

# State of the Land –

## Reconfiguration of the power of the state and capital in the global land rush

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Who gets how much and what kinds of land, how, and for what purposes? These are the basic questions around the politics of land. The question of land politics has been resurrected in a big way recently, worldwide, and in ways significantly different from the past. Understanding why and how this has occurred – with what implications – is critical to our understanding how to struggle against contemporary global enclosures.

Control of land has always been at the core of economic and political power. In the past, the traditional powerholders that have direct interest in land and agriculture were mainly the nation-state and the landed oligarchy – confined largely within national territories. They were also well linked to international capital, especially to agribusiness, food and timber companies. The convergence of multiple crises – food, energy/fuel, environmental crisis, climate change, finance – as well as dramatic and recent increases in the demands for commodities from newer hubs of global capital have however led to significant changes in the drivers, processes and characters of land grabbing; while retaining the main plot which is the logic of expanded capital accumulation.

The 2007-08 food price spike made many countries who used to rely upon the TNC-brokered global food system for a large part of their food supply to look for ways in securing complementary and alternative food supply partly through direct control over offshore food

production. The realization that the world's deposit of fossil fuel will be exhausted earlier than previously assumed and the pressing concern about greenhouse gas (GHG) emission have driven efforts to develop renewable sources of energy. Liquid biofuel is most popular to the world's transportation sector because it is ready for use through blending with fossil fuel without requiring changes in existing dominant technology in the transport sector. The need to bring down the level of GHG emission has made various climate change mitigation initiatives quite attractive, many of which involve the forestry sector. In light of the financial crisis, companies are in search for alternative sectors to invest in, and in the midst of emerging investment opportunities in agriculture and land the latter has become a popular option for finance capital. And in all this recent transformation, the rise of the BRICS countries and some middle income countries (MICs) has required further agrarian reconfiguration – such as the rise of the livestock complex and its corresponding feed sector – as these countries become sources of capital to be invested and key sites of production and consumption.

One offshoot of this recent development is the emergence of 'flex crops & commodities': crops and commodities that have multiple uses (food, feed, fuel, industrial material) that can be easily and flexibly interchanged: soya (feed, food, biodiesel), sugarcane (food, ethanol), oil palm (food, biodiesel, commercial/industrial uses), corn (food, feed, ethanol). It has partly solved

## Top ten food processing companies

This Year	Last Year	Company	2012 Food Sales	2011 Food Sales	2012 Total Company Sales	2012 Net Income* (-Loss)	2011 Net Income* (-Loss)
1	1	Pepsico Inc.	37618	38,396 (1)	65492	6178	6,443R
2	2	Tyson Foods Inc. (10/1/12)	31614	30975	33278	576	733
3	3	Nestle (U.S. & Canada)	27200	26200	101000	11600	10500
4	6	JBS USA	20,979E	19,932E	36943	2152	1688
5	5	Anheuser-Busch InBev	16028	15304	39758	9434	7959
6	4	Kraft Foods Inc.	14426	18,655PF	18339	1642	1,775PF
7	8	General Mills Inc. (6/26/13)	12547	12464	17774	1893	1589
8	9	Smithfield Foods Inc. (4/28/13)	11753	11,628R	13221	184	361
9	7	Dean Foods Co.	11462	12698	11462	161	(-1,592)
10	10	Mars Inc.	11000	10500	33000	NA-Private	NA-Private

Source: <http://www.foodprocessing.com/top100/top-100-2013/>

one difficult challenge in agriculture: diversified product portfolio to avoid devastating price shocks, but not easy to do and achieve because of the cost it entails. With the emergence of relevant markets (or speculation of such) and the development and availability of technology (e.g. flexible mills) that enables maximisation of multiple and flexible uses of these crops, diversification has been achieved – within a single crop sector. When sugarcane prices are high, sell sugarcane; when ethanol prices are high, sell ethanol. When actual market for biodiesel is not there yet, sell palm oil for cooking oil, while waiting (or speculating) for a more lucrative biodiesel market to emerge (a feature not present in *Jatropha*). The emergence of flex crops is a logical outcome of the convergence of multiple crises. Hence, in a single crop sector we find multiple mechanisms of land grabs: food, energy/fuel, climate change mitigation strategies. It is these broader interlinked contexts that largely differentiate current land grabs from the ones that existed before.<sup>2</sup>

This has implications in how we analyse the current global 'land grab'. Reducing the question of oil palm expansion to biofuels issue is only partly correct; and thus partly wrong. Charting recommendations for public action and framing policy advocacy campaigns based

on such a flawed assumption is likely to result in less successful initiatives and campaigns (and worst, in problematical initiatives and campaigns). Looking only into the livestock sector in the context of the rise of the soya complex is certainly useful, but only partly correct. Recommending policy reforms for the soya complex framed solely within the livestock complex is partly flawed and certainly weak. Understanding trees and forests solely from their conventional uses of timber and pulp – and blind to the rising speculation on new or anticipated markets for biomass and ethanol as well as for carbon trading – will be largely problematic in the current global political economic context. Understanding the changing power configuration of transnational companies in the context of their conventional sectors, e.g. oil companies on fossil fuel, car companies on fossil fuel, remains relevant and important but has become increasingly insufficient in the context of the rise of flex crops and commodities where TNCs are increasingly engaged in 'flexing'. Examining national and international regulatory institutions, instruments and principles based on their traditional sectoral approach: regulations for food, fuel, feed, and others will remain relevant – but has been rendered largely insufficient with the rise of flex crops and commodities.

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This changed context has resulted in the contemporary global land rush: land has been revalued multiple times in multiple ways for multiple purposes. Up to a quarter of the entire land area of Cambodia has been carved out and allocated for Economic Land Concessions, while up to a million people are currently being relocated from the Gambella region of Ethiopia because their land has been allocated for large-scale land investments. Tens of thousand hectares of agro-forestry land in Niassa Mozambique has been allocated to a European industrial tree plantation company, while lands are massively re-concentrated in the hands of Brazilian entrepreneurs and companies in Bolivia and Paraguay. Many observers and groups have engaged in trying to quantify the extent of these land deals, offering various estimates of the total land areas that have been grabbed. But the methods of counting have been flawed in many ways, as pointed out more recently in critical studies.<sup>3</sup> Understanding actors

and processes of land deals are more important, in my view, than obsession about quantification.

The mainstream assumption about land deals by companies and those who support the idea of current land rush is quite simple. It is assumed that there is a solution to the convergence of multiple crises, and solution lies in the existence of marginal, empty, under-utilized and available lands. The World Bank estimates it to be: in the minimum at 445 million hectares, and at the maximum, 1.7 billion hectares of land. What they are saying essentially is that we can double the current 1.5 billion hectares of actually cultivated land without expelling people from the land or causing any food insecurity among the latter because these lands are assumed to be empty. This is the same assumption being used by companies and national governments in promoting and justifying large-scale land investments.<sup>4</sup> However, evidence shows that most of these lands are not empty: people live and work in these

**Table 1. Steering Committee of the EBFTP**

Member	Position	Organisation	Sector
Veronique Hervouet	Chair	Total SA	Oil
Markku Karlsson	Vice-Chair	UPM-Kymmene	forest products
Anders Roj	Vice-Chair	Volvo Technology	Auto
Rene van Ree	Vice-Chair	Wageningen University	Academia
Ricardo Arjona Antolin	Member	Abengoa Bioenergy	Biofuels
Olivier Appert	Member	IFP	Biotech
Phil Bowen	Member	Cardiff University	Academia
Dirk Carrez	Member	Europabio	Biotech
Sandrine Dixson-Declève	Member	University of Cambridge	Academia
Christian Dumas	Member	Airbus	Aerospace
Henrik Erametsä	Member	Neste Oil	Oil
Raffaello Garofalo	Member	European Biodiesel Board	Biofuels
Frederic Hauge	Member	Bellona	environmental consultancy
Martha Heitzman	Member	Air Liquide	Biotech
Dietrich Klein	Member	COPA-COGECA	Farmers
Andrzej Kulczycki	Member	Institute for Fuels & Renewable Energy	Biofuels
Charles Nielsen	Member	DONG Energy	Oil
Eduardo Romero Palazón	Member	Centro de Tecnología Repsol	Oil
Ulrich Schurr	Member	Julich Research Center	Biotech
Steen Skjold-Jorgensen	Member	Novozymes North America Inc.	Biotech
Wolfgang Steiger	Member	Volkswagen AG Wolfsburg	Auto
Frank Seyfried	Member	Volkswagen	Auto
Gianpetro Venturi	Member	Universita di Bologna	Academia

Source: EBFTP (2010)<sup>5</sup>

lands despite what official state records claim.

### Sectoral and geopolitical reconfiguration of corporate actors

Sectorally, the rise in popularity of flex crops and commodities has brought in a variety of key actors directly involved in the global land rush. For example, the range of companies involved and have direct interest in biofuels is quite wide: from oil and chemical companies to food, from biotechnology to banking, from car to timber companies. This reconfiguration of the constellation of actors amidst changing patterns in the production, circulation and consumption of such primary commodities has required newer ways to regulate the sector – according to those who support and promote this transformation. We have seen the proliferation of various modalities of regulation, with corporate social responsibility (CSR) type of interventions that include those associated with ‘business-and-human rights’ principles being the most popular ones among the dominant actors in the sector. The main feature of this scheme is that it is *corporate-anchored and voluntary*. Who gets to occupy privileged places around the table to decide about the rules on the production, circulation and consumption of biofuels? A closer at the composition of the European Biofuel Technology Platform (EBFTP) which is tasked to advice the EU for its biofuel policy is instructive (see table 1). The sole representative from the farmers groups is from COPA-COGECA which represents commercial farmers more than small family farmers.

Geopolitically, we see the rise of the BRICS countries and a number of powerful middle income countries (MICs). The BRICS countries and MICs are key sites in terms of production, circulation and consumption of flex crops and commodities – and have logically become important hubs as both destination and origins of land grabbers. Land grabs are underway in Brazil, Russia, China, and India, as well as in many middle income countries, including Chile, Argentina, and Malaysia – involving both domestic and international capital. Some reports suggest that in fact China is the most land-grabbed country, with up to 44 million individuals having experienced some kind of land expropriation during the past three decades. Expropriation of massive quantity of land in India not for agricultural purposes but for industrial-commercial enclaves through Special Economic Zones (SEZs) has been widespread in recent years.

But these countries are also the origins of many companies engaged in land grabbing outside their countries. South African white commercial farmers are

**Table 2: Latin American land investors in Latin America and the Caribbean (partial)**

Country of original of regional investors	Countries active in
Argentina	Brazil, Uruguay, Paraguay
Brazil	Bolivia, Colombia, Paraguay, Uruguay, Chile
Chile	Argentina, Brazil, Uruguay, Colombia, Ecuador, Peru
Colombia	Bolivia, Peru
Panama	Brazil, Argentina, Paraguay
Mexico	Nicaragua, Guatemala
Costa Rica	Nicaragua, Guatemala

Source: Borras et al., Journal of Peasant Studies, 2012.<sup>6</sup>

crossing borders heading north to take over lands for large-scale commercial farming. Vietnamese companies are taking control over significant quantity of lands in Cambodia and Laos. In Latin America, regionally based TransLatina Companies or TLCs are becoming key agribusiness investors rather than the typical North Atlantic-based TNCs. Table 2 gives us a partial idea about this. All this has pointed out to a newer phenomenon of ‘land grabbed land grabbers’.

Initial reports on current land grabs depicted national governments of poorer countries in the South as if they were hapless victims by greedy TNCs from the North. This is certainly not the case in real life. The state is an active and calculating participant in contemporary global land grabbing. States have always been involved where capital accumulation process requires actors to take control of natural resources such as land. But this is even true today when corporations’ chief goal is to get hold of the remaining non-privately held lands.

As in past cycles of enclosures, national states are engaged in systematic policy and administrative tasks aimed at capturing so-called ‘marginal lands’ and turning them into investable commodity. State’s facilitation of land dispossession have included a combination or all of the following: (i) *invention/justification* of the need for large-scale land investments, (ii) *definition, reclassification and quantification* of what is ‘marginal, under-utilized and empty’ lands; (iii) *identification* of these particular types of land; (iv) *assertion* of the state’s absolute authority over these lands, (v) *acquisition/appropriation* of these lands, and (vi) *re-allocation/disposition* of these lands to investors. Only national states have the absolute power – the authority and the capacity to carry out these key legal-administrative steps to facilitate land deals. These mechanisms of land dispossession separately and

altogether constitute varying shades and degrees of extra economic coercion by the state.<sup>7</sup>

More broadly, there are three distinct but interlinked areas of state power and actions that are key in understanding dynamics of contemporary land grabs, namely, (i) state simplification process, (ii) assertion of sovereignty and authority over territory, (iii) coercion through police and (para)military force to enforce compliance, extend territorialisation, and broker for private capital accumulation.

First, in order to administer and govern, states engage in simplification process to render complex social processes legible to the state. The creation of cadastres, land records and titles are attempts at simplifying land-based social relations that are otherwise too complex for state administration. This in turn brings us back to the notion of 'available marginal, empty lands'. The trend in state discourse around land grabs seems to be: if the land is not formally privatised, then it is state-owned; if official census does not show significant formal settlements then these are empty lands; if official census does not show formal farm production activities, then these are un-used lands.

Second, beyond the economic benefits of land investment, land deals are also viewed as an essential component of state-building that can extend sovereignty and authority to previously 'non-state spaces'.

Third, coercion and violence are exercised by the state usually with the use of police, (para)military, and courts to enforce compliance with the state's simplification project. The state's active role in land dispossession via these processes can be clearly seen in the current land grabs in Colombia as well as the large-scale forced relocation/displacement of around one million local population from the Gambella region of Ethiopia.

This rise to prominence of the role of the state in current land grabbing highlights the two permanent contradictory tasks of the state, namely, to facilitate capital accumulation but at the same time maintain a minimum level of political legitimacy.<sup>8</sup> This provides a useful perspective on why and how the state engages with large-scale land deals, and why and how it is both part of the problem of and the solution to land grabbing. It will push and push hard for large-scale land deals and on many occasions is even the one directly engaged in the actual land grabbing – but on occasion will apply the 'brakes' when the character and extent of accumulation and dispossession threaten the state's legitimacy. This explains, for example, the occasional moratoriums on land deals that have taken place in various cases in Cambodia (moratorium) or the recent land deal size ceiling proposed

in Tanzania .

The re-emergence of the role of the state in current land enclosures demonstrates some of the contradictions within – as well as the hypocrisy of – neoliberalism. Neoliberal ideology depicts the state and state-driven public policy interventions as undesirable. But it is the first to quickly summon the state where and when it needs additional economic coercive instruments and power to seize land resources from poor people, deliver it to the control of corporate powerholders, and make sure that the ensuing regulatory institutions and rules are state-free, corporate-anchored voluntary schemes using corporate social responsibility (CSR) mechanisms.

In short, the state and capital, while they may have different histories and strategic visions within a national territory almost always work together. The nature and degree of their power are inherently interlinked – shaping and reshaping one another constantly.

### Some CSOs as extension state-capital alliance

State and capital are not the only critical actors relevant in the current global land enclosures. There are many types of Non-Governmental Organisations (NGOs) that are engaged in the politics of renewed global land rush. They are engaged in a variety of ways. The most strategic area of intervention is how to regulate global land grabbing. Different social movement organisations and NGOs have different interpretations of what 'regulating' land grabbing means: some proposing to regulate to facilitate land deals, others regulate to mitigate negative impacts and maximize opportunities, or some to regulate in order to block and roll back land grabs. Each of these tendencies involves a range of civil society organizations. These civil society organizations (CSOs) in turn engage with state and corporations in a variety of ways

For example, while La Via Campesina campaigns against corporate-controlled industrial biofuels, its rival, the now defunct International Federation of Agricultural Producers (IFAP) actively promoted biofuels. The latter argued that biofuels represented "a new market opportunity" that would "help diversify risk and promote rural development...., provided this production complies with sustainability criteria."<sup>9</sup>

This position by IFAP straddles the first and second tendencies: straight up facilitation of land deals or trying to mitigate negative impacts while maximizing opportunities. This tendency deploys a number international governance instruments to support its position: strengthened property rights to protect the land

rights of people, environmental and labor standards, greater community consultation, and particularly the use of transparency instruments such as free, prior, informed consent. Explicitly and implicitly linked to the calculation of risks and opportunities by civil society organisations campaigning within this tendency are the same risks and opportunities brought about by flex crops/commodities, discussed earlier. The discussion on regulation within this political tendency also links back to the changing role of the state. It is clear here that the role of the state is identified as key in terms of mitigating risks and harnessing opportunities: developing enforceable rules that prevent people getting expelled from their land, delivering the promised jobs, and so on. This tendency manifests itself in in global standards and 'best practices' to provide benchmarks for what states should do. This political tendency is the most influential among civil society organisations today.<sup>10</sup> If we see the continued political dominance of this political tendency among states, corporate sector and civil society, then we are likely to see continuation of land grabbing and its legitimization in global rule-making, with the only possible changes in the manner of how it is being carried out.

## Concluding remarks

The constellation of powerholders with entrenched interest and directly involved in the politics of land resources – that is, the political question of who gets what quantity and types of land, how and for what purposes – has significantly changed in recent times. This political realignment is a logical response to the changing global context, and with its transformed cast of dominant actors has a far-reaching implication in how power is exercised in terms of how land resources are being revalued and reallocated.

A careful reading of this transformation requires us to take a closer look at how power is being contested and transformed within and between nation-states, corporate capital, and civil society organizations. Contemporary global land grabs are likely to continue, with only minor changes in processes, if the dominant forces among nation-states, corporate sector and civil society remain entrenched internationally and nationally.

- 1 Nick Buxton, editor of the report, contributed to the writing of this paper.
- 2 Discussion on flex crops draws on S. Borras, J. Franco, S. Gomez, C. Kay and M. Spoor (2012) 'land grabbing in Latin America and the Caribbean', *Journal of Peasant Studies*, 39(3-4): 845-872.
- 3 Refer to the contributions in the 'Forum on Global Land Grabbing Part 2: On Methodologies', *Journal of Peasant Studies*, 40(3).

- 4 K. Deininger et al. (2011). *Rising global interest in farmland: can it yield sustainable and equitable benefits?*. Washington, DC: World Bank.
- 5 J. Franco et al. (2010). Assumptions in the European Union biofuels policy: frictions with experiences in Germany, Brazil and Mozambique, *Journal of Peasant Studies*, 37(4): 661-698.
- 6 S. Borras et al., (2012). *Land Grabbing in Latin America and the Caribbean*.
- 7 The discussion on the role of the state draws from S. Borras, J. Franco and C. Wang (2013). *The Challenge of Global Governance of Land Grabbing: Changing International Agricultural Context and Competing Political Views and Strategies*, *Globalizations*, 10(1): 161-179.
- 8 J. Fox (1993) *State power and social mobilizations from below*. Ithaca: Cornell University Press.
- 9 FAO (2008b). 'Biofuels: Prospects, Risks and Opportunities'. Rome: FAO
- 10 The discussion on the competing political tendencies draws from S. Borras, J. Franco and C. Wang (2013). *The Challenge of Global Governance of Land Grabbing: Changing International Agricultural Context and Competing Political Views and Strategies*, *Globalizations*, 10(1): 161-179.