Land Grabbing for Food & Fuel Outsourcing:

A Rising Threat to the Right to Food

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I. INTRODUCTION

The United Nations Food and Agricultural Organization reports that the world produces more than enough food to feed everyone, but the number of hungry people continues to grow. As part of the Millennium Development Goal initiative, the international community committed itself to eradicating extreme poverty and hunger by halving, between 1990 and 2015, the number of people who suffer from hunger.¹ Yet 105 Million people have been driven into poverty by rising food prices since 2007, bringing the number of chronically hungry people to nearly a billion.²

This paper analyzes a growing threat to the full realization of the human right to food. Recognized under international law,³ states have an obligation to respect, protect and fulfill the right to food both at home and abroad.⁴ This paper focuses on a global land grab trend that is occurring at an alarming pace and scope and is raising concerns over the development of a “neocolonial system.” It begins by analyzing the economic forces that led to the creation of the current rush to acquire farmland across the globe, then discusses the roles of various public and private actors that are carrying out the land grab deals.

The paper then discusses two examples: (1) the scramble for land in Tanzania for biofuels production and (2) the reported 99-year lease by the South Korean transportation firm Daewoo Logistics of 1.3 million hectares of fertile land in Madagascar. Right to food concerns surrounding the land grab deals

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³ The legal basis of the right to food derives from a number of international instruments, including Article 25 of the Universal Declaration of Human Rights (UDHR), Article 11 International Covenant on Economic, Social, and Cultural Rights (ICESCR), and Article 27 of the Convention on the Rights of the Child. General Comment No. 12 of the Committee on Economic, Social, and Cultural Rights states “[t]he right to adequate food is realized when every man, woman and child, alone or in community with others, has physical and economic access at all times to adequate food or means for its procurement.” *See* E/C.12/1999/5.
will be discussed with reference to the recent work of Olivier de Schutter, United Nations Special Rapporteur on the Right to Food.\textsuperscript{5}

This report then discusses mechanisms to increase transparency and enhance government and corporate accountability in the context of transnational investment in agricultural lands. Turning to longer term, transformational solutions, this paper concludes with a section focusing on food sovereignty as the most viable path to a just, equitable, and sustainable food system.

\section*{II. \textsc{The 2008 Land Grab Trend}}

Since the latter part of 2007, land grabbing, the acquisition of fertile land for outsourced food and fuel production, has been occurring at an astounding pace across the globe.\textsuperscript{6} Triggered by the inter-related forces of skyrocketing food prices and the global economic meltdown, the land grab trend illustrates how fertile lands have been turned into a “new strategic asset” for governments seeking food security and profit-driven financial firms hunting for safe havens for investment funds. Cash-rich nations such as China, Saudi Arabia, Japan, South Korea, and other Gulf States are pursuing food security strategies that seek to secure control of millions of hectares of fertile lands in target nations like Madagascar, Tanzania, Cambodia, Laos, and the Sudan.\textsuperscript{7} Alarmingly, although many of the target nations of this land grab trend are themselves food insecure, they are ceding control of vast tracts of fertile land to foreign corporations.

The deals are often couched in “win-win” language, as target nations are said to secure funds for infrastructure improvements, rural development, and some job creation may result. However, a deeper analysis reveals that large-scale farmland acquisitions by foreign actors raises a litany of human rights concerns for impoverished people in “target nations.” Primary among these are the undermining of local food production systems, the forced displacement of smallhold farmers and indigenous people, diminished access to resources by the rural poor, and the expansion of the export-oriented, agri-industrial complex.

\textsuperscript{5} Olivier de Schutter of Belgium was appointed Special Rapporteur on the Right to Food in May, 2008. Jean Zeigler served in the post from 2000 until April, 2008. \url{http://www2.ohchr.org/english/issues/food/index.htm}.


\textsuperscript{7} Id.
Deforestation and environmental degradation, the erosion of cultural and labor rights, and the potential for civil unrest are also matters of great concern, as is the general lack of transparency and accountability. Some fear that unrestrained land grabbing could produce scenarios where heavily guarded, foreign-owned farms ship food overseas while starving locals look on. The next section will provide an overview of the forces and players involved in this phenomenon.

A. Dual Forces: Escalating Food Prices and the Global Financial Meltdown

Acquisition of foreign land for food and fuel production is by no means a new phenomenon. Transnational corporations such as Archer Daniels Midland and Cargill have controlled foreign land and resources for food production for decades. However, since the latter part of 2007, land grabbing in the name of “food security” has occurred at an astounding pace.

Between 2006 and March 2008, the United Nations’ Food and Agriculture Organization food price index grew by 73 percent. Sharp increases in food prices were a major factor in driving tens of millions of people into extreme poverty and hunger. Over-dependence on international trade in the global food system left many developing countries particularly vulnerable to the historic spike in food prices.

As a result of the food crisis, a number of exporting countries implemented trade restrictions. For example, India curbed rice exports, Ukraine ceased exporting wheat, and Argentina imposed heavy taxes on sales of soya overseas. Net food importing countries were suddenly left vulnerable not only to escalating food prices but also to interruptions in supply. As a result, food importing nations have lost some faith in the international market and are turning to food outsourcing as a key element of a food security strategy. Trade ministries and other public officials from cash-rich, net-importing nations have begun traveling the globe to secure control of land to shore up future food supplies for their citizens.

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11 Seized at p. 3-4.
The virtual collapse of the global financial markets occurred nearly contemporaneously with the global food crisis, providing the second major impetus for the global land grab trend. Driven away by diminishing returns in the financial arena, global investment firms, hedge funds, and grain traders have turned to control of farmlands for both food and fuel production and for new sources of profit. With food prices high and land prices relatively low, investment in agricultural lands is increasingly being seen as a safe haven for investment funds.12

Concern over land grabbing has been widespread. According to a December 2008 report by the United Nations Food and Agricultural Organization (FAO):

[w]hile some of these arrangements include heavy investments leading to increased production and employment generation, they also carry the risk, unless they are properly regulated and negotiated, of having dramatic consequences on access to land by farmers and communities in developing countries and for the countries themselves in terms of lost income.13

Jacques Diouf, Director-General of the FAO warned that the current rush to acquire foreign farmlands runs the risk of creating a “neo-colonial” system.14 In a recent report to the Human Rights Council, the Special Rapporteur stated:

[T]he question ‘for whose benefit’ is at least as important as the question ‘how to produce more? ... One of the opportunities created by the current crisis is that investment in agriculture …will be given the priority it deserves. But how the investments will be channeled, towards whom, and for which purpose, deserves close scrutiny…There is a risk that … opportunities will be mistaken for solutions, and that, in the name of raising production, the need for both the social and environmental sustainability of the solutions devised will be underestimated.15

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12 Id. at 7-8.
In the spirit of scrutinizing the recent flood of transnational agricultural investment, this paper now turns to a closer look at some of the players in this “last global land grab.”

**B. Food Security Seekers**

China and Saudi Arabia top the list of food insecure nations in the hunt for foreign farmland. It is reported that China has secured control of over two million hectares of foreign farmland since 2007 in a long list of countries, including: Kazakhstan, Brazil, Burma, Cameroon, the Philippines, Laos, Mozambique, Tanzania, Uganda, Zimbabwe, and Russia. Outsourced rice production from China generally entails the use of hybrid seeds that require high levels of chemical fertilizers. In some instances, China has exported its own workers, as in the case of some 3,000 Chinese farmers deployed to Kazakhstan to cultivate soybeans and wheat and to breed livestock on newly acquired land. It is reported that India, Japan, Malaysia, South Korea, Egypt, Libya, Bahrain, Jordan, Kuwait, Qatar, and the United Arab Emirates are also carrying out food outsourcing and land grab strategies.

**C. Target Nations**

A remarkable aspect of the land grab trend is that, in their eagerness to welcome foreign agricultural investment, many target nations are facilitating the process. Brazil, Uganda, Cambodia, Burma, the Philippines, Ukraine, Sudan, Russia, Thailand, Tanzania, Cameroon, Madagascar, Pakistan, Kazakhstan, Laos, Malawi, Senegal, Nigeria, and Paraguay have all ceded control of vast amounts of land to foreign investors, yet many are themselves food insecure.

Infrastructure improvements, technology transfer, funding for rural development, and some job creation arguably provide the impetus for target nations to court foreign investment in the agricultural sector.

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16 See Land Grab on a Global Scale, Dennis Martinez, Seattle Post Intelligencer, [http://seattlepi.nwsource.com/opinion/357294_ecocultural02.html](http://seattlepi.nwsource.com/opinion/357294_ecocultural02.html)
17 Seized at 3.
19 Id.
20 Seized at 3.
21 Id. at 9; Annex.
sector. Other countries, such as Sudan have negotiated “food for energy” deals with states from the Gulf Cooperation Council (GCC). Proponents of the deals often characterize the land involved as “idle” or “underutilized.” However, according to a report by the FAO and the International Institute on Environment and Development “[i]n many cases, lands perceived to be ‘idle’, ‘under-utilised’, ‘marginal’ or ‘abandoned’ by government and large private operators provide a vital basis for the livelihoods of poorer and vulnerable groups.”

Some governments are liberalizing property ownership laws to facilitate the influx of foreign capital. For instance, Sudan is issuing 99-year leases, Kazakhstan has implemented land share policies and permanent land use rights, and the Ukraine is expected to ease restrictions on the sale of farmlands to foreigners.

D. Private Sector

Once the deals are in place, private financial institutions and corporate agribusiness entities provide the means and methods of production. Some of the world’s largest private equity firms are turning to control over agricultural lands as a profit-driven investment strategy. Among these are the Blackstone Group, the Binladen Group, Deutsche Bank, and Goldman Sachs. Jarch Capital, an American investment firm, recently secured the largest private land deal in Africa, involving nearly a million acres of fertile land in Northern Sudan.

Despite the litany of human rights concerns associated with large-scale foreign acquisition and control of farmland for outsourced food production, the World Bank continues to see this as a solution to

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22 The GCC consists of the United Arab Emirates, Bahrain, Qatar, and other gulf states. *Seized* at 4.
24 Seized at 8.
25 Id.
the food crisis in Africa. Changing land ownership laws has been identified by World Bank officials as an integral component of its 1.2 billion dollar package to deal with the food crisis in Africa.  

E. The Biofuels Boom and the Example of Tanzania

The recent biofuels boom is also fueling the land grab trend. Concern over high fossil fuel prices and government targets for biofuel substitutes in energy budgets have led to a massive global expansion of agriculture for biofuels production. This boom has raised serious policy questions, considering that maize, wheat, sugar cane, soy, palm oil, cassava and other biofuel crops can be used for human consumption or for fuel production.

The Special Rapporteur has noted that “the production of agrofuels tends to reinforce the concentration of land and the development of large-scale agriculture exploitations, it puts additional pressure on small-holders, and poses a threat to the use of land by indigenous peoples,” leading to further violations of the right to food.

Former Special Rapporteur on the Right to Food Jean Zeigler called the unmitigated growth of biofuels "a crime against humanity", and called for a five-year moratorium. Nevertheless, it is reported that Ghana, Senegal, and Mozambique have active investment promotion agencies that serve as “one-stop shops” for obtaining “all necessary licenses, permits, and authorizations for land acquisitions. The Tanzania Investment Centre (TIC) has identified a “land bank” of 2.5 million hectares available for foreign investment and it is reported that a Swedish company, Sekab is seeking two million acres of land for biofuel cultivation.

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27 Seized at p. 8 (citing an interview with Herbert Boh, Communications Coordinator, World Bank, interviewed by Howard Lesser, Voice of America, on October 14, 2008). http://tinyurl.com/6knzgq.
28 Building Resilience, at para. 28.
29 Id. at para. 29.
32 Id.
The Special Rapporteur has stated that due to increasing pressure on land, developing countries should seek to ensure security of tenure for all land users. Unfair or unclear forest ownership arrangements have been identified as major obstacles to rural poverty reduction. It follows that the encroachment of plantation-style industrial agriculture represents a substantial threat to the long-term security of smallholders, forest dwellers, and indigenous people in many regions in Asia, Africa, and Latin America. If foreign agriculture investment is to be beneficial for people in the developing world, robust transparency and accountability measures are needed.

F. South Korea’s Daewoo Logistics Madagascar Deal

One particularly alarming land grab is reported 99-year lease of 1.3 million hectares of land in Madagascar to Daewoo Logistics of South Korea. The area involved is roughly the size of Belgium and represents nearly half of the arable lands on the entire island nation. Daewoo’s plan included bringing 75% of the land under corn production for shipment back to Seoul. The other 25% was to be used for palm oil cultivation for biofuels production. The reported agreement was coming at a lease price of just $12 per acre to Daewoo.

Some reports stated that Daewoo planned to use South African labor on the project. Even with significant jobs creation for poor Madagascans, many of those jobs would be as laborers on foreign-controlled, industrialized corn and palm oil plantations. This scenario would create additional dependencies on international markets and corporations and would undermine the inter-related web of economic, social, and cultural rights that underlie secure access to productive assets such as land. Such unrestrained encroachment of industrial agriculture has the potential to wreak disaster on the unique

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33 *Building Resilience* at para. 21.
36 Id.
environment of Madagascar through deforestation, soil erosion, and the widespread use of chemical fertilizers. Madagascar has a growing ecotourism industry, and 80% of the species that live on the island are unique to Madagascar.\textsuperscript{38}

The sheer scope of the Daewoo deal has drawn much criticism from both within and outside of Madagascar, reflecting concerns over a neocolonial system on the island nation.\textsuperscript{39} The deal has also been tied to the recent flare-up of political instability. In early February, 2009 over 100 anti-government protesters were killed in political violence in an around the capital of Antananarivo.\textsuperscript{40} Analysts report that the government’s deal with Daewoo was a background factor in the unrest. On February 10, 2009, Daewoo announced that it may delay planting due to instability on the island nation.\textsuperscript{41}

It was reported that Daewoo expected to invest around 6 billion dollars in infrastructure and rural development projects in Madagascar.\textsuperscript{42} However, there is concern that these funds will be aimed at augmenting the systems needed for Daewoo to carry out its industrial farming operations with insufficient guarantees of environmental or cultural stewardship or a people-centered approach to development.\textsuperscript{43} For these reasons, robust mechanisms must be in place to ensure transparency, accountability, and public participation in decision-making. Transnational agricultural investments must be carried out in ways that support the web of human rights that intersects with the human right to food.

\textsuperscript{38} \textit{Deal brings many jobs, but at what price?}, Billy Head, The Guardian, November 22, 2008, http://www.guardian.co.uk/environment/2008/nov/22/food-biofuels-madagascar


\textsuperscript{40} See http://www.nation.co.ke/News/africa/-/1066/530002/-/13rbrm5z/-/index.html.

\textsuperscript{41} \textit{Daewoo Warns on Madagascar Plans}, BBC News, http://news.bbc.co.uk/2/hi/business/7881319.stm. At the time of this writing, the status of the Daewoo-Madagascar deal is uncertain.


\textsuperscript{43} People-centered development seeks to return control over resources to...people and their communities to be used in meeting their own needs. This creates incentives for the responsible stewardship of resources that is essential to sustainability. See http://www.srds.co.uk/srlc/srlc009.htm.
III. Accountability Measures

Foreign agricultural investments in developing countries are not inherently destructive. Despite warning of a “neocolonial system” in the rush to acquire farmlands, Director General of the FAO Jacques Diouf has consistently called for international joint ventures for food production “between the countries that have the financial resources and the others which possess the land, water, and human resources.”

But as Director-General Diouf’s warnings about neocolonialism suggest, transparency, accountability, and human rights assessments must be integrated into the policy analysis regarding foreign agricultural investment. In the agrofuels context, the Special Rapporteur has suggested making access to international markets contingent on compliance with a set of international standards that incorporate human rights instruments. The FAO has suggested imposing a framework similar to the Extractive Industries Transparency Initiative (EITI) to the current rush for agricultural lands across the globe.

The EITI “aims to strengthen governance by improving transparency and accountability in the extractives sector.” Among the principles of EITI are a belief in “the principle and practice of accountability by government to all citizens for the stewardship of revenue streams and public expenditure.”  In countries with weak legal frameworks and institutions, fears of corruption and poor governance surrounding foreign agriculture investments are well-founded. An EITI-like initiative in the agricultural arena would lead to more informed decision-making and participation of all stakeholders. A human rights framework should be a central pillar of this endeavor.

45 Building Resilience at para. 32.
47 See http://eitransparency.org/eiti/summary.
48 See http://eitransparency.org/eiti/principles.
IV. TOWARDS A SUSTAINABLE SOLUTION: FOOD SOVEREIGNTY

The failures and inequities of the world food system have spurned a new vision for democratization of the food system based on a set of principles known as *food sovereignty*. The most fundamental pillars of food sovereignty include:

- the recognition and enforcement of the right to food and the right to land; the right of each nation or people to define their own agricultural and food policies, respecting the right of indigenous peoples to their territories, the rights of traditional fisherfolk to fishing areas, etc.;
- a retreat from free trade policies, with a concurrent greater prioritization of production of food for local and national markets, and an end to dumping; genuine agrarian reform; and peasant based sustainable, or agroecological, agricultural practices.\(^{49}\)

The movement for food sovereignty is in part a response to the failure of neo-liberal policies and the deteriorating living conditions of both rural and urban societies as well as a food system that is dominated by the agri-industrial complex.\(^{50}\) Economic liberalization of the world food system has led to the over-emphasis of harmful monoculture practices and export-oriented food production. The result has been that formerly food exporting countries in the developing world have become net food importers, leaving them vulnerable to fluctuating food prices and an uneven playing field in a global market.

Haiti provides a very telling illustration of the deleterious impacts caused by the undermining of food sovereignty in developing nations. Forty percent of the Haitian population is considered food insecure, and 24 percent of Haitian children suffer from chronic malnutrition.\(^{51}\) It is estimated that 38,000 children die annually in Haiti due to malnutrition.\(^{52}\) The most destitute Haitians have resorted to eating


\(^{51}\) See World Food Program website [http://www.wfp.org/node/3478](http://www.wfp.org/node/3478).

mud-cakes with oil and sugar in order to survive, and sharply rising food prices erupted in “food riots” in early April, 2008.

Thirty years ago, Haiti produced all its own rice. However, today Haiti imports roughly 80% of its rice, mostly from the United States. This situation was primarily caused by conditions attached to badly needed loans provided to Haiti by the International Monetary Fund (IMF) in the 1980’s. Haiti’s IMF loans were conditioned on its dropping of tariff rates on rice and its acceptance of structural adjustment policies including a trade liberalization scheme. Consequently, the Haitian market was flooded with cheap, subsidized rice from the United States that undersold the local peasantry and severely undermined local markets. It is reported that food “aid” from the U.S. regularly arrived during the height of Haiti’s harvest season, further undermining the local economy. Thus, Haiti’s inability to feed its own population has largely been the result of foreign-imposed policies and practices that have eroded Haiti’s food sovereignty and resulted in widespread violations of the right to food.

Food sovereignty represents a vision for the democratization of the world food system by emphasizing the empowerment of agroecological production systems and supporting local decision-making and sustainable local economies. Ultimately, food sovereignty respects peoples’ ability to decide what systems and practices work best to safeguard their long-term nutritional security.

The compelling concept of food sovereignty is being considered at the highest levels of global governance. The United Nations General Assembly, in its resolution of November 17, 2008, noted “the need to further examine . . . ‘food sovereignty’ and [its] relation with food security and the right to

56 Schuller, supra note 54.
57 Quigley, supra, note 55.
58 Id.
59 Id.
60 Id.
Food sovereignty has been adopted into the Constitution of Ecuador, which will “[p]romote food sovereignty by transforming the national agro-food system; introduce organic and ecological technologies for sustainable agricultural production, [and] adopt fiscal and redistributive policies to increase resources for farmers to protect the national economy from food import dependency…”

Although not explicitly mentioned, the Special Rapporteur (SR) on the Right to Food’s report to the Human Rights Council has a number of common threads with the principles of food sovereignty. According to the SR “investment should be guided by the need to promote sustainable forms of agricultural production, benefitting small-holders who are most in need of support, and where the impact of poverty alleviation will be greatest.” The SR also recommends that the rights of land users be secured and that “excessive concentration of land should be avoided” and reminds us of the Economic and Social Council’s 2008 recognition of “the crucial importance of enhanced access of the rural poor, women and men, to productive assets, in particular land and water.”

The SR also expresses concern over the “almost complete silence in international discussions about the conclusions of the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD).” According to the IAASTD, “the way the world grows its food will have to change radically to better serve the poor and hungry if the world is to cope with a growing population and climate change while avoiding social breakdown and environmental collapse.” The IAASTD report concluded that “technological innovations in agriculture have generally favored large-scale producers, and their costs have been borne by small scale producers, their communities and the

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64 Id. at para 22.
65 This passage is from a ministerial declaration adopted by consensus at the 2008 session of the Economic and Social Council. Id.
66 The objective of the IAASTD was to assess the impacts of past, present and future agricultural knowledge, science and technology on the reduction of hunger and poverty, improvement of rural livelihoods and human health, and equitable, socially, environmentally and economically sustainable development. IAASTD at vii, available at http://www.agassessment.org/docs/IAASTD_EXEC_SUMMARY_JAN_2008.pdf.
environment.” The report strongly supported “the need for dedicated support for smallholders” and “the need to avoid dependency on expensive inputs such as inorganic fertilizers.” Most tellingly, in order to reduce vulnerability in the food system, it recommended relying on “locally-based knowledge, innovations, policies and investments” and “identified several areas ripe for investment…among them, low-input and organic systems, biological substitutes for agrochemicals, site-specific easily adaptable cultivars, local seed systems, and reducing the dependency of agriculture on fossil fuels.”

Among the many recommendations of the SR, there is a recurring, prominent theme: support the capacities of small-hold farmers to produce food for local consumption, relying on traditional knowledge. In the SR’s recommendations we see a vision for a long-term solution that emphasizes sustainable agriculture and local economies. The SR’s recommendations and the IAASTD’s conclusions are entirely consistent with the concept of food sovereignty. In essence, to achieve greater global food security, the SR and the IAASTD recommend a transformation of the global food system by enhancing local control, sustainable practices, and local economies—hallmarks of food sovereignty.

The principles of food sovereignty are also prevalent in the Cordoba Declaration on the Right to Food and the Governance of the Global Food and Agricultural Systems, which identifies “the lack of protection of smallholder farming communities and indigenous people against agri-industrial expansion” as significant contributors to food insecurity and highlights the “urgent need to prioritize the effective support, in all manners, to local, agro-ecological model of small scale farming production as a way to overcome hunger…."

68 Id.
69 Id.
70 The Cordoba Process was pursued at the Food Forum organized by the FAO Right to Food Unit in October 2008. The Cordoba Declaration (December 10, 2008) is available at http://www.fian.org/resources/documents/others/the-cordoba-declaration/pdf
71 Cordoba Declaration.
Women in the Global South grow 60-80% of the food, yet they own less than 2% of the land. 72 Its commitment to women’s rights and the acknowledgement of women’s contributions to food production illustrates that food sovereignty is hardly a “return to some bucolic past, bound by tradition.”73 Rather, it is a call for a “radically different future.”

IV. CONCLUSION

Human rights discourse is ultimately about protecting the principle of universal human dignity. The right to food is perhaps the most essential of all human rights, on which they enjoyment of virtually all others depend. Absent adequate nutrition, human development is impeded and life becomes a daily struggle for survival. Nevertheless, the world is losing its battle against hunger, with tens of millions slipping into extreme poverty and malnutrition since 2007. The food crisis highlighted that the current system is in need of repair, and a human rights lens must inform this process.

Yet “the last great global land grab” risks creating a neocolonial system that enhances the power of cash-rich nations and transnational corporations while smallholders and indigenous communities are displaced and dispossessed. Because the land grab presents a serious threat to food sovereignty, accountability mechanisms are needed in order safeguard the rights of impoverished and vulnerable communities in target nations.

The principles of food sovereignty represent the most viable path to ensuring a just, equitable, and sustainable food system. Only by embracing the democratization of the world food system will a truly sustainable global society be achieved. In the face of increasing global poverty and hunger, the international community should infuse its conception of the human right to food with the concept of food sovereignty—a concept whose time has come. In addition to safeguarding the long-term realization of the right to food, a food sovereignty-based approach has the potential to catalyze a litany of other economic, social, cultural, environmental, and labor rights that are inextricably linked with the procurement of food.

73 Id.