</sup>

These policies have boosted the Argentinean and Brazilian economies by attracting investment into sectors and regions that badly needed it, helping to achieve poverty reduction and meet development goals.<sup>24</sup> Some economists consider that soybean production, which accounted for 5.8% of total Argentine GDP in 2009, was crucial to sustaining the dramatic recovery of the economy after its 2001 crash.

Despite these significant economic achievements, some current and potential threats have emerged from these new forms of agricultural business and they have yet to be adequately addressed by public policy and regulation, even in Brazil and Argentina, the two largest producers in Latin America. First, land grabs threaten the land rights of the poor, particularly customary and common-property rights-holders, because investors enter into direct competition with local populations, for whom such resources are a critical source of livelihood.<sup>25</sup> Second, land grabs can potentially threaten the food security of some smaller host

countries such as Bolivia or Paraguay, since large scale land investments are mostly meant to produce single crops as commodities for the global market.<sup>26</sup> Third, they put the integrity of the local environment in danger since most grabbed land is used for growing GM crops, which entails the intensive use of chemical herbicides and pesticides. Furthermore, critics argue that monocropping reduces biodiversity, degrades land and ultimately undermines future agricultural production potential.<sup>27</sup>

Another important issue is that government support for national companies in domestic and regional land grabs has lacked transparency. The Argentine government has used the development of soybean production as a way to create political allies by granting large land extensions without due process.<sup>28</sup> Worse still, it seems that Argentina and Brazil have used their regional clout to become land grabbers in less politically strong neighbouring countries.<sup>29</sup> These cases underline the urgent need for improved governance and policy on land grabs, so that both investors and governments themselves are held fully accountable.

## THE LAND GRABBING DILEMMA: CURRENT POLICY RESPONSES IN LATIN AMERICA

Although multilateral agencies have developed guidelines for governments to take advantage of opportunities from land grabbing based on a liberal economic perspective,<sup>30</sup> they have had limited success in Latin America where free market solutions have become less attractive. Instead, current debate in the region focuses around the degree of state intervention required to maximise economic opportunities from land grabs, while also mitigating possible negative impacts.

Plot size and/or ownership policies generally depend on the kind of agricultural development model a particular country is pursuing. In the state-led model followed by countries such as Argentina and Brazil, the state supports large-scale industrial agriculture not only by allowing 'controlled' land grabbing

<sup>21</sup> Newell, P. 2009. [Bio-Hegemony: The Political Economy of Agricultural Biotechnology in Argentina](#). In: *Journal of Latin American Studies* 41(1) 27-57.  
<sup>22</sup> Smink, V. 2012. [Argentina Crea Semilla Más Resistente a la Sequía \(Argentina Creates Seed More Resistant to Drought\)](#). BBC Mundo Online, online publication.  
<sup>23</sup> Urioste, M. 2013. [The Great Soy Expansion: Brazilian Land Grabs in Eastern Bolivia](#). Food First / Institute for Food and Policy Development, Oakland.  
<sup>24</sup> Taylor and Bending. 2009, see n10 above.  
<sup>25</sup> Cotula *et al.* 2009, see n10 above.  
<sup>26</sup> Rosset, P. 2011. [Food Sovereignty and Alternative Paradigms to Confront Land Grabbing and the Food and Climate Crises](#). In: *Development* 54(1) 21-30.  
<sup>27</sup> Garcia, M.A. and Altieri, M. 2005. [Transgenic Crops: Implications of Biodiversity and Sustainable Agriculture](#). In: *Bulletin of Science Technology Society* 25(4) 335-353; Pengue, W. A. 2005. [Transgenic Crops in Argentina: The Ecological and Social Debt](#). In: *Bulletin of Science Technology Society* 25(4) 314-322.  
<sup>28</sup> To find out more about soybean expansion in Argentina and the change in the landscape of agricultural ownership, see Rebossio, A. 2008. [El Complejo Mapa Rural Argentino \(The Complex Rural Map in Argentina\)](#). El Pais Spain, online publication; Bianchi, A. 2012. [El Yuyo que Salva a los Kirchner \(The Plant that Saves the Kirchner\)](#). The Huffington Post, online publication.  
<sup>29</sup> Borras *et al.* 2011, see n13 above.  
<sup>30</sup> These guidelines are described on page 11 below.



processes but also by investing in technology and know-how. The rationale is that large scale agriculture is an important source of revenue. In countries where small and medium-scale farming are significant or where state regulatory capacity is weak, land grabs are perceived more as a menace than as an opportunity.<sup>31</sup>

Although Argentina and Brazil have implemented policies to prevent land ‘foreignisation’, these new rules are not intended to prevent land concentration, but rather to limit foreign participation in land grabbing processes. In Argentina, Law 26737 ‘National Protection Regime over Property, Possession and Tenure of Rural Land’ was enacted in 2011 and sets a limit to foreign ownership of 30%. The law also establishes the creation of an information system for collecting data on investors’ profiles.<sup>32</sup> Likewise, the Brazilian government pushed through regulations in 2010 that increase requirements for foreign investors. As such, non-Brazilian companies must register their land and demonstrate they have the technical and financial capacity to manage it.<sup>33</sup>

Land ceiling policies, which establish limits on how much land can be owned by a particular individual or legal person, have also been proposed as a mechanism to prevent land grabs. This approach has received more support from peasant farmers and environmental groups who perceive land grabbing as a social and environmental threat. In several Latin American countries, these groups have rallied together to pressure governments to incorporate effective land ceilings into national legal frameworks.<sup>34</sup>

Very recently, a draft law has been presented to the parliament of Uruguay to ban the ownership of land by companies if they are in any way linked to foreign countries. In a nation where an estimated 25% of land already sits in foreign hands,<sup>35</sup> this measure is intended to protect Uruguayan sovereignty against the risks posed by foreign governments interested in buying up land.<sup>36</sup> The regional powerhouses Argentina and Brazil have implemented policies to avoid land foreignisation but not concentration. In countries such as Bolivia with less

economic power and weaker state institutionalisation, land ceiling policies seem to have greater support. This is because these countries have not yet developed the conditions to profit from land grabbing while at the same time effectively regulating large-scale agricultural business. Therefore, in these countries applying land ceiling policies seems to be the more appropriate strategy.

Proposals have also been made for regulating large-scale investments within the national land planning system. The objective here would be to use participatory methods to plan and monitor any investments, thereby preventing land being held for purely speculative purposes.<sup>37</sup> However, this system implies the presence of a very effective state apparatus with the technical capacity to maintain effective oversight. Due to a lack of land planning systems in most Latin American countries, these proposals are still only marginal.

## THE MAINSTREAM GLOBAL MARKET APPROACH

The World Bank, the International Food Policy Research Institute (IFPRI), the International Fund for Agricultural Development (IFAD), the Food and Agriculture Organization of the United Nations (FAO) and the International Institute for Environment and Development (IIED) are some of the prominent actors that view land grabs as a potential opportunity for rural development in a free market environment, as long as its negative impacts are mitigated.

Their recommendations for mitigating risks and promoting benefits are based on a dual approach that consists of strengthening the policy environment and implementation capabilities of target countries, while at the same time developing a code of conduct based upon international standards. This approach responds to the transnational nature of this phenomenon, as it is considered that no single institutional mechanism will ensure a positive outcome.<sup>38</sup>

Based on these recommendations, some proposals for a new code of conduct have already been made.<sup>39</sup> One

<sup>31</sup> CEPES. 2013. [Perú: El problema de la Extranjerización de la Tierra \(Peru: The Problem of Land Foreignisation\)](#). In: *Boletín Tierra y Derechos* 6(3) 1-4.  
<sup>32</sup> Prensa Latina. 2011. [Argentina Pone Límites a la Extranjerización de la Tierra. \(Argentina Sets Limits on Foreign Ownership of Land\)](#). Prensa Latina, online publication.  
<sup>33</sup> Mundubat. 2011. [Límites a la Compra de Tierras por Parte de Empresas Extranjeras. \(Purchase of Land by Foreign Companies Limited\)](#). Mundubat Online, online publication;  
 Miró, J. 2010. [Brasil: No más Tierras para Extranjeros \(Brazil: No More Land for Foreigners\)](#). BBC Mundo Online, online publication.  
<sup>34</sup> GRAIN. 2013. [Límites Legales a la Compra de Tierras; Refrenan a los Acaparadores de Tierra o Adormecen el Debate? \(Legal Limits to the Purchase of Land? Restrain the Land Grabbers or Numb the Debate?\)](#). Grain, online publication.  
<sup>35</sup> Downie, A. 2011. [Food Inflation, Land Grabs Spur Latin America to Restrict Foreign Ownership](#). The Christian Science Monitor, online publication.  
<sup>36</sup> Farmlandgrab. 2013. [Uruguay Sends Bill to Parliament Banning Ownership of Land by Foreign Companies or Governments](#). Farmlandgrab, online publication.  
<sup>37</sup> For more information, read the [ELLA Brief: Land Use Planning for Extractive Industries](#).  
<sup>38</sup> Von Braun, J. and Meinzen-Dick, R. 2009. [‘Land Grabbing’ by Foreign Investors in Developing Countries: Risks and Opportunities. IFPRI Policy Brief](#). IFPRI, Washington, DC.; Cotula *et al.* 2009, see n10 above; Deininger, K. (Coord.) 2011. [Rising Global Interest in Farmland. Can it Yield Sustainable and Equitable Benefits? \(From the Large-scale Acquisition of Land Rights for Agricultural or Natural Resource-based Use Study\)](#). World Bank, Washington, DC.; Taylor and Bending. 2009, see n10 above.  
<sup>39</sup> Von Braun and Meinzen-Dick. 2009, see n38 above.



good example is the Voluntary Guidelines for Responsible Governance of Tenure produced by the FAO and published in 2012 which points to land rights, environmental protection, benefit-sharing and transparency as the key pillars of good governance concerning land grabs.<sup>40</sup> In May 2012 these Voluntary Guidelines were endorsed by more than one hundred Member States of the Committee of Food Security, hosted by the FAO. In addition, the guidelines have been recognised in the declarations of the G8, G20, and the UN Conference on Sustainable Development (UNCSD, or Rio+20).

In the Latin America region, the implementation of the Voluntary Guidelines has begun to be discussed and analysed in regional meetings, such as the one held in Georgetown, Guyana in June 2013, which gathered around 80 participants from the Caribbean region, including government, civil society, academia and private sector representatives.<sup>41</sup> Likewise, at the Latin America and Caribbean Land Forum Meeting held in Cartagena, Colombia in December 2012, the twelve attending countries were asked to endorse the Cartagena Declaration, which calls for the use of the Voluntary Guidelines when designing public policies.<sup>42</sup>

<sup>40</sup> FAO. 2012. [Voluntary Guidelines for Responsible Governance of Tenure](#). FAO, Rome.

<sup>41</sup> FAO. 2013. [Regional Partners to Discuss, Prioritize Voluntary Guidelines on the Responsible Governance of Tenure](#). FAO, online publication.

<sup>42</sup> Land Policy & Practice. 2012. [Latin America and Caribbean Land Forum Meeting Calls for Land Reform](#). Land Policy & Practice, online publication.



There are three main factors that affect how Latin American countries have dealt with land grabbing. First, the increasing economic importance of Latin America has strengthened its political leverage in the globalised world. The region has witnessed steady economic growth for more than a decade and now some countries such as Brazil, Mexico and Argentina are among the biggest economies on the world. As such, some Latin American countries have acquired not only more bargaining power in the international community but also the economic capacity to 'nationalise' business opportunities behind global land grabbing processes. Within Latin America there is a regional difference between more powerful countries that have become regional 'grabbers', and other less dominant countries that are still struggling with land foreignisation.

Second, strong state institutions are a key factor for establishing effective policies to control land grabbing processes and most Latin American countries have implemented measures to strengthen their institutional capacities over recent decades.

Again, there is a difference between more consolidated states that are able to regulate land grabbing processes and associated business and weaker states such as Bolivia and Paraguay that can hardly regulate their national land markets.

Finally, there is a factor associated with post-neoliberal discourse and politics that has gained popularity amongst most Latin American governments. Since the beginning of the new millennium there has been a turn to the left in regional politics and in several countries leftist political parties and movements have taken power with reformist agendas based on greater state intervention. These parties and governments argue that the neo-liberal 'free market' model has failed, so they advocate more state presence in the economy in this post-neoliberal era. This is the political discourse that has supported land policy changes in Argentina and Brazil, and likewise limited implementation of the more market orientated recommendations and codes of conduct produced by multilateral agencies.

## LESSONS LEARNED

- 1 Land grabbing is a global phenomenon, yet is it also context specific. Understanding the characteristics and dynamics of land grabs at the national, regional and global level is essential if public policy is to transform this trend into sustainable economic benefits and poverty reduction.
- 2 There are some potential social and environmental threats posed by the development of large-scale agriculture businesses, in particular those associated with GM crops. Latin American experience shows that countries tend to underestimate the threats in search of economic benefits, producing conflictive scenarios. Thus, such threats need to be identified, analysed and addressed appropriately with public policy measures, such as establishing participatory mechanisms to improve the transparency of deals.
- 3 There is an ongoing debate in Latin America about the opportunities and menaces posed by land grabbing processes. Experience from the region indicates that bigger countries with a higher degree of state institutionalisation are generally better able to capitalise on economic opportunities from land grabs by using regulatory measures to promote national participation in production chains. On the other hand, in smaller countries with lower state capacity, land ceilings represent a more suitable policy option for protecting against foreign consolidation.
- 4 The Argentinean and Brazilian experiences show that restricting land ownership can control land foreignisation without limiting the potential of the host nation to generate revenue from consolidation processes. When backed with public investment in research and development, this kind of policy can create the conditions for national capital to take advantage of business opportunities and new markets associated with land grabs.
- 5 In Latin America, state intervention is seen as a key factor for dealing with land grabs. Experiences so far show that the effectiveness of such intervention depends on two main factors: the political weight of the state, both domestically and regionally, and state institutional capacity to regulate land transactions and control the agricultural sector.

### CONTACT [GRADE](#)

To learn more about land grabbing in Latin America contact the author, Gerardo Damonte, PhD, Principal Researcher – GRADE, [gdamonte@grade.org.pe](mailto:gdamonte@grade.org.pe).

### FIND OUT MORE FROM [ELLA](#)

To learn more about small-scale farming in Latin America, read the [ELLA Guide](#), which has a full list of knowledge materials available on this theme. To learn more about other development issues, browse other [ELLA Themes](#).



ELLA is supported by:

