Is Asia for Sale?

*Trends, Issues, and Strategies against Land Grabbing*

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Foreign acquisitions of agricultural lands in Asia and elsewhere have been a focus of concern for many actors and interest groups. This has put land rights issues and investments in agriculture back onto the global development agenda.

This article reviews the recent wave of global land grabbing in Asia, involving commercial transactions and deals around large-scale agricultural land acquisitions for the production, sale, and export of food and agrofuels. Much of the information is based on the discussions at a recent meeting in Kuala Lumpur of social movements to discuss the phenomenon landgrabbing in Asia.
policy regimes, and resource exploitation. Each crisis has its own set of dynamics and causes—for example, mainstream economists have interpreted the global financial crisis as a consequence of bad governance or greed of Wall Street; the global food crisis as a consequence of climate change, decreasing productivity, rising middle class affluence, rising production costs, population growth, agrofuels boom, speculation and trade; and the ecological crisis and climate change blamed on the voracity of the Northern countries that promote a culture of excessive consumption without thinking of the next generation. But at the heart of these crises is the crisis of the current model of economic growth—unfettered globalization which has relied on investment and trade liberalization, privatization, and deregulation.

The current model of growth only benefits the top 10 of the world’s population (UNDP Human Development Report, 2005), while the poor majority remain the most vulnerable to the adverse economic and ecological impacts. These multiple crises have exposed the development thrust and objectives that promote profits over people and markets over society. Simon Johnson, MIT economics professor and former chief economist at the International Monetary Fund, captures the essence of the problem, “you are seeing an undoing of a lot of the drivers of growth that we relied on for the last 20 years. I do think we'll have a lost decade, an unwinding of labor mobility, of capital, of political will. It's about deglobalization” (Faiola. March 5, 2009).

The convergence of these complex and intermeshing crises has contributed to the revaluation and rush to control land, especially in the global South, as a necessity to secure a country’s own food and energy demands in the future (Borras and Franco, 2010). Many of these global land grabbing deals are therefore done in the name of development, food and water security, agricultural investment, and

Land grabbing is not a new phenomenon. Historically, it has been the starting point for many of Asia’s struggles, revolutions, and revolts in the past centuries. During the last century, national land and water governance policies have led to the enclosure and privatization of land and water sources through various mechanisms. These include the promotion of individual land titles, alienable land and water rights, and incentives for financial and corporate investors in exchange for tourism and infrastructure projects. Urban expansion, industrial agriculture and plantations. These have fuelled conflicts among state actors, domestic private companies, transnational corporations and local populations, and increased the vulnerability of peasants, pastoralists, fishers and indigenous communities to investors and speculators—both public and private alike.

On the other hand, the current trend of global land grabbing has gathered much attention as it is triggered by the complex and interrelated crises of food, finance, energy, and climate that we find ourselves in after several decades of corporate driven globalization, neoliberal
• **1 in 6 people worldwide go hungry everyday.** As explained in the International NGO/CSO Planning Committee for Food Sovereignty Asia’s working document on Policies and actions to eradicate hunger and malnutrition, “a billion people go hungry because they do not have the means to produce for themselves or to purchase [food]. The majority of these hungry people are rural, small-scale food providers and workers, who are unable to earn enough income from their production and labour to meet their food and health needs. At the same time, locally produced foods sold in local markets feed the large majority of people all over the world…. Women represent a disproportionately high percentage of disadvantaged, poor, undernourished and hungry members of society. Of the 1.02 billion hungry people worldwide, about 60% are women.” In Asia, the figure is just as high—with 6 in every 10 people, or 61.5 million people going hungry.

• **The global food price and financial crises have exacerbated poverty.** The president of the Asian Development Bank, Haruhiko Kuroda stated that as a result of the global recession, 60 million people in developing Asia will remain below the USD 1.25 a day absolute poverty line in 2009 instead of breaking out from poverty. Last year in the Philippines, soaring international rice prices triggered a national crisis leading poor Filipinos to line up for subsidized rice dispensed by the government. Local rice prices increased by up to 32 percent in April from the wholesale and retail levels in 2007.

• **The unprecedented rise in global oil prices has sent millions of people reeling from the staggering cost of daily living, loss of jobs and dwindling incomes, and rising poverty and hunger.**

• **The ecological crisis, specifically the climate crisis, is perhaps the most insidious crisis that the world faces today.** Changes in weather patterns, global warming, the melting of ice caps, and rising sea levels expose the limits to growth on a finite planet (Serrano, 2008); of the limits of unfettered globalization and its consequent impacts to the environment. According to the United Nations Development Program Human Development Report (HDR) 2007/2008, three ASEAN countries are among the top 30 greenhouse gas emitters of the world (Indonesia, 4th; Thailand, 22nd, and Malaysia, 26th), mainly due to emissions from land use changes and deforestation. Two of them have the fastest rates of increase in emissions in 14 years between 1990 and 2004; Thailand with 80 percent and Malaysia with 221 percent. Per capita emissions of these two countries are among the highest in the developing world, higher than China. Malaysia’s in particular (at 7.5 tons) is about the same level as some of the EU countries. The facts show, however, that the richer countries are still significant contributors to the current climate change problems (Bullard, 2009). The HDR report also highlights that the poorest of the poor, who have the least access to fossil fuel and consume only a small amount of energy per person, will be the most disproportionately affected by the impacts of climate change. With the urgency of the situation, global public opinion has been mobilized to address the issue, particularly to reduce green house gas emissions.

• **The multiple crises arise from crises in governance.** The civil society working document (2009) on eradicating hunger and malnutrition points out that “the responses of governments and international institutions such as United Nations (UN) agencies, International Financial Institutions (IFIs), transnational corporations (TNCs) and national corporations, are likely to exacerbate the impacts of these crises and entrench conditions for their future recurrence”. A recent review of ASEAN’s responses to the global food crisis (Arnst, 2009), for example, showed the member governments have reverted to “business as usual” solutions—increasing food aid, accelerating the spirit of Doha, and repackaging of Green Revolution technologies. To a large extent, the various responses within the ASEAN region have only dealt with increasing productivity—accessing more inputs - but does not deal with the real causes, for instance addressing access to and control of natural, productive, and genetic resources by the small and landless farmers, fisherfolks, rural women, indigenous peoples, and other rural poor.
energy security. In the region, there are several trends or patterns, which characterize the current land grabbing phenomenon that have ejected many rural poor including smallholders, indigenous peoples, landless, agricultural workers, rural women, and pastoralists from their lands, the ‘commons’, and shared territories.

Making Business out of the Global Food and Financial Crises

Since the food and financial crises erupted two years ago, developing economic powers such as China, India, South Korea, and oil-wealthy Middle Eastern countries have joined the international ‘treasure hunt’ for rich and fertile agricultural lands in a bid to secure their food supply. What drives this outsourcing of food are the lack of good agricultural land and water in home countries for food production, the increasing distrust of global markets, as well as a race to compete with others to control land in the context of alternative land uses arising such as the agro-fuels boom. The “solutions” to address the current global financial and food crises have provided opportunities for governments, business and capital alike, to make profits. The International Food Policy Research Institute estimates that land grabbing deals from 2008 to 2009 are between US$20 and 30 billion. Whereas before companies may have engaged in deals to purchase agricultural products from other countries, there has been a wave of interest in owning or leasing for a long term the means of production in foreign countries.

As land is essential to food production, Asian transnational corporations, in particular, are rushing to speculate or prospect lands in their neighbouring countries and other regions. South Korea’s Daewoo Group, attempted to acquire more than half of the arable land of Madagascar or 1.3 million hectares, including biodiversity-rich rainforests and lands already in use by smallholder farmers (Ashton, January 21, 2009)². This move is part of South Korea’s plan to restructure its agriculture sector, i.e. withdraw investment on its domestic agriculture sector and grow rice abroad because it is much more cost-effective than providing subsidies to its own farmers. The scale of transformation has been massive, while South Korea has only 1 million hectares of agricultural land within its own territory, Korean corporations have secured at least 200,000 hectares of lands in other countries.

Similarly, China, with their “Going Out” strategy, has been leasing lands in the Philippines and other countries in Asia and Africa through free trade and investment agreements. The stalled Philippine-China Investment Agreement comprised 19 different investment contracts worth almost US$5 billion which would have allowed the Chinese government and its corporations to lease at least 1.2 million hectares of land, mostly for rice, corn, sorghum, and agrofuel production in public lands or lands redistributed under the agrarian reform program.

Under the guise of food security and acting as a ‘big brother’, Thailand is leasing lands in the Mekong Region through the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS). This was a grand project initiated by former Thai Prime Minister Thaksin Shinawatra in 2003, for sub-regional economic cooperation, in which country members can exploit their comparative advantages to complement one another. According to Shalmali Guttal, Senior Associate of Focus on the Global South, the scheme allows Thai corporations to control and exploit the top soil, groundwater and other water resources of its ‘little brothers’ such as Laos and Cambodia. The main beneficiary of this deal is, arguably, the Thai conglomerate Charoen Pokphand Group, already the region’s leading agribusiness thanks to its domination.
but it has not been possible to ascertain who owns the company or who the shareholders are (GRAIN, 2008). The recent report of the International Food Policy Research Institute, “Land Grabbing by Foreign Investors in Developing Countries,” states that the “details about the status of the deals, the size of land purchased or leased, and the amount invested are often still murky.” Many deals have been advertised but very few have been put into operation. Equally, Harold Liversage, the Land Tenure Adviser of the International Fund for Agricultural Development (IFAD) also recognizes that there is insufficient information on the extent of global land grabbing.

Finance companies, investment funds, and other investors are also in a rush to invest in agriculture, in particular, in the commodities market. With the idea that “everybody has to eat and the safest investment, therefore, is in agriculture”, companies like the global investment banking group Goldman Sachs have nestled some of their ‘eggs’ in the ‘commodities speculation basket’. As of July 2008, US$ 317 billion was invested in commodities index funds; the major traders of these funds, especially Goldman Sachs and the American Insurance Group, are headquartered in the U.S. but their investment products are traded globally (IATP, 2008). However, according to critics, Goldman Sachs’ trading on the commodities market contributed to the 80% rise in food prices that occurred between 2005 and 2008. The Institute for Agriculture and Trade Policy’s report also concluded that the deregulation of controls against speculation induced artificial volatility in agricultural markets. It is not yet clear how much of these speculations drive the rush for global land grabbing.

International financial institutions (IFIs) such as the World Bank, are also drivers of the “resources restructuring” in the region. For example, the International Financial
Corporation (IFC) and the Foreign Investment Advisory Services (FIAS), both part of the World Bank Group provide advisory services and technical assistance on investments in land. FIAS helps shape the generation of investment on land through one of its products, the “Investment and Policy Promotion”. In the Philippines, for instance, from 2008-2009, FIAS with the Philippine Bureau of Investment (BOI) identified a pipeline of potential investments on land which amounted to US$1 billion and with 200 new expansion

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<tr>
<th>Recipient Countries</th>
<th>Foreign Investors</th>
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<td><strong>Burma</strong></td>
<td>On September 2008, Kuwaiti government representatives were in Burma to finalise the terms and conditions of a contract growing arrangement of rice and palm oil. Kuwait would provide fertilisers and financial support while Burmese companies will provide land, labour, and other inputs. Kuwait would buy the produce at international market prices and the Burmese companies, on the other hand, would pay back the fertiliser costs at 4-5% interest per month.</td>
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<td><strong>Cambodia</strong></td>
<td>A technical assistance for oil exploration and proposal to exchange for an undisclosed large plot of land to grow food for export, mainly rice, to Kuwait. The advisor of Kuwait’s Prime Minister announced that the country would provide Cambodia with more than US$546 million soft loans for a variety of infrastructure projects largely in the agriculture sector, and US$486 of which will be used to build irrigation systems and a hydropower project Steung Ser River in Kompong Thom. The remaining US$60 million for road building in west Battambang, which is Cambodia’s north western rice-growing province. On March 2008, Qatar’s Prime Minister reportedly sealed a US$ 200 million-deal on access to Khmer farmlands for production and export of rice for Doha in exchange for agricultural technology.</td>
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<td><strong>Indonesia</strong></td>
<td>Qatar Investment Authority, the state investment fund, had signed a memorandum of understanding with Indonesia to attract more Qatari investments in agriculture. On August 2008, the two countries set up a US$ 1 billion joint investment venture for the agriculture sector, with Qatar providing US$ 850 million, and Indonesia, US$ 150 billion.</td>
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<td><strong>Pakistan</strong></td>
<td>On June 2008, the United Arab Emirates government was in bilateral talks with Pakistan to purchase US$400-500 million worth of farmland to produce food for export. This would involve 100,000-200,000 acres or 40,470-80,940 ha in large holdings in Pakistan’s Punjab and Sindh province.</td>
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<td><strong>Philippines</strong></td>
<td>On July 2008, a memorandum of understanding between the United Arab Emirates and the Philippine government was signed. The deal involved a US$50 million project to develop 3,000 hectares of banana plantation in Mindanao, fish and cereal farms in Luzon and a pineapple canneries in Camarines Norte. Land acquisition details are not yet disclosed. The Saudi Arabia government has an investment agreement with the Philippine government involving food for export production of bananas, pineapples, mango, and papaya to Riyadh.</td>
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opportunities for investors. In 2002, FIAS conducted a review of Philippine investment incentives legislation with the objective of removing constraints for foreign direct investments. In 2006, with inputs from the Multilateral Investment and Guarantee Agency (MIGA), FIAS provided assistance with the BOI for the development of a program of foreign investment retention, expansion, and diversification. There are also similar initiatives in Cambodia, Indonesia, Laos, Pakistan, Papua New Guinea, and Vietnam.  

Most recently, the Bank has been leading the efforts in promoting principles of “responsible” agro-enterprise investments for supposedly “win-win” solutions for all actors involved, including small holders. The principles are written on the World Bank’s premise that transfer of land rights is desirable for stimulating agro-enterprise development, and that it can be done in a “responsible” way, i.e. if local people are consulted properly, projects are economically viable, and where investments respect the rule of law, reflect industry best practice, among others. The Food and Agriculture Organization, which is also involved in this effort emphasizes that “investments could be good news if the objectives of land purchasers are reconciled with the investment needs of developing countries” (FAO, 2009).  

However, in states where the various arms of government are not accountable to its people, where judicial review is ineffective or non-existent, where land governance policies and institutions are weak, where deals are not transparent, there is little likelihood that the principles will secure anything more than a public relations badge for private enterprise. The underlying premise that expropriation of smallholders land to largeholders is desirable is a premise that is deeply flawed and has been strongly refuted by civil society groups (see annex 2).  

At the core of the issue are the fundamental questions of social equity, equality, justice, and the implications of foreign acquisitions of land upon social systems, particularly on the smallholders and producers, who remain the main investors in land and agriculture in Asia and the rest of the developing world.  

**Governments as Investors**

While Asian TNCs have opened up opportunities to acquire land in the region, governments such as Kuwait reportedly offered Cambodia loans amounting to USD 546 million for dams and roads in return for lands to grow crops. Oil-wealthy Gulf States are making deals in the name of “Islamic Brotherhood” and using Islamic cultural ties to acquire and lease lands. According to Shafi Muhammad Mandhio of the Pakistan Fisherfolks Forum, in Pakistan, a country where there is already food shortage and a high degree of landlessness, the Kingdom of Saudi Arabia leased 500,000 acres of lands for export production and the kingdom’s food security.

The role and concept of the state is changing because of the new trends of land grabbing. Irene Fernandez of Tenaganita, an NGO working on land issues in the Malaysia, stated that in her country, the government has become one of the biggest shareholders in state companies that are engaged in land deals abroad. Malaysian pensions and public funds are reportedly being used for land grabbing. The state’s role as an independent governing body has been transformed to a capitalist body; and in the process, national laws have been changed to protect capital. The consequence is that the interests of the government and private companies are merged and their collusion becomes closer. Similar observations can be made concerning China’s and Singapore’s state-owned companies. More and more, the trend is that the state becomes an active negotiator or broker of land grabbing.
Turning the Heat: Climate and Energy Crises

The proposed solutions to address the climate and energy crises put forward by the international bodies such as the UN and World Bank also risk accelerating land grabbing. For one, Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD), a highly controversial measure that has been opposed by many indigenous peoples and other rural communities because such initiatives can further advance land grabbing. It is criticized for providing incentives to large landholders to apply a "You-pay-or-I-cut" approach to every hectare of forest land that they succeed in wresting from indigenous peoples and landless farmers" (IPCC, 2008). Already, in Indonesia there are reports that indigenous and forest peoples are being driven off their lands because of REDD programs.

In another example, agrofuels are being promoted as a clean, alternative source of energy, and, as such, many countries have made rapid moves to change legislation, mandatory targets, policies, and provide financial support. In South East Asia, for example, the Philippines, Malaysia, Indonesia and Thailand have leapt onto the bandwagon. However, both public and private investors alike are targeting lands that are labelled “marginal lands” and “wastelands”, although they have been under communal or traditional customary use for generations, and are crucial for the livelihoods of smallholders, rural women, pastoralists, and indigenous peoples.

Some lands targeted had previously been earmarked for agrarian reform. The new commercial interests asserted over these lands have undermined the redistribution process in the case of the Philippines.

Large-scale agrofuels plantations, being largely monoculture, are also water-intensive and can further exacerbate the problems in water-scarce and -stressed areas. Production of food crops may be threatened if water is diverted for the irrigation of “improved varieties” for more efficient agrofuel production. Large amounts of water are also needed at the agrofuel processing stage. This can put pressure on the abilities of governments to supply drinking water to a growing population. Already, Asia shows the highest number of people unserved by either water supply or sanitation: 715 million people or 65 percent have no access to safe drinking and potable water, while 1.9 billion or 80 percent of the population in Asia have no access to sanitation (Second UN World Water Development Report, 2006). Increased conflicts over water use and allocation of water rights will likely be part of this scenario.

Threatened Resistance

Despite what governments and IFIs say about the resilience and recovery of Asian economies, the situation in the rural areas is more distressing than before. Impoverishment has become deeper and wider since the food crisis, according to civil society participants from ten countries in Southeast, East, and South Asia who gathered at a meeting on 27 March in Kuala Lumpur, Malaysia to discuss the recent global land grabbing phenomenon. Participants included small farmers, fisherfolks, indigenous peoples, agricultural workers, lawyers, pastoralists, women, activists, community organizers, and NGO workers and a summary report from the meeting can be found in Annex 1.
Many struggles for resource rights and the collective rights of people to land, water, forests, and shared territories, remain under threat as various local, national and international, modern-traditional, socio-economic, political and cultural pressures continue to enclose these natural commons. The gathering of movements emphasized that the expropriation of land and other natural wealth such as water, forests, shared territories and the commons, under the capitalist system is now accelerating.

With such situations, many of the resource rights movements in Asia are engaged in numerous community defense struggles—confronting the real conundrum of stopping land and other resource grabbing at the local levels, strengthening their movements in the process, and equally important, imagining new ways of actively joining in each others’ struggles. Land occupation / positioning / cultivation has often been used as a legal and legitimate strategy for community defense. This has also been a strategy to reclaim and redistribute land, notably in cases where the state fails to implement an agrarian reform program. Land occupations by economically and socially marginalized communities, while often prosecuted as illegal, are measures of the determination of the landless people’s movements, the urgent need for land, and the keenly felt legitimacy of land and resource redistribution.

**Peoples’ Campaigns to Stop Land Grabbing**

Peoples’ organizations, social movements, and activists committed to the advancement of their fundamental rights to the natural commons and livelihood resources must have a space and common platform where they can come together, dialogue, share their experiences and strategies and where possible, mount a sustained challenge and resistance to land grabbing and other measures which undermine the very foundations of rural livelihoods. This is especially crucial for a region such as Asia which boasts diverse and numerous movements and organizations committed to social and economic justice.

A key issue for many movements is ensuring the right to information as in the majority of land deals, local communities are kept in the dark. The deal between the Philippine government and Chinese state-owned and private corporations was blocked as a result of public unrest anchored on demands for transparency, disclosure and access to information, and shining a light on the local consequences of such deals. Many local struggles in India are also using their Right to Information law in their effort to recover the commons.

At the heart of the Asian movements’ struggles to stop land grabbing is the urgency and need to defend the commons, territories, and their collective rights to food and water. Community-led initiatives remain the most important means for affected peoples to gain access and control over resources, and in the process, they themselves set the terms of resource governance. Such terms include the recognition and respect of the rights to self-determination of local communities on how to govern, manage and care for their ecosystems, in a democratic, equitable and sustainable way. This means that any measure to redistribute land and water, including agrarian reform programs, must paved a way for a new governance of the natural commons, which puts local communities in control of their own territories and livelihoods. Land grabbing and other attempts to undermine peoples’ rights to a life with dignity, will be met with rightful resistance.  

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Endnotes

1 Commons are those resources that are commonly managed and owned by the “community”. It can be natural- water, land, forests, marine, biodiversity, including the climate and the future of the earth; physical such as public goods and services; intellectual and knowledge; and spatial/ political such as democracy, public spaces and policies, and spaces for decision making.

2 This plan was not successful in the end. Following peasant riots in protest at this and other large scale deals as well as other politically inspired revolts, the government was swiftly overturned and the new regime cancelled the deal.


4 MIGA is member of the World Bank Group with a mission to promote foreign direct investment (FDI) into developing countries to help support economic growth, reduce poverty, and improve people’s lives by providing political risk guarantee to the private sector.

5 See Annex 1 of (Mis) Investments in Agriculture: The Role of International Finance Corporation in Global Land Grabs by Shepard Daniel with Anuradha Mittal, Foreword by Howard G. Buffett, The Oakland Institute, 2010.


7 Interview with Indra Lubis, International Operations and Program Director of the La Via Campesina, Kuala Lumpur, Malaysia, March 27, 2010.

8 Insiders in the Department of Agrarian Reform (DAR) and the Department of Agriculture admit that the lands they have identified for lease agreements are either agrarian reform communities or areas which are up for redistribution under the 20-year old Comprehensive Agrarian Reform Program. These lease agreements involve agrofuels production arrangements. There are also reports from the ground that some lease agreements are already negotiated prior to the issuance of certificate of land ownership awards or land titles awarded by the DAR under the government’s agrarian reform program or are even sometimes used as a condition for the issuance of titles. This was also echoed by Ernesto Lim’s presentation, “Global Land Grabbing in the Philippines: Mapping of actual and potential areas affected and documentation/ assessment of its impact at the national and community levels for the formulation of corrective petty propuants and u drugs tax,” at the civil society roundtable discussion on land grabbing, Quezon City, March 2010.

9 Rightful resistance refers to “partly institutionalized form of popular action that employs laws, policies, and other established values to defy power holders who have failed to live up to some ideal or who have not implemented a popular measure”. See O’Brien, Kevin J., Rightful Resistance in World Politics - Volume 49, Number 1, October 1996, pp. 31-55, The John Hopkins University Press.